

Price Outlook:

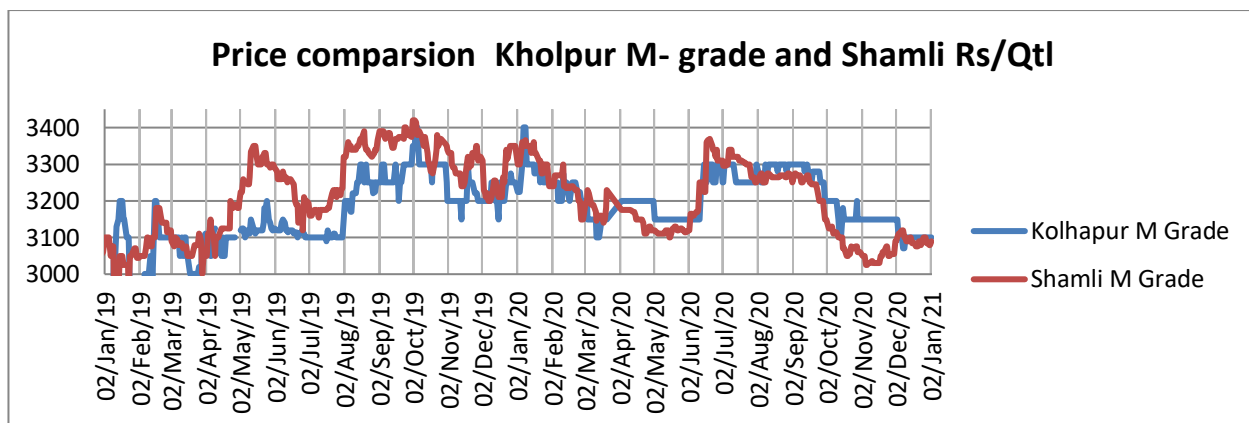
The government has announced 20 LMT Monthly sugar quota for January 2021. Sugarmills in Kolhapur produced around 100 lakh quintals of sugar. Uttar Pradesh is yet to declare the State Advised Price for Sugarcane for the current season 2020-21. The average sugar prices decreased in Khatauli market at Rs.3179/q from Rs.3189/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.3088 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:

- **Government fixes 20 LMT Monthly sugar quota for January 2021.** The Food Ministry has allocated 20 LMT monthly sugar quota for January 2021 which is 2 LMT lower than that of January 2020 which stood at 22 LMT. In the previous month the government allocated 21.5 LMT monthly sugar quota for December 2020 to 548 mills in India.

Previous Updates

- **Goa Government releases harvesting cost to cane farmers.** Goagovernment has released harvesting cost of sugarcane after 9 months at the end of the crushing season (2019-20). Earlier, the government had paid Rs 65 lakh out of pending Rs 1.6 crore. The sugar factory's cane rate last year was around Rs 1200 per tonne. The state government has also paid a support price of Rs. 1800 which totaled the amount to Rs 3,000 per tonne for the cane supplied by the farmers to the mill. But the payment of harvesting cost Rs 600 per tonne was pending which has been cleared now.
- **Sugar mills in Kolhapur produced around 100 lakh quintals of sugar.** Around 37 sugar mills have started cane crushing operation in Kolhapur and have produced around 100.48 lakh quintals sugar by crushing 91.53 lakh tonnes of sugarcane. Kolhapur division has recorded sugar recovery of 11 percent.
- **Food ministry notifies scheme for sugar millers for exports in sugar season 2020-21.** The Central government and food ministry has notified scheme for providing assistance to sugar mills for expenses on marketing costs including handling, upgrading and other processing costs and cost of international and internal transport and freight charges on export of sugar for the sugar season 2020-21.
- **Uttar Pradesh government will soon announce the State advised price for sugarcane.** The government assured farmers that they will soon announce the SAP of sugarcane. About 92 percent of the last season's payment has been made in the state. The government has paid Rs. 1.12 lakh crore to cane growers in the past three and a half years.
- **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 areduction in 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.
- **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.

