

Price Outlook:

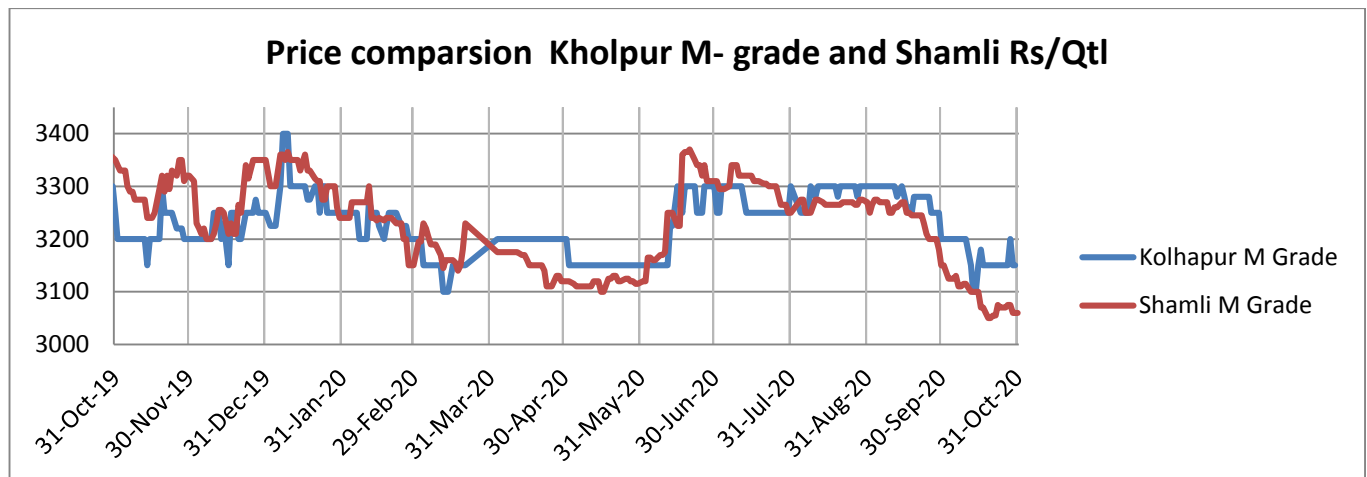
The government is trying to promote ethanol production in the country, therefore, the cabinet has revised the ethanol prices for the supply to Oil Marketing Companies (OMCs). The price of ethanol from sugarcane juice or sugar and sugar syrup has been increased from Rs 59.48 to Rs.62.65 per litre. An increase in the price of ethanol from C heavy molasses also approved by the cabinet from Rs 43.75 to Rs.45.69 per litre and price of ethanol from B heavy molasses route from Rs 54.27 to Rs 57.61 per litre. This would help the sugar mills for the clearing of cane arrears for the sugarcane farmers. The average price declined in benchmark Kolhapur market that stood around Rs.3158/q. The prices in UP also stood slightly firm at Rs.3125/q.

Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to range steady next week between Rs.3100 -3250 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market were range bound at Rs. 3158 per quintal, while spot sugar prices for the same grade in Shamli district stood firm at Rs. 3070 per quintal during the week.

**Fundamental summary:**

Factors	Impact on prices
India's 2020/21 sugar production would climb over +12% y/y to 30.5 MMT, according to ISMA	Bearish
Manifold increase in coronavirus cases hindering the sugar domestic demand even during festival season	Bearish
Uncertainty in continuation of Sugar Export Subsidy Scheme in 2020-21 by the government	Bearish
No announcement by the government with respect to the minimum support price of sugar in 2020-21	Bearish
DFPD releasing higher monthly sugar sales quota	Bearish

Domestic Market Highlights

Recent Updates:

