

**Price Outlook:**

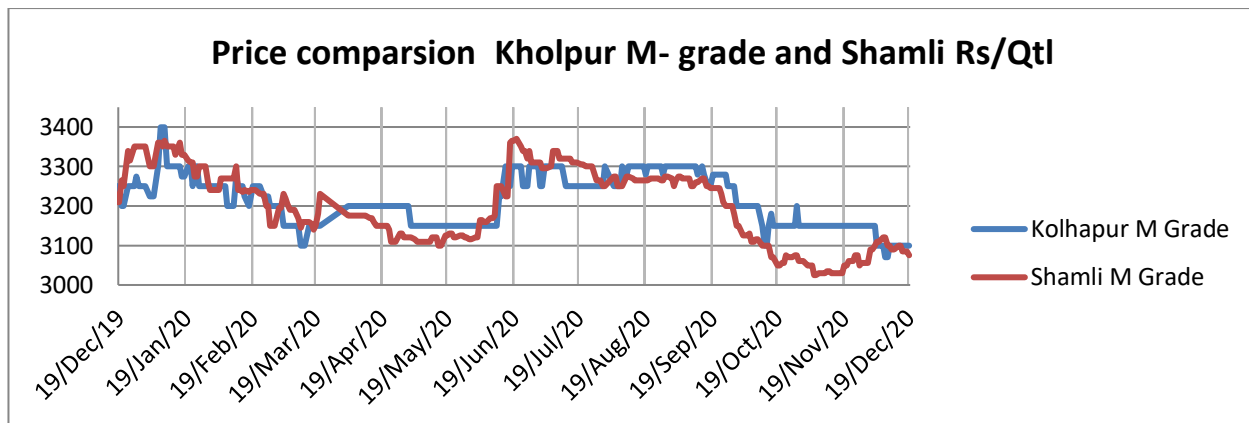
The government has announced 60 LMT of export quota for sugar season 2020-21. Sugar recovery percentage has reached about 10 percent in Kolhapur. Cane arrears are still pending in some of the states where as Uttar Pradesh mills have cleared 100% of their cane dues. The average sugar prices decreased in Khatauli market at Rs.3179/q to Rs.3194/q previous week. The prices in Maharashtra also stood slightly firm at Rs.3275/q.

**Price Projection for the Next week**

As per the Agriwatch estimates, spot sugar prices (M grade) in benchmark Kolhapur market are likely to stay weak to steady and in range next week between Rs.3070 -3200 per quintal for next week.

**Domestic Sugar Market Summary**

Average prices for sugar 'M' grade in key Kolhapur market were range bound at Rs.3100 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3091 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	Bearish
Government increasing SAP in various states in 2020-21	Bullish

### Domestic Market Highlights

#### Recent Updates:

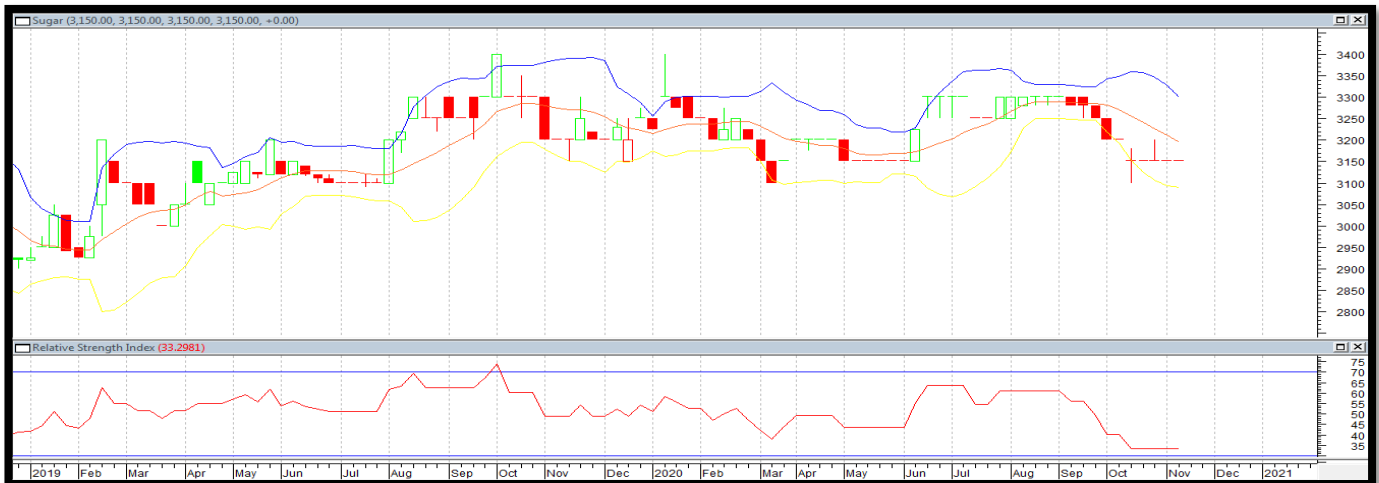
- **Government of India announces Export quota for sugar season 2020-21.** The government has announced 60 LMT of quota for export of sugar season 2020-21 with an assistance of Rs. 3500 crores. In the previous season 2019-20, government has provided an assistance of Rs. 10,448 / MT. This assistance will benefit around 5 crore farmers and the sugar industry.

