

Price Outlook:

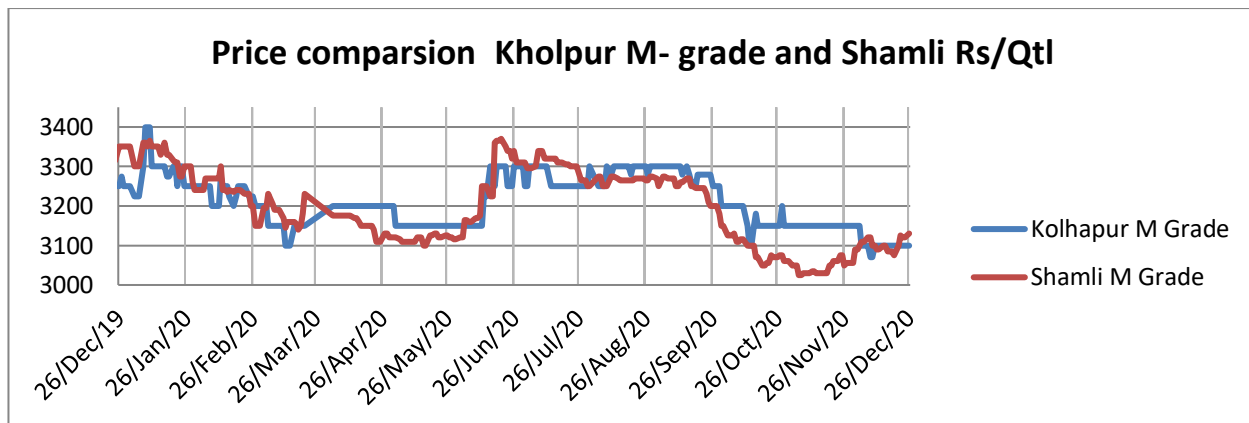
The government has announced 60 LMT of export quota for sugar season 2020-21. ISMA has requested for an extension of the duration of the December sales quota (21.5 LT). Uttar Pradesh is yet to declare the State Advised Price for Sugarcane for the current season 2020-21. The average sugar prices increased in Khatauli market at Rs.3189/q to Rs.3179/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.3080 -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.3119 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 and the upcoming second wave of corona virus hindering the sugar domestic demand	Bearish
Government increasing SAP in various states in 2020-21	Bullish

Domestic Market Highlights

Recent Updates:

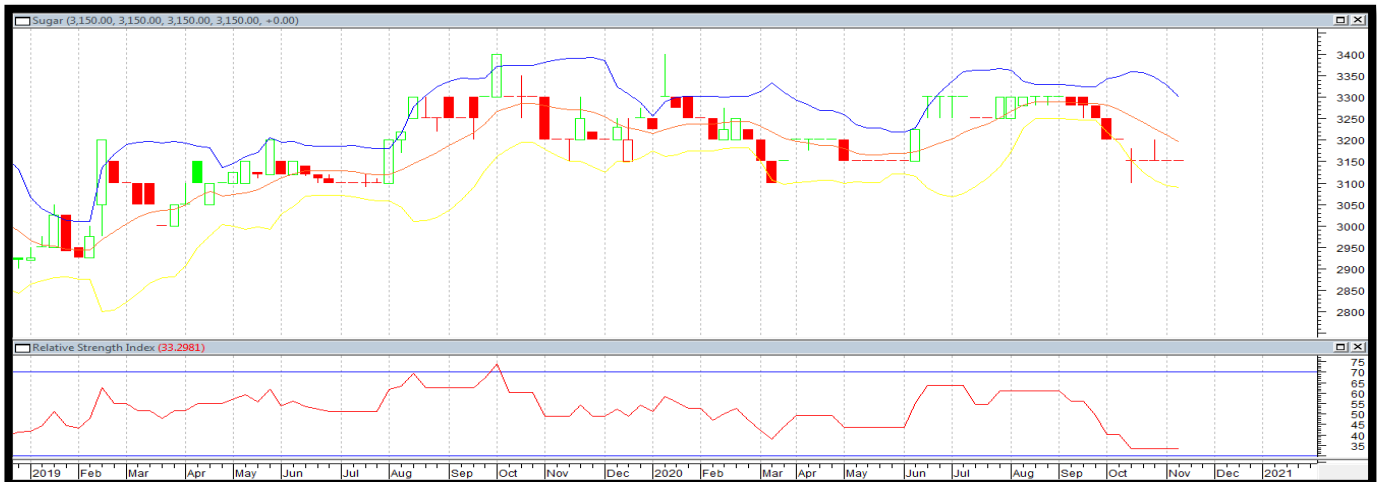
- **ISMA has requested an extension of the duration for sales quota for December 2020.** ISMA has requested Department of Food & Public Distribution to extend the duration for sale of allocated sugar quota(21.5 LT) for December 2020. ISMA has also requested to reduce the allocation of sugar quota for January 2021. Mills have already been constrained to sell their sugar stocks below Minimum support price (MSP) and U.P state sugar prices are also on the verge of breaching MSP. If the situation keeps moving in the same direction then it would be extremely tough for sugar millers to survive in the ongoing crushing season.