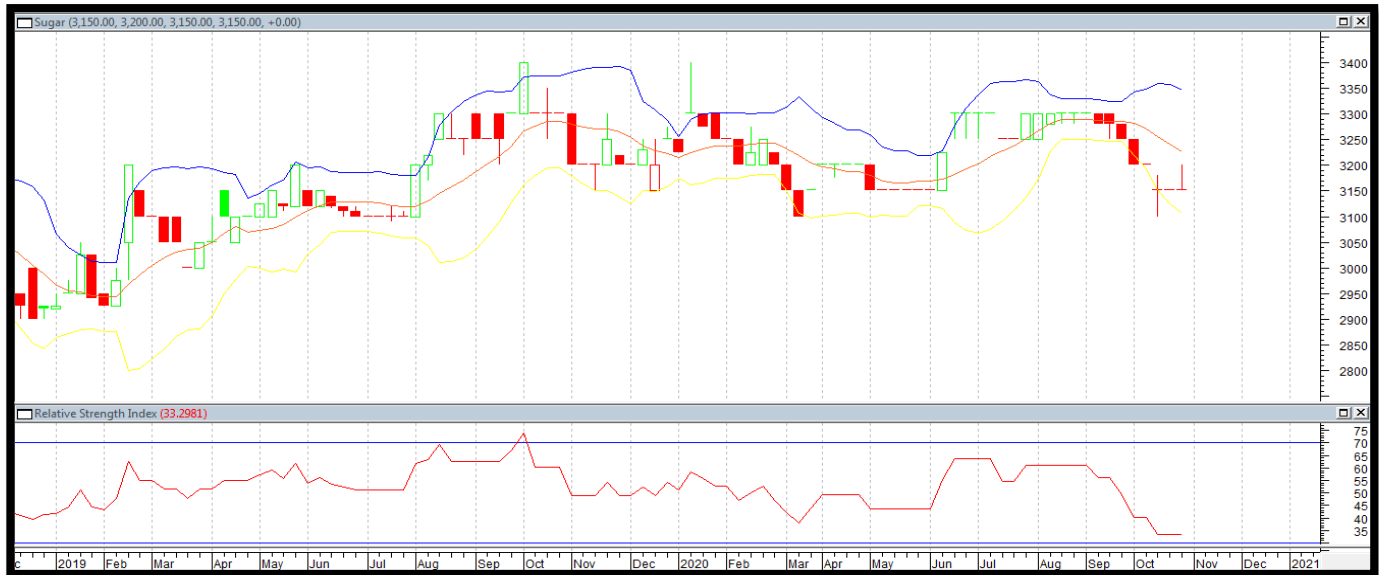
- **The delay in the announcement of the sugar export subsidy scheme for the year 2020-21.** The industry expects a record production in the current year pressurizing the domestic market. The sugar mills usually produce raw sugar in the starting of the season and exports significant quantity of raw sugar. But this year, no contracts have been booked in the new season against 8 LT of raw sugar booked last year during the same period. The Indian sugar mills have exported around 57 LT of sugar under 2019-20 export subsidy scheme but the exports in 2020-21 are expected lower without any support from the government.
- **Around 5 sugar mills in Muzzafarnagar has initiated the cane crushing operations for the 2020-21 season** and many of the mills are likely to start the operations by the first week of November. As many mills in Uttar Pradesh have not cleared the cane dues due to which the farmers have been demanding to clear the arrears before starting of the crushing operations.
- **The Maharashtra government has increased the payment for the sugarcane labors by 14% to fulfil their demand.** The contractors will also get 19% commission instead of 18.5%. As per the new agreement, the workers carrying sugarcane on their head from fields to tractors 100m away will get Rs.273.14/tonne as against existing Rs.239/tonne. The rate for loading sugarcane in bullock cart from the field will be Rs.304.78/tonne instead of Rs.267.34/tonne. And for loading sugarcane in a makeshift tractor, workers will be paid Rs 237.46/tonne against Rs 208. 30/tonne. The workers and contractors have called off their strike after the hike was announced.