#### Previous Updates

- **Pondicherry government started new 'Nammazhvar Agriculture Rejuvenation' Scheme for sugarcane farmers.** Government has come up with new subsidy scheme for the welfare of sugarcane farmers. The scheme will provide a backend subsidy of Rs. 10,000 per acre to the sugarcane farmers through Direct Benefit Transfer (DBT), around 839 sugarcane farmers will benefit under this scheme.
- **Maharashtra government issues notice against sugar mills for pending cane dues.** About 16 sugar mills in Maharashtra have been identified in delaying first cane payment to sugarcane farmers for the current crushing season, government has issued a show-cause notice to these sugar mills as the sugar mills have failed to pay cane dues within 45 days of crushing. The action is being taken to ensure that sugar mills follow the rules and do not default on payments later in the season. Till 14<sup>th</sup> December 2020, about 172 sugar mills have commenced crushing operations and produced around 261.02 lakh quintals sugar by crushing 287.09 lakh tonnes sugarcane with an average recovery rate of 9.09 percent.
- **Sugarcane farmers in Tamil Nadu demand cane dues.** Out of the 42 government and private sugar mills in Tamilnadu, 39 sugar mills have cleared the dues to the farmers. However, three sugar mills are yet to clear the cane dues of around Rs. 24 crore to the farmers. Earlier the farmers were assured that till October 25 the dues will be cleared but till now the sugar mills have not cleared the farmer's dues.
- **Sugar mills in Maharashtra have started producing ethanol.** About 41 sugar mills in Maharashtra have started producing ethanol from B heavy molasses, 9 mills are producing ethanol from sugar syrup and 6 mills are following the Brazilian pattern directly through sugarcane juice. Also, government has recently announced the hike in ethanol price for supply of oil marketing companies. The ethanol prices were raised to Rs. 62.65 per litre from Rs. 59.48 per liter earlier for ethanol extracted from sugarcane juice, ethanol from C- heavy molasses has been increased from Rs. 43.75 per litre to Rs. 45.69 per litre and ethanol from B- heavy molasses was Rs. 57.61 per litre from Rs. 54.27 per litre earlier.

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

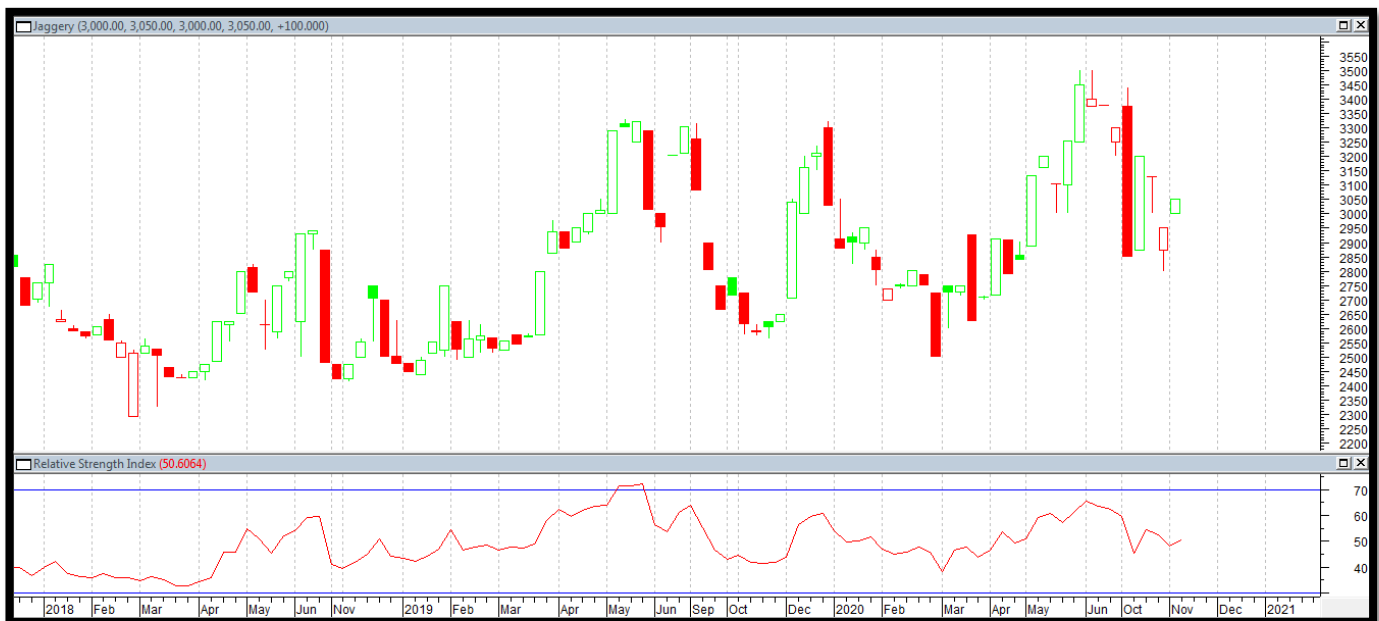
- The sugar spot prices at benchmark Kolhapur market remained steady during last week and ended at Rs.3090/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



