

**Price Outlook:**

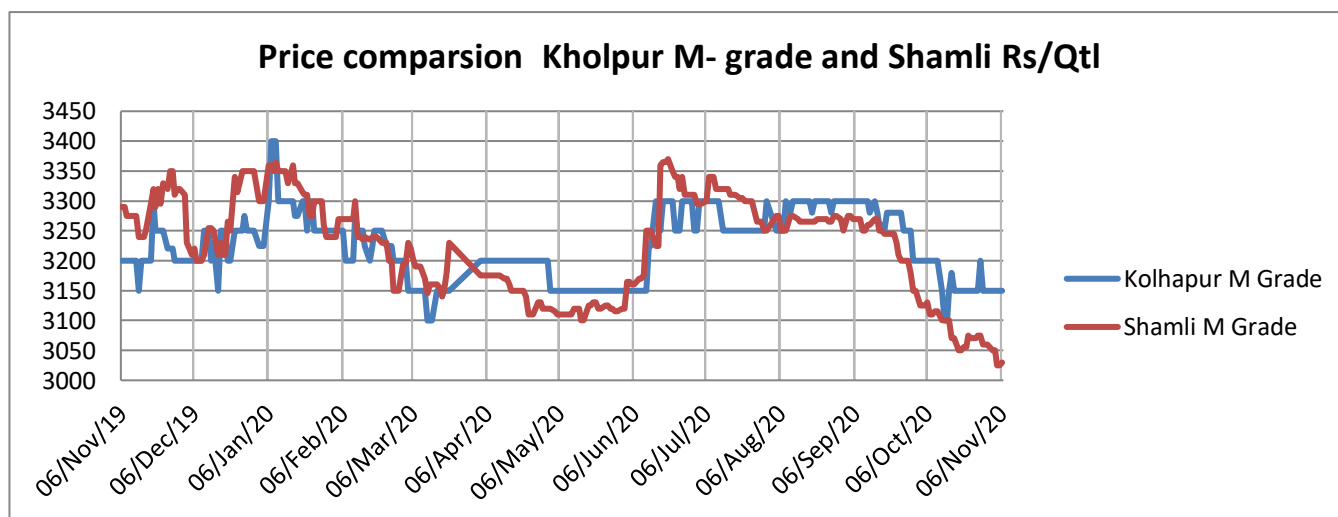
The sugar mills in UP were warned to clear pending Cane dues worth Rs. 90 crores before Diwali as the farmers are facing difficulty. Although the mills have cleared 80% dues in Muzzafarnagar district, they are now advised to clear the cane arrears before the festival. The industry is trying to get the government to announce its final decision on export subsidy, to book new sugar contracts during the peak sugar season. The mills in Maharashtra and Uttar Pradesh have started crushing operations. The average price declined in benchmark Kolhapur market that stood around Rs.3150/q. The prices in UP also stood slightly firm at Rs.3104/q.

**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to stay steady and in range next week between Rs.3150 -3250 per quintal for next week.

**Domestic Sugar Market Summary**

Average prices for sugar 'M' grade in key Kolhapur market were range bound at Rs.3150 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3049 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
DFTD releasing higher monthly sugar sales quota	Bearish

### Domestic Market Highlights

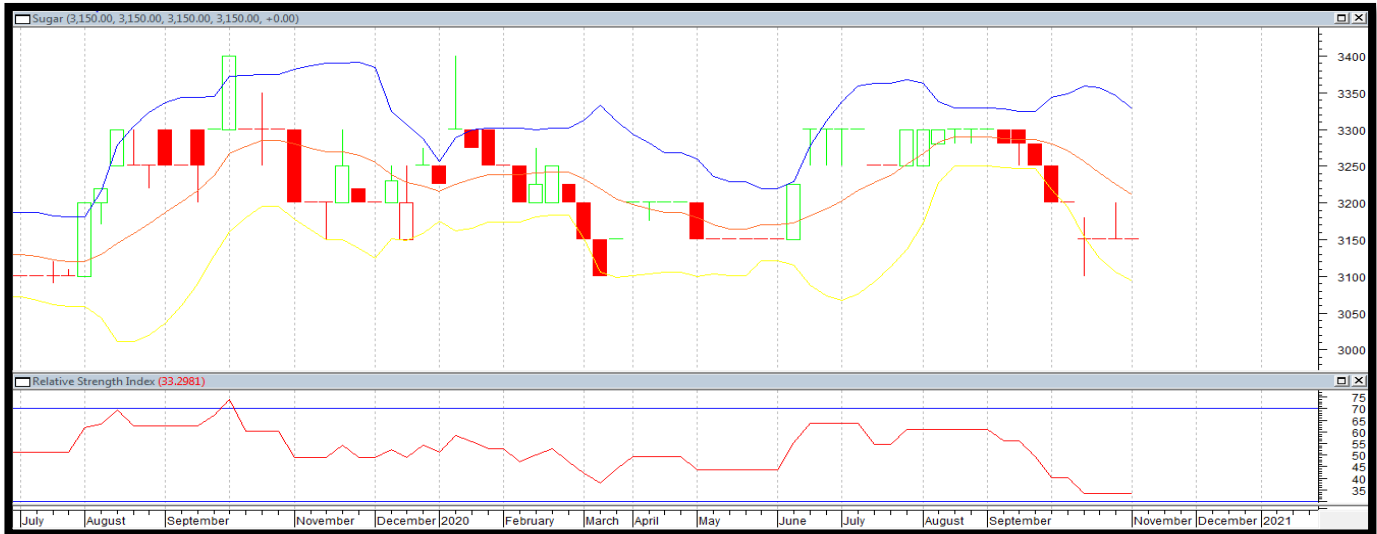
#### Recent Updates:

- **Sugar millers urge Centre to announce export policy.** As the sugar marketing season arrives, sugar millers have started appealing to the Central Government, to announce a policy for the export of sugar. The country has a huge inventory of sugar, due to which the industry fears a collapse unless the government announce an export policy that boosts exports. With the domestic consumption of 260 lakh tonnes, there is a need to export at least 50-60 lakh tonnes otherwise the closing stock of the season will come to 158 lakh tonnes.
- **Government plans to boost ethanol policy.** The Central government earlier announced a programme to encourage sugar mills to expand their ethanol production capacities by increasing the ethanol prices in the earlier week. Only 166 applications got the approval for the loan out of the total 368 that have applied for interest subvention. The payment that OMCs make for ethanol supplied by the sugar companies will be deposited in escrow account, that will be first accessed by the bank to settle their loans and later will be passed on to sugar mills.

#### Previous Updates

- **The sugarcane farmers in Karnataka have demanded a hike in sugarcane State advisory price (SAP) for 2020–21.** The Fair and Remunerative Price (FRP) for sugarcane was increased by the government to Rs.2850 per tonne and the Karnataka farmers have demanded hike to Rs.3300 per tonne. As the farmers have been agitating and that could lead to problems in supply of sugarcane to the sugar mills in the state.
- **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 sugarcane harvesting in Uttar Pradesh in few areas have started and are likely to commence crushing** in the first week of November. The rainfall in Maharashtra has delayed cane crushing in the state. So far by the end of 3rd week of October, the sugar commissioner's office has issued 128 licenses while 71 are still pending for approval to the sugar mills. The festive season is likely to support the market for few days and the sugar traders are waiting for the next month's sugar sales quota to be released by the government by the end of October.

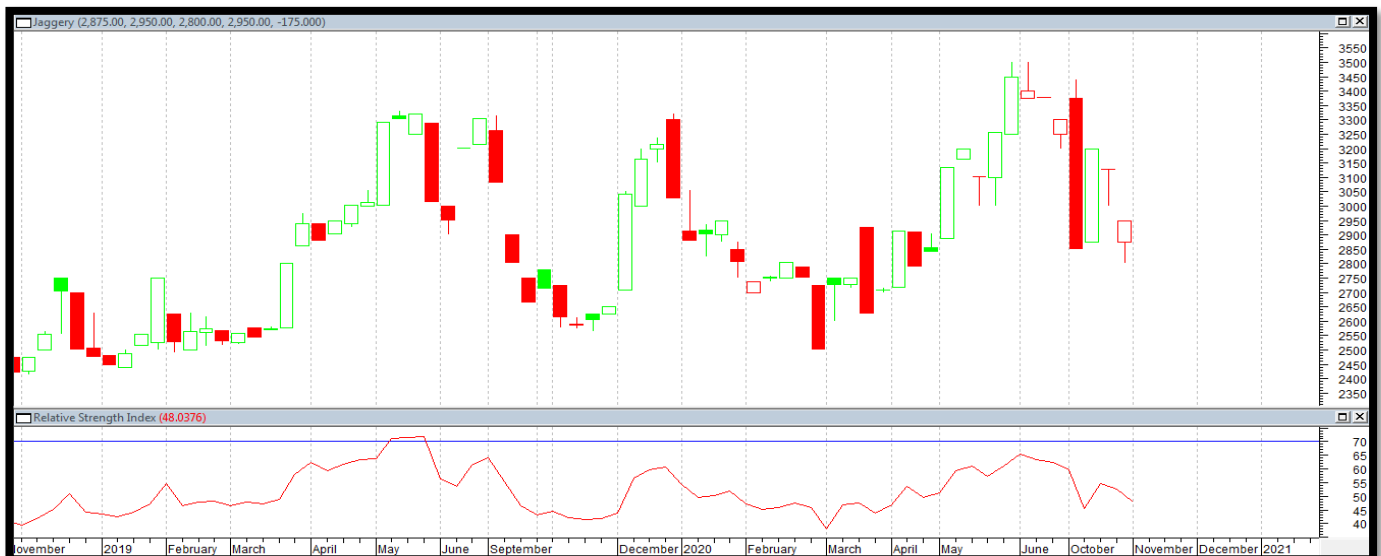
- The sugar spot prices at benchmark Kolhapur market remained steady during last week and ended at Rs.3150/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