Previous Updates

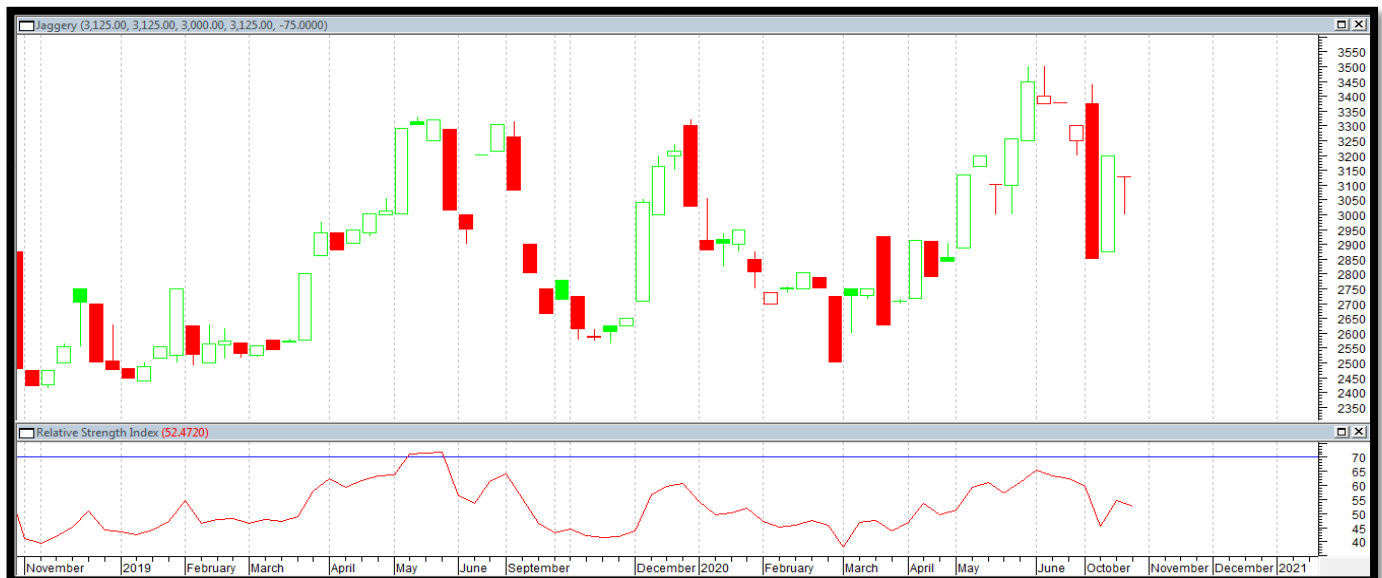
- **The Maharashtra State Cooperative Sugar factories Federation Ltd. has requested the government to approve the sugar mills to use alcohol produced from B- heavy molasses for selling** and shall help in completely avoid producing C- heavy molasses. Also, the sugar mills should be allowed to sell alcohol, rectified spirit, extra neutral alcohol and denatured spirit from B-heavy molasses. This will reduce the problem of separate storage for B and C- heavy molasses. Currently, the central government has allowed alcohol produced from B-heavy molasses to be used only for production of ethanol. Sugar mills can make and sell alcohol and spirit made by using C-heavy molasses.
- **The rainfall has affected the cane crushing in Maharashtra due to waterlogged fields.** The mills were initially decided to commence the harvesting process from 15th October 2020 due to the bumper production in the state this year. Therefore, there has been a delay in sugarcane arrivals from the fields to the mills and thus delay in sugar production.

Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- The sugar spot prices at benchmark Kolhapur market remained steady during the week ended last week at Rs.3150/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.

**Technical Analysis - ChakuSukha-gur (fresh) at Spot (Muzaffarnagar) market.****Gur Market Scenario**

- There were increased to around 52000q arrivals during the last week for Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week stood firm at Rs. 3065/q and the prices in the last year during the same time were lower at Rs. 2838/q.
- RSI stood in the neutral region.