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

#### Gur Market Scenario

- There was an increase in arrivals to around 50000 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week stood firm at Rs. 2715/q and the prices in the last year during the same timewere higher at Rs. 2986/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	14.5	14.05	14.0	15.0	15.5
Intraday Trade Call			Call	Entry	T1	T2	SL
<b>Sugar</b>	NCDEX	Dec	Wait	14.2	14.3	14.5	14.8

\* 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 trading starts.
- 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:

- Pakistan government likely to import sugar.** The government has been planning to import sugar as the commodity is trading at a low price in the global market and their domestic sugar output is expected to be lower this season. The country's demand is 5 million tonnes and the domestic sugar production is likely to remain between 3.5 million tonnes to 4 million tonnes.

Previous Updates

- **Britain to import 260,000 tonnes of tariff free raw sugar.** Britain has decided to allow the import of 260,000 tonnes of raw sugar in 2021 which will be tariff free. The country has developed an independent trade policy for the first time in nearly 50 years. The quota will cover half of the 400,000 tonnes which Britain needs annually; the decision to make quota open to all is expected to benefit Brazil most.
- **Egypt has extended its import ban for 3 months.** The Egypt's Trade and Industry Ministry has extended the ban on white and raw sugar for three more months. The decision was taken to have a control over imported products and to control spread of corona virus.

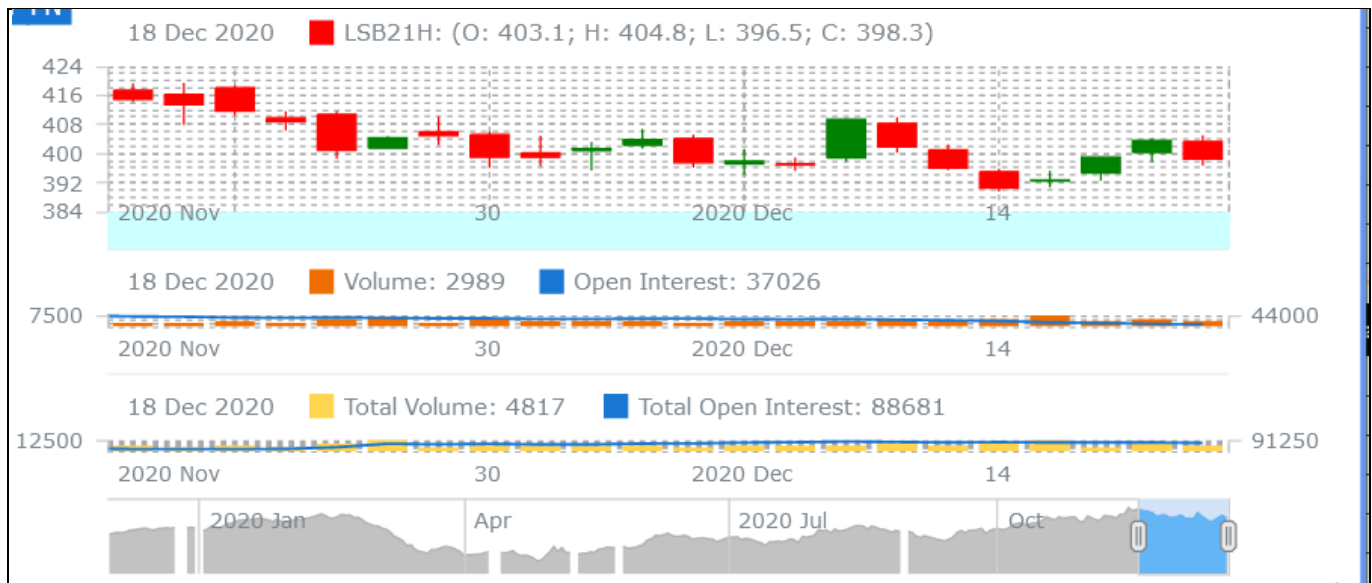
**Bullish and Bearish factors for International sugar market:**

