

Price Outlook:

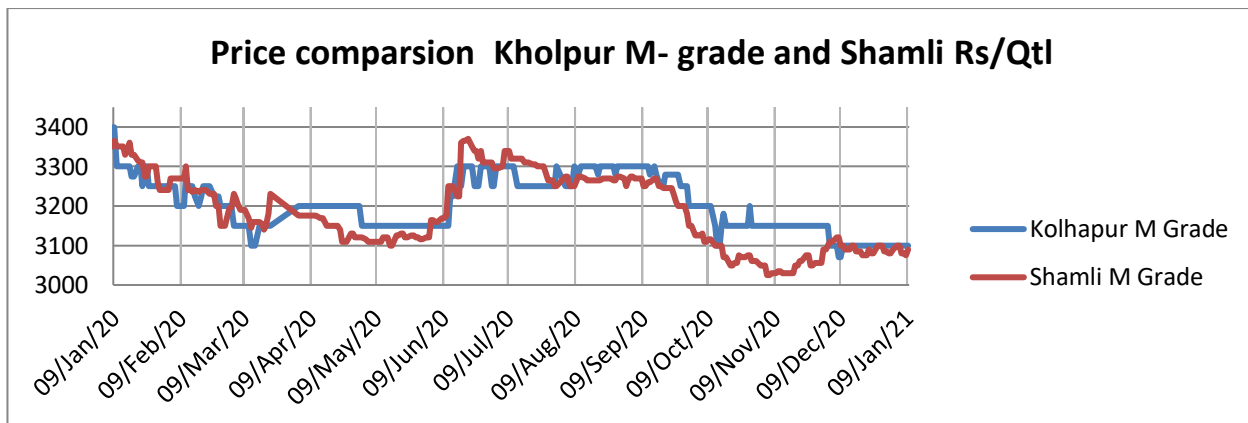
The government has announced 20 LMT Monthly sugar quota for January 2021. Uttar Pradesh is yet to declare the State Advised Price for Sugarcane for the current season 2020-21. The average sugar prices decreased in Khatauli market at Rs.3170/q from Rs.3179/q previous week. The prices in Maharashtra also 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.3085 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:

- **Global market may face sugar deficit this year.** According to the International Sugar Organisation (ISO), global sugar output is estimated at 171.1 MT against the demand of 174.6 MT. Brazil meets one-fifth of the global sugar requirement every year but the country is likely to witness a dip in sugar output due to dry weather and increased demand for crude oil. Thailand produces 9% of global sugar output but the country is facing less sugar output due to bad weather. For the consecutive third year European Union is witnessing a drop in the sugar output due to increased viral disease and reduced acreage production. As a result, the global sugar market is likely to witness supply deficit due to reduced sugar output in Brazil and Thailand and this is likely to benefit India to export sugar but the prices in the domestic market are likely to remain stable due to excess carryover stock.

Previous Updates

- **Farmers to launch agitation in lucknow.** Sugarcane farmers in Uttar Pradesh will launch an agitation in Lucknow if the government fails to declare the price value of sugarcane. Farmers are continuously demanding the government to declare the sugarcane purchase price but still the prices are not announced. Even today, Rs. 4,000 crores in arrears of sugarcane farmers.
- **Mohiuddinpur sugar mill clears pending cane dues.** All the five sugar mills from the district have cleared the pending cane dues for the season 2019-20, worth Rs 199.92 crore has been cleared and only Kinauni sugar mill is yet to clear the pending cane dues to the farmers.
- **Sugar mills to clear pending cane dues this month.** Sugar mills from the district (bijnor) have stated that they will clear all the pending cane dues for the crushing season 2019-20 in January this year. Bhilai sugar mill is yet to clear the cane dues of about Rs. 45 crore, Chandpur mill Rs. 39 crore, Bijnor mill Rs. 25.94 crore and Najibabad sugar mill to clear about Rs. 9.33 crore to farmers.
- **Sugar business in India will strive only if the government fixes the minimum support price for sugar to Rs 3500 per quintal.** At present sugar mills are bearing loss of Rs 450 per quintal and are under financial stress. If this continues the fate of sugar mills will be similar to that of textile mills. In Solapur, the production cost of 1 quintal sugar is around Rs 3500 - Rs 3600 and the government had fixed FRP at Rs 3100, so it is difficult to sell sugar at this rate. As a result sugar mills are forced to sell sugar at the rate of Rs. 3020 to Rs 3050 per quintal.
- **Shortage in global sugar may increase dependence on Indian sugar.** The world sugar production may fall short of demand by 5 million metric tons this season. Also, the situation is likely to continue for next year also where the deficit may increase to 6 million tons, the reason behind the demand supply gap is the bad weather which has affected the sugarcane output in Thailand. Europe has also seen declined production and Brazil is focusing on ethanol production rather than sugar production. This has left the world to depend on the sugar output from India where sugar output is rising. The Indian government has approved an export subsidy in December for sugar.