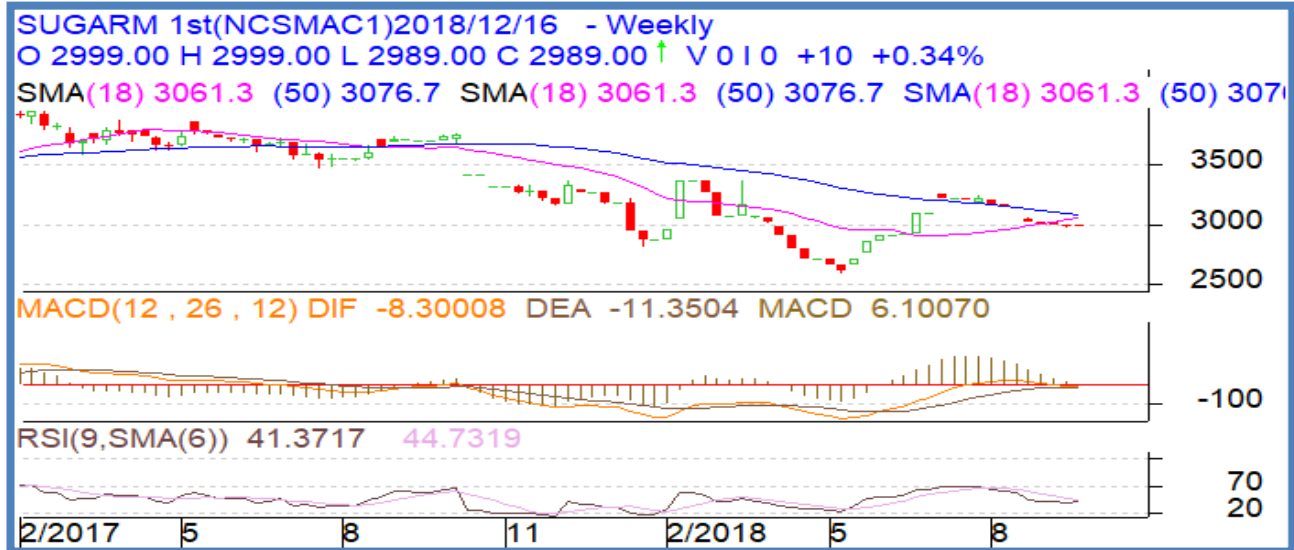


Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Con (Dec)



Strategy: Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Wait				

* Do not carry-forward the position next day

Technical Commentary:

- There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.
- In the daily chart the prices has gained but there is no bullish reversal pattern has evolved.
- Seems that the prices are to consolidate in the range with good probability of touching the recent lows again.
- RSI showing some strength with prices remaining below 9 and 18 days EMA.

International Market Highlights

Recent Updates:

- According to Australian Sugar report released by Australian sugar milling council, the cumulative cane crush reached 24.91 MMT (80.4%) since the beginning of the season from Jun'20 till 25th October 2020 while the operations were ahead in 2019 by crushing around 84.9% of cane during the same time last year. The crushing operations were delayed and slowed down during the beginning of the season this year. The country is expecting rains in Queensland, the major cane growing state due to which further delay in crushing is expected. Australia in 2020-21, is estimated to produce 30.9 million tonnes of sugarcane against 30.04 million tonnes produced in 2019-20 season.

- According to UNICA, a total of 31.95 MMT of sugar has been produced till September 2020 since the beginning of the season in April in Brazil, a surge of 46.23% was reported this season so far. The mills allocated 46.96% of the cane to produce sugar, compared to 35.31% at this time last year. The amount of sugarcane crushed was around 499 MMT during the same period, up by 5.3% compared to the same time previous year. Brazil's total sugar production in the 2020-21 season (April-March) is expected to grow and reach a record around 36 MMT as mills allocate more raw material to sugar production and less to ethanol against 38 MMT expected earlier.

Previous Updates:

- **Philippines sugar production is expected to surge in 2020-21 supported with the favorable weather conditions.** According to the Sugar Regulatory Administration (SRA), in the current season, the sugar output till 4th October was increased by 131.89 per cent to 41,248 tonnes as compared to 17,788 tonnes during the same time last year.
- **According to the Ministry of External affairs (MEA), India is likely to provide 270 MT of food items, including sugar (50MT)** and others, as an aid to South Sudan, Djibouti, Eritrea and Sudan. These countries were badly affected due to the pandemic and natural calamities. Sudan and Djibouti have been one of the major sugar importing countries from India. Sudan imports around 10-15 LT every year from India followed by Djibouti importing around 4-5 LT from India.
- **The favourable growing conditions have resulted in an increase in the sugarcane cultivation Bangladesh.** As per Department of Agricultural Extension (DAE) data, about 1.06 LT of sugarcane likely to be harvested from 2,288 ha land across the region (Barishal district) in season 2020-21. Where, the six districts from the division had produced 1.04 LT of sugarcane from 2,266 hectares of land last year. So, sugar imports by Bangladesh could decline slightly in 2020-21 sugar season.

Bullish and Bearish factors for International sugar market:

Factors	Impact on Prices
CONAB projects, Brazil 2020/21 sugar production likely to decline to 36 MMT from 39 MMT in the previous estimates	Bullish
According to the Thailand Sugar Mills Corp, Thailand's 2020-21 sugar production would fall - 13% y/y to 7.2 MMT as dry weather this year damaged the cane plantations	Bullish
International Sugar Organization (ISO) projected that global 2020-21 sugar production would increase by +2.3% y/y to 173.5 MMT	Bearish
The global 2020-21 sugar deficit to widen to -0.72 MMT from -0.14 MMT in 2019-20	Bullish