Previous Updates

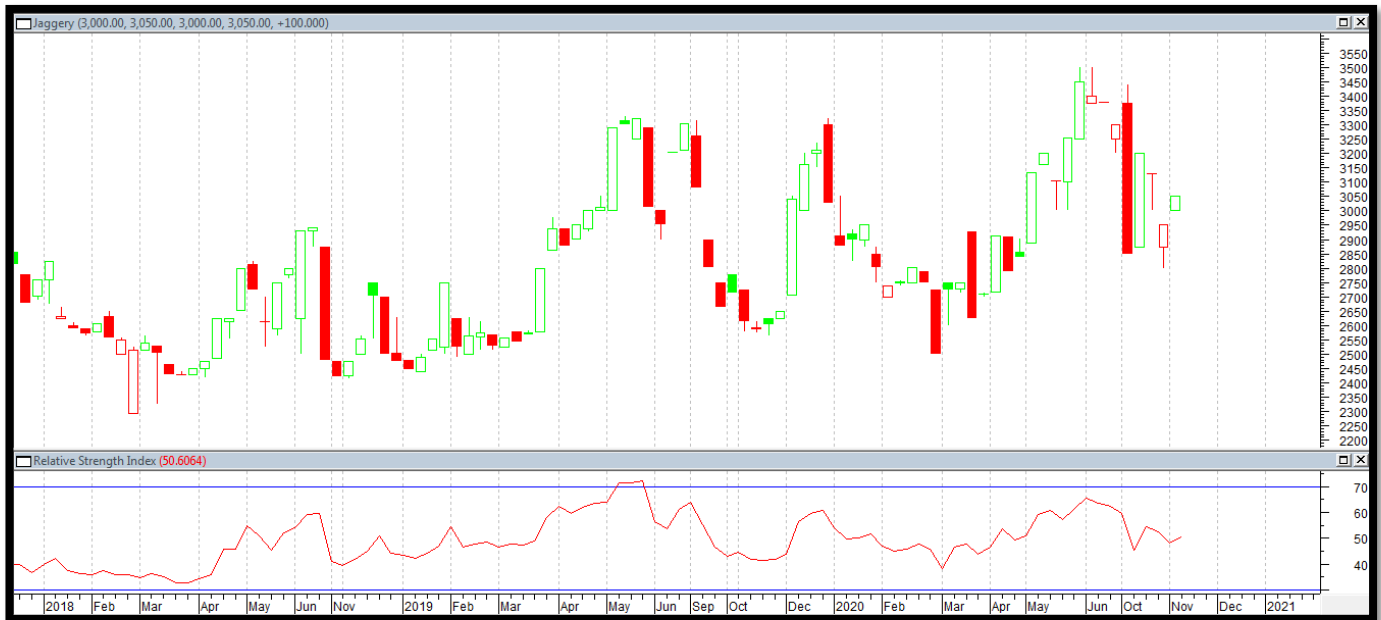
- **Andhra Pradesh is planning to revive the closed cooperative sugar mills.** The Andhra Pradesh government cabinet subcommittee is looking after several options for revival of the cooperative sugar mills. The committee is exploring the possibility of the civil supplies and endowments departments procuring the entire stock produced by cooperative mills. Various discussions are going on with the government so that the revival of the sugar mill can be done as this should be done before the crop season so that the cane farmers will benefit.
- **Uttar Pradesh Farmers urge the government to declare State Advised Price for sugarcane.** More than two months have passed since the starting of new crushing season, but the government has yet not announced the SAP for sugarcane. The Centre has already announced the Fair and Remunerative Price (FRP) for sugarcane for 2020-21 seasons with a hike of Rs 10 to Rs 285 per quintal for a basic recovery of 10 percent. The farmers are also expecting a hike in SAP as it has not been increased from three seasons.
- **117 sugar mills are engaged in crushing operations in Maharashtra.** Majority of sugar mills in Maharashtra have started cane crushing operations, till 24th December 2020 about 177 mills are engaged in crushing operations and have produced around 343.86 lakh quintal of sugar by crushing 367.9 lakh tonne sugarcane. The state has recorded average sugar recovery percentage of about 9.35 percent. Solapur is leading in the state with 38 sugar mills in operation.
- **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.