### Technical Analysis - ChakuSukha-gur(fresh) at Spot (Muzaffarnagar)market.

#### Gur Market Scenario

- There was an increase in arrivals to around 56000q last week of the Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week stood weak at Rs. 2954/q and the prices in the last year during the same time were lower at Rs. 2726/q.
- RSI stood in the neutral region.

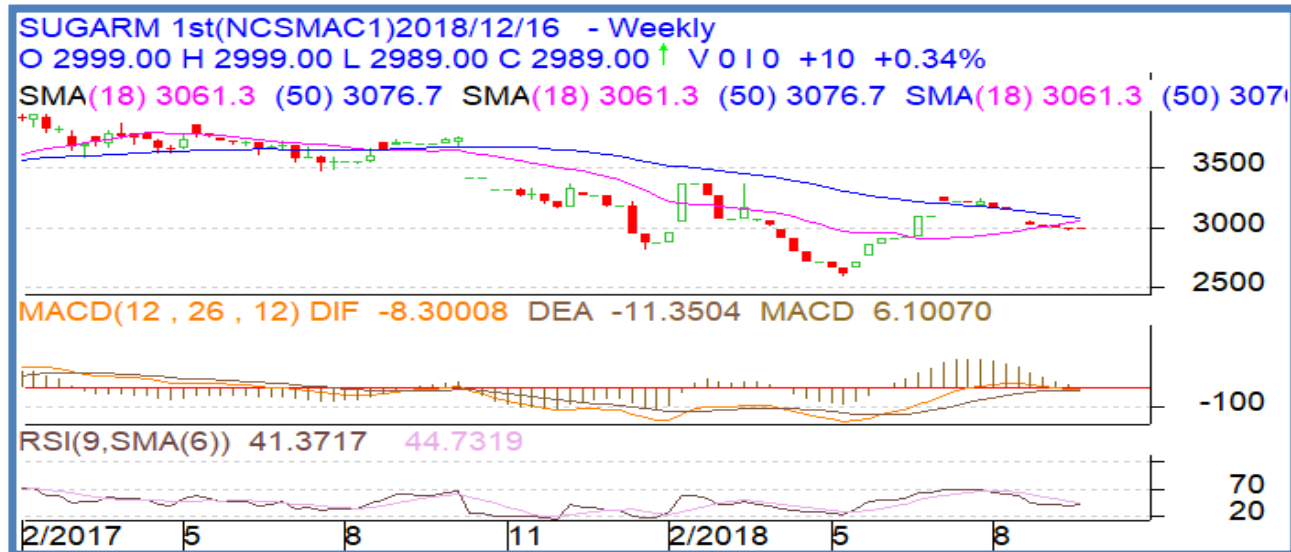


### Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Con (Dec)



Strategy: Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
<b>Sugar</b>	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
<b>Sugar</b>	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 25<sup>th</sup> 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 4<sup>th</sup> 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 Brazilian 2020/21 sugar production is 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