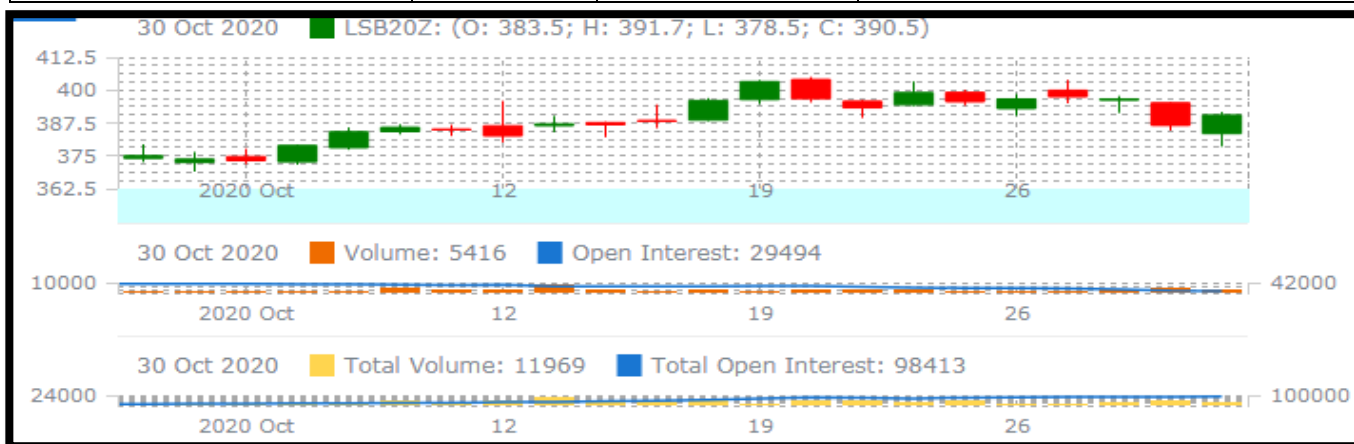
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'20 Contract)

Technical Commentary

- LIFFE future market remained steady to weak during the week.
- Total volume & open interest increased over a week.
- Strategy: Buy at level 378.5, T1 395.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	390.5	378-403

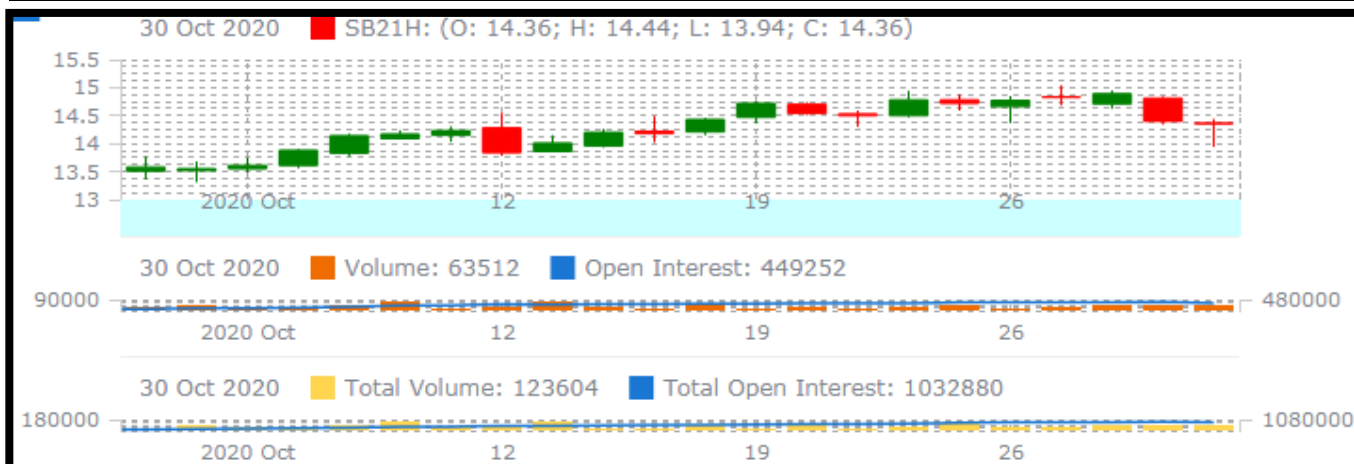


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)

Technical Commentary:

- ICE raw sugar futures remained weak during the week.
- Both total volume increased & open interest decreased in a week.
- Strategy: Buy at rate 14.36 Targeting 14.5.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	14.36	13.77-14.95