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

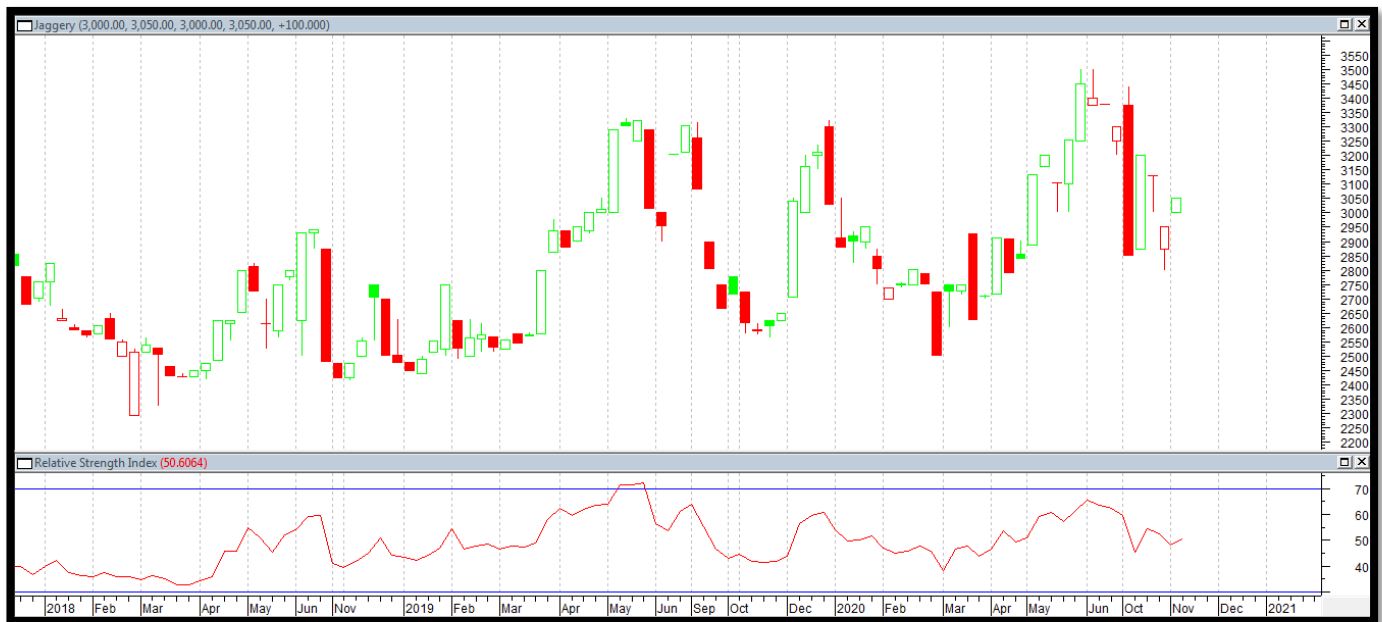
- The sugar spot prices at benchmark Kolhapur market remained steady during last week and ended at Rs.3090/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



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. 2865/q and the prices in the last year during the same time were higher at Rs. 2830/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	13.6	13.9	14.81	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:**

- **Sugar prices hike in North Korea due to supply crisis.** The prices of sugar and other items in North Korea have increased as the country is facing a shortage of supply owing to the import crisis. The country is under a self-imposed lockdown due to the covid -19 pandemic. The trader volume of the country with china has been reduced by 75 % in the first 10 months. This has resulted in a shortage of raw materials and food items in the country.

Previous 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.
- **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.