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
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 increased & open interest decreased over a week.
- Strategy: Buy at level 396.4, T1 398.3

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	420.80	416-420



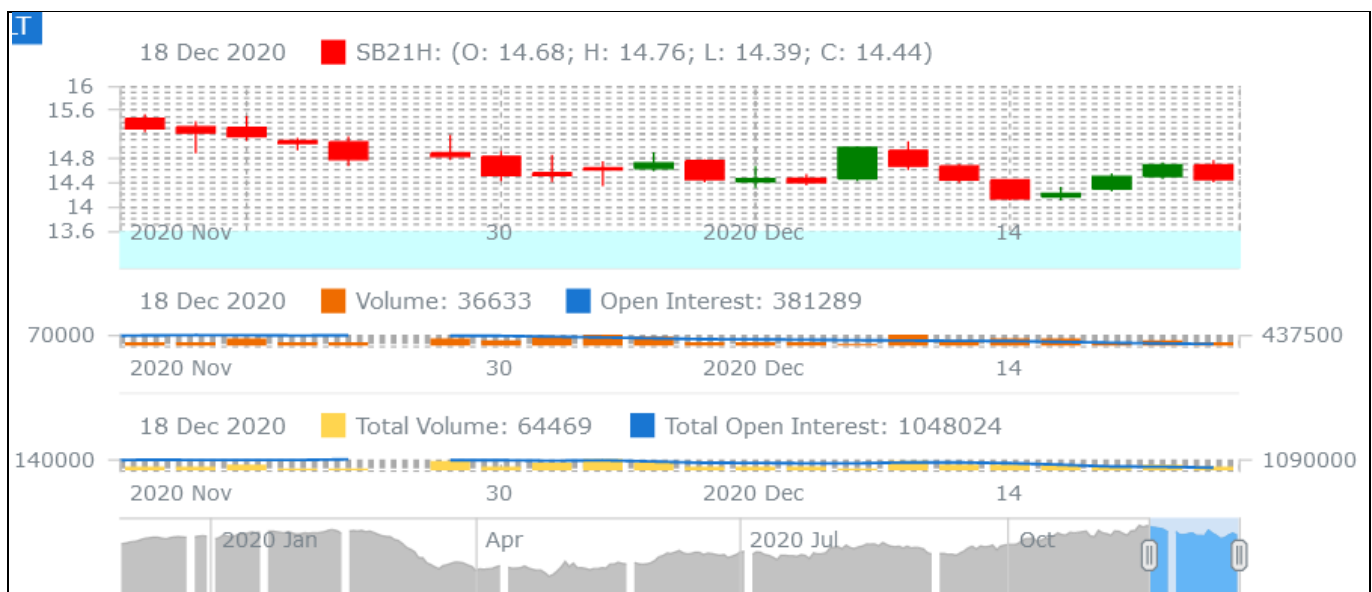
### ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)

#### Technical Commentary:

- ICE raw sugar futures remained steady to weak during the week.
- Both total volume increased & open interest decreased in a week.
- Strategy: Buy at rate 14.38 Targeting 14.44.