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			23rd Oct'20 to 29th Oct'20	16th Oct'20 to 22nd Oct'20	
Delhi	Delhi	M-Grade	3258	3225	33
	Delhi	S-Grade	3238	3205	33
Uttar Pradesh	Khatauli	M-Grade	3125	3112	13
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3146	3125	21
	Dhampur	S-Grade Ex-Mill	3126	3105	21
	Dhampur	L-Grade Ex-Mill	3196	3175	21
Maharashtra	Mumbai	M-Grade	3426	3417	9
	Mumbai	S-Grade	3281	3269	12
	Nagpur	M-Grade	3283	3280	3
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3158	3155	3
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3553	3540	13
	Vijayawada	S-Grade (With Duty)	3620	3618	2
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3593	3633	-40
	Dindigul	M-Grade (DCA)	3810	3810	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			23rd Oct'20 to 29th Oct'20	16th Oct'20 to 22nd Oct'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3065	2988	77
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	52000	37000	15000
	Muzaffarnagar	Khurpa (Fresh)	2392	2620	-228
	Muzaffarnagar	Laddoo (Fresh)	2846	2908	-62
	Muzaffarnagar	Rascut (Fresh)	2317	NA	-
	Hapur	Chaurasa	2379	2493	-114
	Hapur	Balti	2438	2583	-145
Andhra Pradesh	Chittur	Gold	NA	NA	-

		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4390	10
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapur a	Penti (Average)	3514	3446	67
	Mandya	Achhu (Medium)	3290	3347	-57
	Mandya	Kurikatu (Medium)	3200	3193	7
	Mandya	Other (Medium)	3150	3097	53
	Mandya	Yellow (Medium)	3310	3268	42
	Shimoga	Achhu (Average)	3588	3625	-38

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			31-Oct-20	26-Oct-20	1-Oct-20	31-Oct-19
Delhi	Delhi	M-Grade	3270	3245	3220	3325
	Delhi	S-Grade	3250	3225	3200	3305
Uttar Pradesh	Khatauli	M-Grade	3125	3120	3220	3470
	Ramala	M-Grade	NA	NA	NA	NA
	Dhampur	M-Grade Ex-Mill	3125	3150	3175	3380
	Dhampur	S-Grade Ex-Mill	3105	3130	3155	3360
	Dhampur	L-Grade Ex-Mill	3175	3200	3225	3430
Maharashtra	Mumbai	M-Grade	3426	3426	3480	3596
	Mumbai	S-Grade	3280	3282	3306	3342
	Nagpur	M-Grade	3275	3275	3325	3375
	Nagpur	S-Grade	3225	3225	3225	3225
	Kolhapur	M-Grade	3150	3150	3200	3250
	Kolhapur	S-Grade	3100	3100	3100	3100
Assam	Guhawati	S-Grade	3410	3410	3410	3410
Meghalaya	Shillong	S-Grade	3420	3420	3420	3420
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3540	3600	3720
	Vijayawada	S-Grade (With Duty)	3660	3610	3660	3660
West Bengal	Kolkata	M-Grade	3680	3680	3680	3700
Tamil Nadu	Chennai	S-Grade	3580	3600	3650	3860
	Dindigul	M-Grade (DCA)	3810	3810	3780	3580
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3700
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3600

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

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Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			31-Oct-20	26-Oct-20	1-Oct-20	31-Oct-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3125	3125	0	2678
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	0	6000
	Muzaffarnagar	Khurpa	2500	2350	0	2513
	Muzaffarnagar	Laddoo	2750	2900	0	2825
	Muzaffarnagar	Rascut	2375	NA	0	2150
	Hapur	Chaurasa	2400	Closed	0	2525
	Hapur	Balti	2450	Closed	0	2550
Andhra Pradesh	Chittur	Gold	NR	0	0	4300
		White	NR	0	0	0
		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	0	4450	4650
	Belgaum	Mudde (Average)	NA	0	0	0
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	0
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	NA	0	3321	3430
	Mandya	Achhu (Medium)	NA	NA	2950	3550
	Mandya	Kurikatu (Medium)	NA	NA	3050	3200
	Mandya	Other (Medium)	NA	NA	2850	3250
	Mandya	Yellow (Medium)	NA	NA	3000	3450
	Shimoga	Achhu (Average)	NA	0	3600	3950

International Sugar Prices (Weekly Average)

	Contract Month	23rd Oct'20 to 29th Oct'20	16th Oct'20 to 22nd Oct'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.64	14.59	0.05
	21-May	13.79	13.92	-0.13
	21-Jul	13.20	13.40	-0.20
LIFFE Sugar (US \$/MT)	20-Dec	391.02	397.66	-6.64
	21-Mar	397.40	397.80	-0.40
	21-May	393.92	393.28	0.64

Source: MRCI

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