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 increased at Rs. 2830/q and the prices in the last year during the same time were higher at Rs. 2715/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	14.2	14.6	14.4	15.0	15.5
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	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:**

- **Government allows 8,424 tonne raw sugar exports to US under tariff rate quota.** The government has permitted around 8,424 MTRV (metric ton raw value) of raw sugar to be exported to US under Tariff rate quota. India exports duty free sugar to the US for up to 10,000 tonnes annually under preferential quota arrangements.

Previous 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.
- **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.

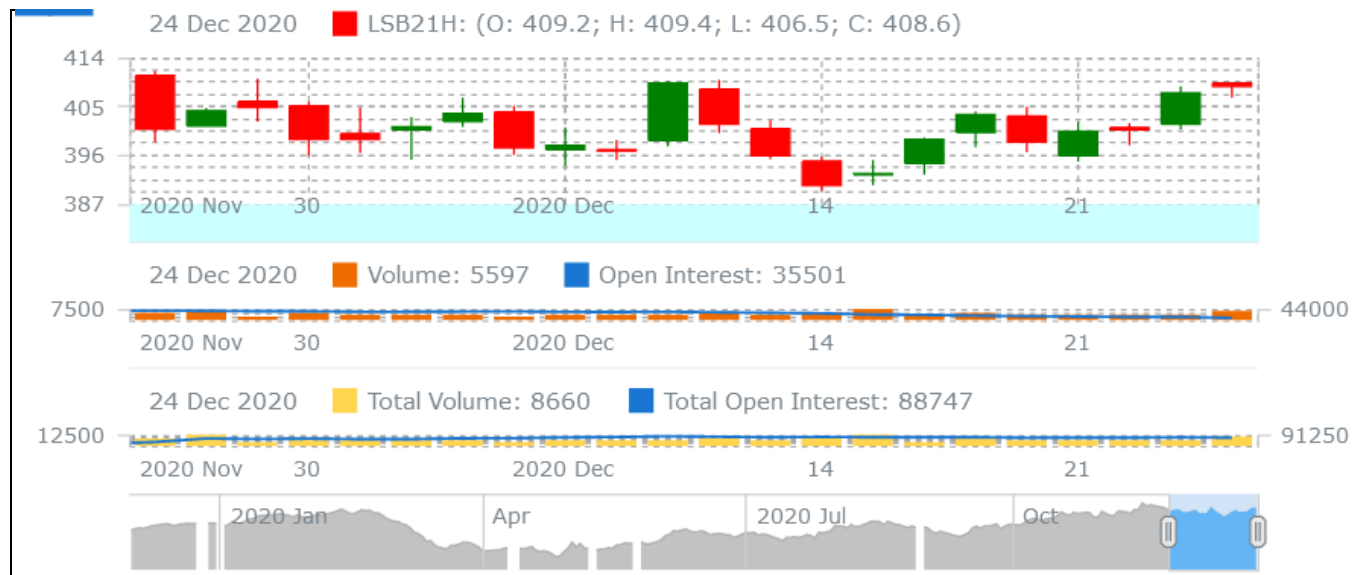
Bullish and Bearish factors for International sugar market:

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**

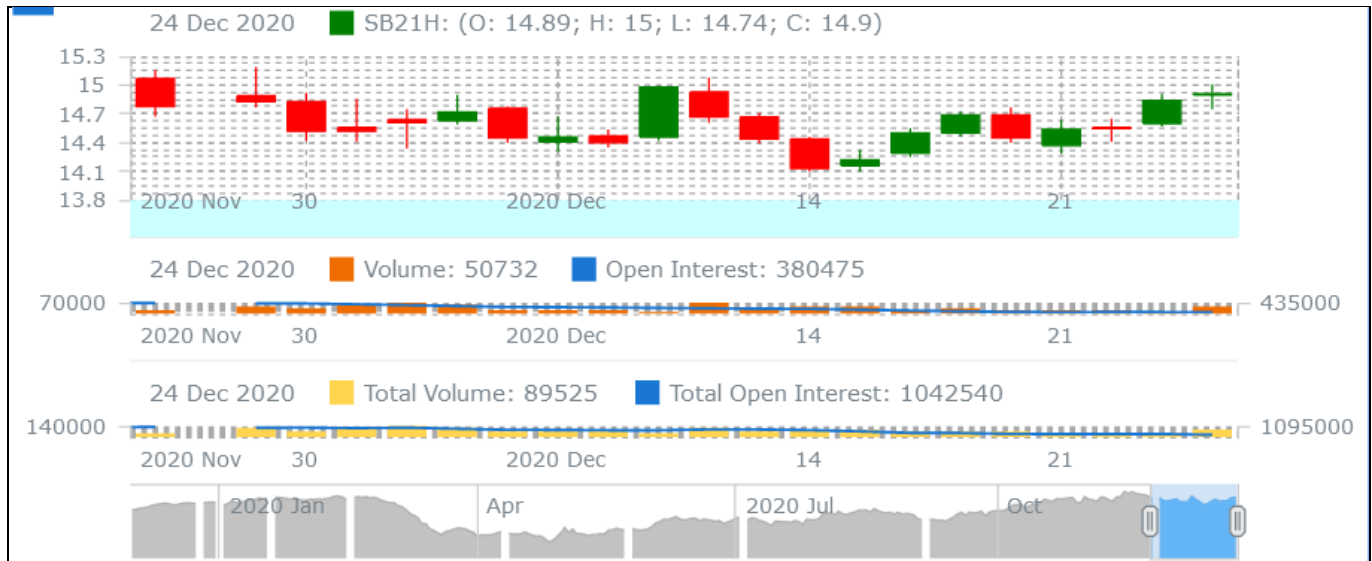
- LIFFE future market remained steady to weak during the week.
- Total volume increased & open interest decreased over a week.
- Strategy: Buy at level 406.5, T1 408.5

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	420.80	413-420

**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 14.73 Targeting 14.9.

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
			18th Dec'20 to 24th Dec'20	11th Dec'20 to 17th Dec'20	
Delhi	Delhi	M-Grade	3210	3266	-56
	Delhi	S-Grade	3190	3246	-56
Uttar Pradesh	Khatauli	M-Grade	3184	3179	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3052	3125	-73
	Dhampur	S-Grade Ex-Mill	3032	3105	-73
	Dhampur	L-Grade Ex-Mill	3102	3175	-73
Maharashtra	Mumbai	M-Grade	3360	3383	-23
	Mumbai	S-Grade	3231	3236	-5
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3192	3188	4
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3067	3063	4
Assam	Guhawati	S-Grade	3327	3366	-39
Meghalaya	Shillong	S-Grade	3387	3383	4
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3560	Unch
	Vijayawada	S-Grade (With Duty)	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3620	3560	60
	Dindigul	M-Grade (DCA)	3600	3600	Unch