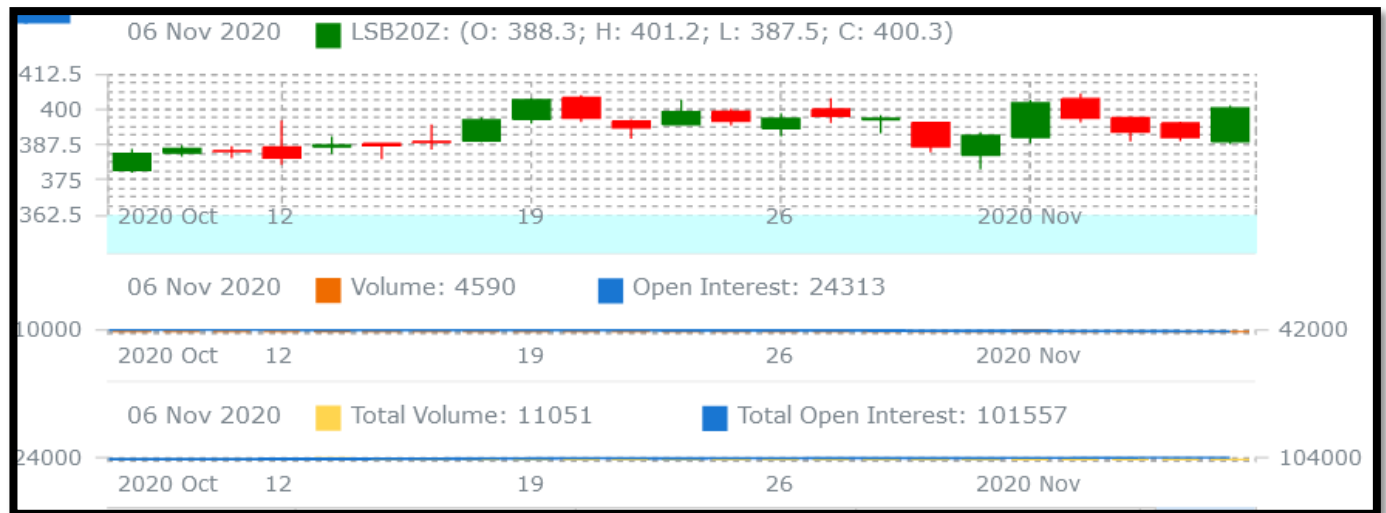
#### **International Sugar Futures Price Projection**

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

**Technical Commentary**

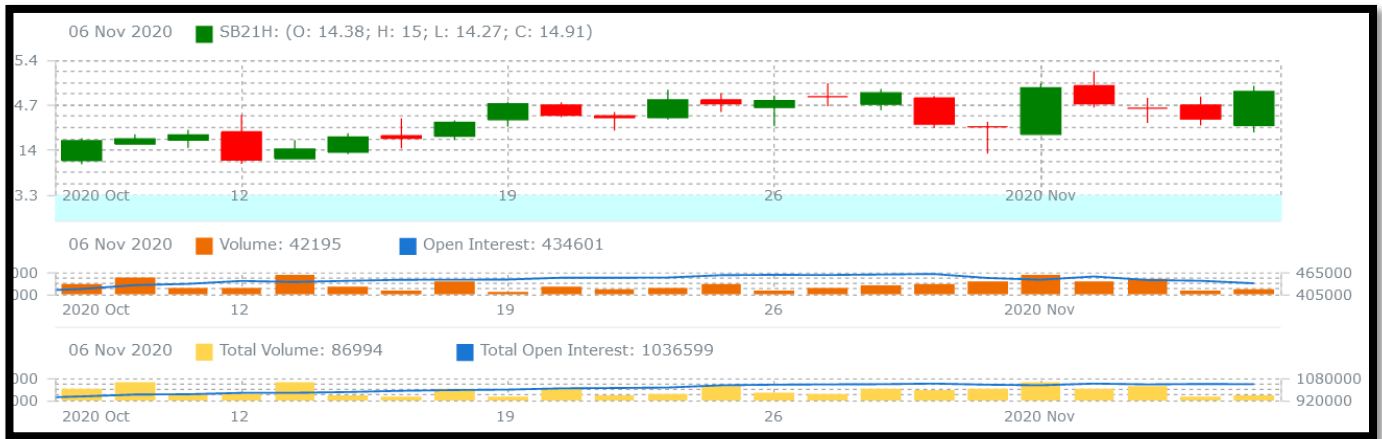
- LIFFE future market remained steady to weak during the week.
- Total volume & open interest increased over a week.
- Strategy: Buy at level 378.5, T1 395.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	400.3	378-403

**ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)****Technical Commentary:**

- ICE raw sugar futures remained steady 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	14.91	14.27-15.23



## Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			30 <sup>th</sup> Oct'20 to 05 <sup>th</sup> Nov'20	23 <sup>rd</sup> Oct'20 to 29 <sup>th</sup> Oct'20	
Sugar	Delhi	M-Grade	3276	3258	19
		S-Grade	3256	3238	18
Uttar Pradesh	Khatauli	M-Grade	3104	3125	-21
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3118	3146	-28
	Dhampur	S-Grade Ex-Mill	3098	3126	-28
	Dhampur	L-Grade Ex-Mill	3168	3196	-28
Maharashtra	Mumbai	M-Grade	3428	3426	2
	Mumbai	S-Grade	3278	3281	-3
	Nagpur	M-Grade	3275	3283	-8
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3158	-8
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	0
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3553	47
	Vijayawada	S-Grade (With Duty)	3660	3620	40
West Bengal	Kolkata	M-Grade	3723	3680	43
Tamil Nadu	Chennai	S-Grade (With GST)	3580	3593	-13
	Dindigul	M-Grade (DCA)	3805	3810	-5
	Coimbatore	M-Grade (DCA)	3602	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)			30 <sup>th</sup> Oct'20 to 05 <sup>th</sup> Nov'20	23 <sup>rd</sup> Oct'20 to 29 <sup>th</sup> Oct'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2954	3065	-100
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	56000	52000	4000
	Muzaffarnagar	Khurpa (Fresh)	2442	2392	50
	Muzaffarnagar	Laddoo (Fresh)	2798	2846	-48
	Muzaffarnagar	Rascut (Fresh)	2342	2317	25
	Hapur	Chaurasa	2413	2379	35
	Hapur	Balti	2460	2438	23
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3430	3514	-83
	Mandya	Achhu (Medium)	3343	3290	53
	Mandya	Kurikatu (Medium)	3217	3200	17
	Mandya	Other (Medium)	3150	3150	Unch
	Mandya	Yellow (Medium)	3400	3310	90
	Shimoga	Achhu (Average)	3600	3588	13

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			07-Nov-20	02-Nov-20	08-Nov-20	07-Nov-19
Delhi	Delhi	M-Grade	3263	3260	3240	3300
	Delhi	S-Grade	3240	3240	3220	3280
Uttar Pradesh	Khatauli	M-Grade	3080	3100	3220	3410
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3125	3120	3170	3350
	Dhampur	S-Grade Ex-Mill	3105	3100	3150	3330
	Dhampur	L-Grade Ex-Mill	3175	3170	3220	3400
Maharashtra	Mumbai	M-Grade	3436	3426	3286	3582
	Mumbai	S-Grade	3266	3280	3325	3316
	Nagpur	M-Grade	3275	3275	3225	3325
	Nagpur	S-Grade	3225	3225	3225	3225



	Kolhapur	M-Grade	3150	3150	3200	3200
	Kolhapur	S-Grade	3100	3100	3100	3100
<b>Assam</b>	Guhawati	S-Grade	3410	3410	3410	3410
<b>Meghalaya</b>	Shillong	S-Grade	3420	3420	3420	3420
<b>Andhra Pradesh</b>	Vijayawada	M-Grade (With Duty)	3600	3600	3600	3700
	Vijayawada	S-Grade (With Duty)	3660	3660	3660	3640
<b>West Bengal</b>	Kolkata	M-Grade	3730	3750	3680	3710
<b>Tamil Nadu</b>	Chennai	S-Grade	3580	3580	3650	3830
	Dindigul	M-Grade (DCA)	3780	3810	3780	3580
	Coimbatore	M-Grade (DCA)	3620	3620	3620	3590
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3600

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

\*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			07-Nov-20	02-Nov-20	08-Nov-20	07-Nov-19
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha	2950	2875	3250	2755
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	10000	5000	8000
	Muzaffarnagar	Khurpa	2375	2450	2750	2600
	Muzaffarnagar	Laddoo	2863	2750	3063	2825
	Muzaffarnagar	Rascut	2313	2300	0	2028
	Hapur	Chaurasa	2488	Closed	0	2575
	Hapur	Balti	2525	Closed	0	2613
<b>Andhra Pradesh</b>	Chittur	Gold	NR	0	0	NR
		White	NR	0	0	NR
		Black	NR	0	0	NR
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	4400	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	3350
	Mahalingapura	Penti (Average)	NA	3430	3205	3563
	Mandya	Achhu (Medium)	3300	3350	3200	3670
	Mandya	Kurikatu (Medium)	3250	3200	3120	3300
	Mandya	Other (Medium)	3150	3150	2900	3340
	Mandya	Yellow (Medium)	3400	3450	3080	3350
	Shimoga	Achhu (Average)	NA	3600	3600	3700

International Sugar Prices (Weekly Average)				
	Contract Month	30 <sup>th</sup> Oct'20 to 05 <sup>th</sup> Nov'20	23 <sup>rd</sup> Oct'20 to 29 <sup>th</sup> Oct'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.64	14.64	Unch
	21-May	13.66	13.79	-0.13
	21-Jul	13.01	13.20	-0.19
LIFFE Sugar (US \$/MT)	20-Dec	386.32	391.02	-4.70
	21-Mar	395.04	397.40	-2.36
	21-May	393.62	393.92	-0.30

Source: MRCI

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