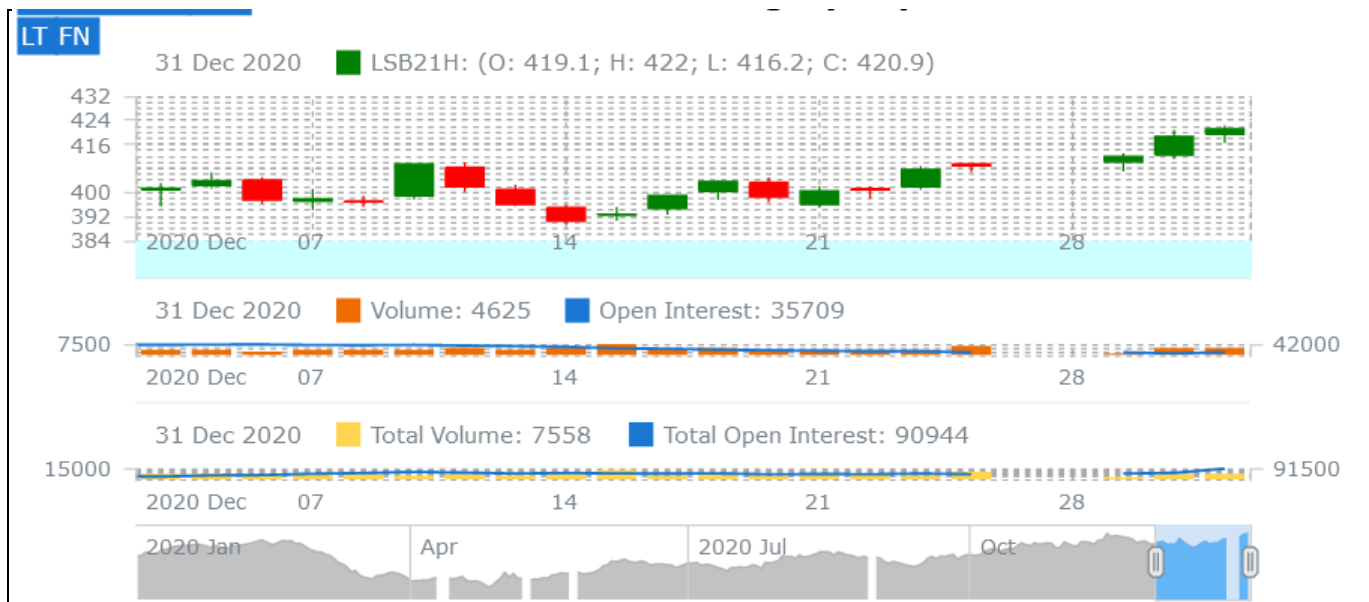
Bullish and Bearish factors for International sugar market:

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

International Sugar Futures Price Projection**LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec'20 Contract)****Technical Commentary**

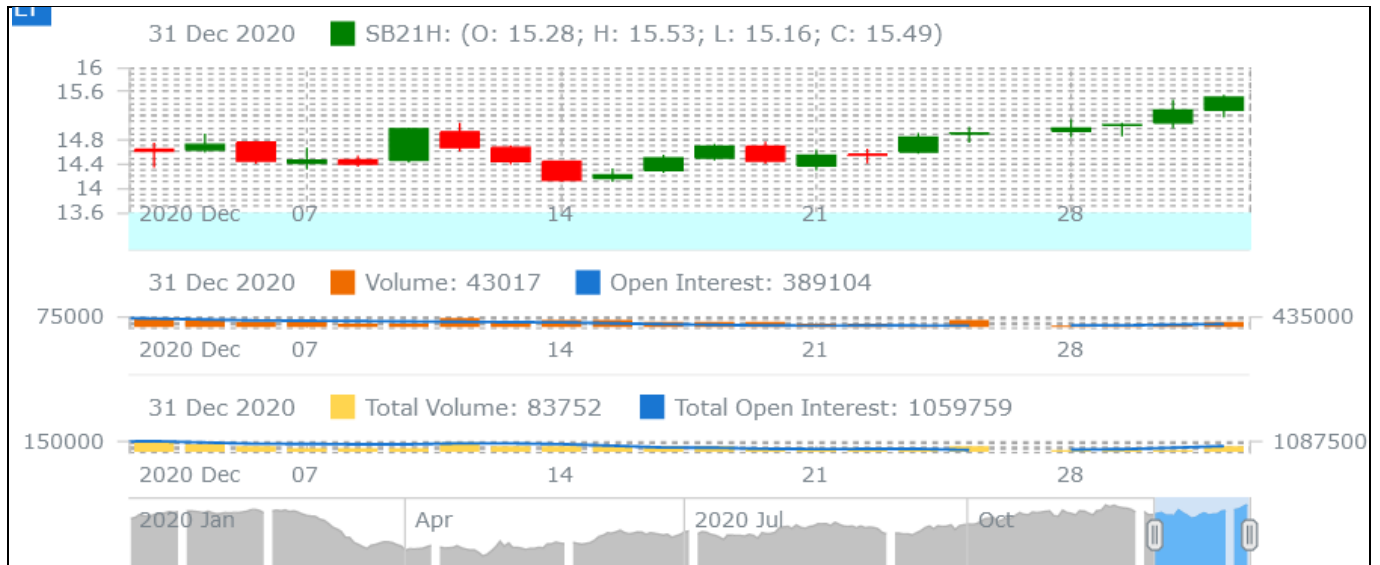
- LIFFE future market remained steady to weak during the week.
- Total volume increased & open interest decreased over a week.
- Strategy: Buy at level 416.1, T1 420.8