	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)			18th Dec'20 to 24th Dec'20	11th Dec'20 to 17th Dec'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2800	2746	54
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	46000	28000	18000
	Muzaffarnagar	Khurpa (Fresh)	2531	2473	58
	Muzaffarnagar	Laddoo (Fresh)	2850	2781	69
	Muzaffarnagar	Rascut (Fresh)	2300	2188	112
	Hapur	Chaurasa	2570	2523	47
	Hapur	Balti	2583	2573	10
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)	3140	3177	-37
	Mandya	Achhu (Medium)	3230	3155	75
	Mandya	Kurikatu (Medium)	2960	2897	63
	Mandya	Other (Medium)	2920	2943	-23
	Mandya	Yellow (Medium)	3180	3163	17
	Shimoga	Achhu (Average)	3600	3600	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			26-Dec-20	19-Dec-20	26-Nov-20	26-Dec-19
Delhi	Delhi	M-Grade	3170	3215	3300	3350
	Delhi	S-Grade	3150	3195	3280	3330
Uttar Pradesh	Khatauli	M-Grade	3195	3170	3120	3410

	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3040	3050	3120	3300
	Dhampur	S-Grade Ex-Mill	3020	3030	3100	3280
	Dhampur	L-Grade Ex-Mill	3090	3100	3170	3350
Maharashtra	Mumbai	M-Grade	3326	3366	3496	3560
	Mumbai	S-Grade	3220	3236	3256	3290
	Nagpur	M-Grade	3225	3225	3275	3375
	Nagpur	S-Grade	3225	3125	3225	3225
	Kolhapur	M-Grade	3100	3100	3150	3250
	Kolhapur	S-Grade	3100	3000	3100	3100
Assam	Guhawati	S-Grade	3410	3309	3410	3410
Meghalaya	Shillong	S-Grade	3420	3320	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	3610
Tamil Nadu	Chennai	S-Grade	3650	3560	3560	3580
	Dindigul	M-Grade (DCA)	3600	3600	3780	3580
	Coimbatore	M-Grade (DCA)	3570	3570	3570	3590
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)			26-Dec-20	19-Dec-20	26-Nov-20	26-Dec-19
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2875	2725	2950	3200
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	8000	8000
	Muzaffarnagar	Khurpa	2575	2500	2650	3030
	Muzaffarnagar	Laddoo	2750	2813	2988	3253
	Muzaffarnagar	Rascut	2325	2250	2500	2350
	Hapur	Chaurasa	2588	2525	2563	3063
	Hapur	Balti	2650	2550	2425	3175
Andhra Pradesh	Chittur	Gold	NR	0	0	5000
		White	NR	0	0	4700
		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	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)	3170	0	3329	0
	Mandya	Achhu (Medium)	3120	3300	3200	2920
	Mandya	Kurikatu (Medium)	2950	3000	3200	2850
	Mandya	Other (Medium)	2970	2950	2950	2900
	Mandya	Yellow (Medium)	3000	3200	3130	3050
	Shimoga	Achhu (Average)	NA	3600	3600	3500

International Sugar Prices (Weekly Average)				
	Contract Month	18th Dec'20 to 24th Dec'20	11th Dec'20 to 17th Dec'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	14.65	14.39	0.26
	21-May	13.95	13.76	0.19
	21-Jul	13.63	13.45	0.18
LIFFE Sugar (US \$/MT)	20-Dec	383.02	396.16	-13.14
	21-Mar	403.04	391.04	12.00
	21-May	394.86	381.08	13.78

Source: MRCI

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