#### International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'20	15.57	14.42-15.58



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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			11th Dec'20 to 17th Dec'20	04th Dec'20 to 10th Dec'20	
Delhi	Delhi	M-Grade	3266	3269	-3
	Delhi	S-Grade	3246	3249	-3
Uttar Pradesh	Khatauli	M-Grade	3179	3194	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3146	-21
	Dhampur	S-Grade Ex-Mill	3105	3123	-18
	Dhampur	L-Grade Ex-Mill	3175	3193	-18
Maharashtra	Mumbai	M-Grade	3383	3430	-47
	Mumbai	S-Grade	3236	3238	-2
	Nagpur	M-Grade	3225	3215	10
	Nagpur	S-Grade	3188	3188	0
	Kolhapur	M-Grade	3100	3090	10
	Kolhapur	S-Grade	3063	3063	0
Assam	Guhawati	S-Grade	3366	3373	-7
Meghalaya	Shillong	S-Grade	3383	3383	0
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3560	Unch
	Vijayawada	S-Grade (With Duty)	3620	3260	360
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3560	3560	Unch
	Dindigul	M-Grade (DCA)	3600	3690	-90
	Coimbatore	M-Grade (DCA)	3570	3570	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)			11th Dec'20 to 17th Dec'20	04th Dec'20 to 10th Dec'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2746	2715	31
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	28000	50000	-22000
	Muzaffarnagar	Khurpa (Fresh)	2473	2461	12
	Muzaffarnagar	Laddoo (Fresh)	2781	2760	21
	Muzaffarnagar	Rascut (Fresh)	2188	2260	-73
	Hapur	Chaurasa	2523	2481	42

	Hapur	Balti	2573	24834	-22261
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)	3177	3185	-8
	Mandya	Achhu (Medium)	3155	3000	155
	Mandya	Kurikatu (Medium)	2897	2955	-58
	Mandya	Other (Medium)	2943	2883	60
	Mandya	Yellow (Medium)	3163	3022	141
	Shimoga	Achhu (Average)	3600	3600	Unch

## Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			19-Dec-20	15-Dec-20	19-Nov-20	19-Dec-19
Delhi	Delhi	M-Grade	3215	3310	3255	3250
	Delhi	S-Grade	3195	3290	3235	3230
Uttar Pradesh	Khatauli	M-Grade	3170	3200	3085	3300
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3050	3150	3120	3180
	Dhampur	S-Grade Ex-Mill	3030	3130	3100	3160
	Dhampur	L-Grade Ex-Mill	3100	3200	3170	3230
Maharashtra	Mumbai	M-Grade	3366	3380	3492	3596
	Mumbai	S-Grade	3236	3240	3260	3266
	Nagpur	M-Grade	3225	3225	3275	3375
	Nagpur	S-Grade	3125	3145	3225	3225
	Kolhapur	M-Grade	3100	3100	3150	3250
	Kolhapur	S-Grade	3000	3020	3100	3100
Assam	Guhawati	S-Grade	3309	3329	3410	3410
Meghalaya	Shillong	S-Grade	3320	3340	3420	3420
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3560	3560	3640
	Vijayawada	S-Grade (With Duty)	3620	3620	3620	3580
West Bengal	Kolkata	M-Grade	3650	3650	3650	3650
Tamil Nadu	Chennai	S-Grade	3560	3560	3560	3560



	Dindigul	M-Grade (DCA)	3600	3600	3780	3600
	Coimbatore	M-Grade (DCA)	3570	3570	3660	3590
<b>Chattisgarh</b>	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)			19-Dec-20	15-Dec-20	19-Nov-20	19-Dec-19
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha	2725	2775	2875	3200
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	4000	4000	6000
	Muzaffarnagar	Khurpa	2500	2475	2525	2878
	Muzaffarnagar	Laddoo	2813	2813	2845	3200
	Muzaffarnagar	Rascut	2250	2175	2250	2275
	Hapur	Chaurasa	2525	2513	2388	2950
	Hapur	Balti	2550	2600	2413	2788
<b>Andhra Pradesh</b>	Chittur	Gold	NR	0	0	4900
		White	NR	0	0	4600
		Black	NR	0	0	0
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	4400	4250	4450
	Belgaum	Mudde (Average)	NA	0	0	2900
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	0
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	NA	3156	3331	3469
	Mandya	Achhu (Medium)	3300	3150	3380	2970
	Mandya	Kurikatu (Medium)	3000	2900	3100	2800
	Mandya	Other (Medium)	2950	2900	2800	2950
	Mandya	Yellow (Medium)	3200	3150	3350	3050
	Shimoga	Achhu (Average)	3600	3600	3600	3600

International Sugar Prices (Weekly Average)				
	Contract Month	11th Dec'20 to 17th Dec'20	04th Dec'20 to 10th Dec'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.39	14.58	-0.19
	21-May	13.76	13.94	-0.18
	21-Jul	13.45	13.50	-0.05
LIFFE Sugar (US \$/MT)	20-Dec	396.16	400.50	-4.34
	21-Mar	391.04	395.28	-4.24
	21-May	381.08	383.00	-1.92

Source: MRCI

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