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	424	416-426

**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 15.53 Targeting 15.50.

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
			25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	
Delhi	Delhi	M-Grade	3187	3210	-23
	Delhi	S-Grade	3167	3190	-23
Uttar Pradesh	Khatauli	M-Grade	3179	3184	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3045	3052	-7
	Dhampur	S-Grade Ex-Mill	3025	3032	-7
	Dhampur	L-Grade Ex-Mill	3025	3102	-77
Maharashtra	Mumbai	M-Grade	3321	3360	-39
	Mumbai	S-Grade	3220	3231	-11
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3165	3192	-27
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3040	3067	-27
Assam	Guhawati	S-Grade	3300	3327	-27
Meghalaya	Shillong	S-Grade	3360	3387	-27
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	3620	Unch
	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)			25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2865	2800	65
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	36000	46000	-10000
	Muzaffarnagar	Khurpa (Fresh)	2586	2531	55
	Muzaffarnagar	Laddoo (Fresh)	2738	2850	-112
	Muzaffarnagar	Rascut (Fresh)	2363	2300	63
	Hapur	Chaurasa	2591	2570	21
	Hapur	Balti	2613	2583	30
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)	3209	3140	69
	Mandya	Achhu (Medium)	3110	3230	-120
	Mandya	Kurikatu (Medium)	2950	2960	-10
	Mandya	Other (Medium)	2935	2920	15
	Mandya	Yellow (Medium)	3050	3180	-130
	Shimoga	Achhu (Average)	3600	3600	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			02-Jan-21	26-Dec-20	03-Dec-20	02-Jan-20
Delhi	Delhi	M-Grade	3250	3170	3290	3290
	Delhi	S-Grade	3230	3150	3270	3270
Uttar Pradesh	Khatauli	M-Grade	3200	3195	3200	3340
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3090	3040	3150	3260

	Dhampur	S-Grade Ex-Mill	3070	3020	3130	3240
	Dhampur	L-Grade Ex-Mill	3140	3090	3200	3310
Maharashtra	Mumbai	M-Grade	3320	3326	3490	3556
	Mumbai	S-Grade	3220	3220	3242	3296
	Nagpur	M-Grade	3225	3225	3275	3350
	Nagpur	S-Grade	3225	3225	3225	3250
	Kolhapur	M-Grade	3100	3100	3150	3225
	Kolhapur	S-Grade	3100	3100	3100	3125
Assam	Guhawati	S-Grade	3410	3410	3410	3436
Meghalaya	Shillong	S-Grade	3420	3420	3420	3445
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3560	3560	3680
	Vijayawada	S-Grade (With Duty)	3620	3620	3620	3620
West Bengal	Kolkata	M-Grade	3650	3650	3650	3680
Tamil Nadu	Chennai	S-Grade	3500	3650	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)			02-Jan-21	26-Dec-20	03-Dec-20	02-Jan-20
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3005	2875	2700	3250
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	7000	15000	8000
	Muzaffarnagar	Khurpa	2678	2575	2513	3125
	Muzaffarnagar	Laddoo	2985	2750	2788	3450
	Muzaffarnagar	Rascut	2628	2325	2250	2500
	Hapur	Chaurasa	2725	2588	2463	2825
	Hapur	Balti	2575	2650	2425	3100
Andhra Pradesh	Chittur	Gold	NR	0	0	5300
		White	NR	0	0	4600
		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	0	NA	4650
	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	0	0	3476
	Mandya	Achhu (Medium)	NA	3120	NA	3160
	Mandya	Kurikatu (Medium)	NA	2950	NA	2900
	Mandya	Other (Medium)	NA	2970	NA	2980
	Mandya	Yellow (Medium)	NA	3000	NA	3120
	Shimoga	Achhu (Average)	NA	0	NA	3450

International Sugar Prices (Weekly Average)

	Contract Month	25th Dec'20 to 31st Dec'20	18th Dec'20 to 24th Dec'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	15.20	14.65	0.55
	21-May	14.44	13.95	0.49
	21-Jul	14.01	13.63	0.38
LIFFE Sugar (US \$/MT)	20-Dec	389.80	383.02	6.78
	21-Mar	414.93	403.04	11.89
	21-May	405.95	394.86	11.09

Source: MRCI

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