- **Government has fixed 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.

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 a decrease in arrivals to around 6800 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week decreased at Rs. 3013/q and the prices in the last year during the same time were higher at Rs. 3063/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: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	14.2	14.5	14.81	15.0	15.3
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	Buy	14.7	14.4	14.7	14.9

* 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 high again.
- RSI showing some strength with prices remaining below 9 and 18 days EMA.

International Market Highlights

Recent Updates:

- **Sugar prices have increased in Pakistan by Rs. 5 per kg in two days.** The major cities of Pakistan including Lahore, Quetta, Faisalabad and Karachi have witnessed the price rise by Rs 5 per kg in last two days. The prices have risen after the appreciation has been done to lower the prices of sugar to Rs. 81 per kg. At Karachi's wholesale market, the prices of 100 kg sugar are Rs 8,300 indicating the sugar is available at Rs 83 per kg. However in the retail market it is sold at Rs 90 per kg. In some parts it is sold for Rs 100 per kg.

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Previous Updates

- **Europe sugar substitutes market is expected to grow at a fast pace in coming years.** The increase in health awareness and other reasons has boosted the Europe sugar substitutes market and is expected to grow at a fast pace up to 2028. The market is growing at a CAGR of 7.8% since 2020. The shift towards healthy foods, diet drinks and other sugar substitute products has helped Europe Sugar substitute market to grow.
- **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.
- **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

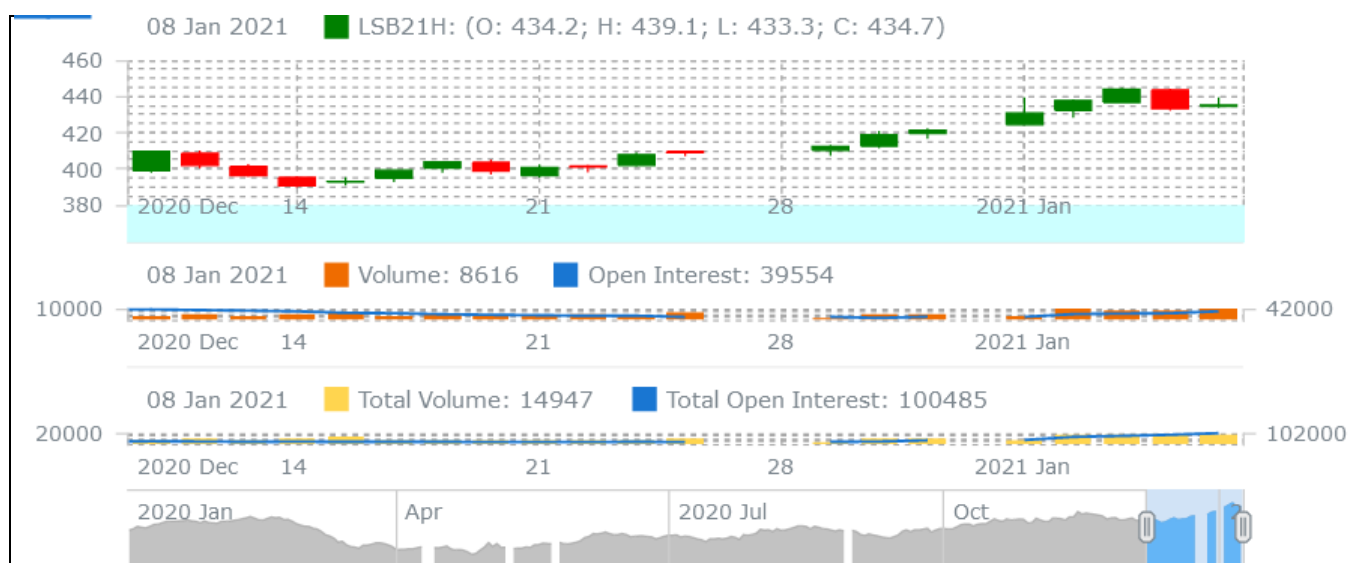
International Sugar Futures Price Projection

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 433.2, T1 434.6

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'20	430	418-440

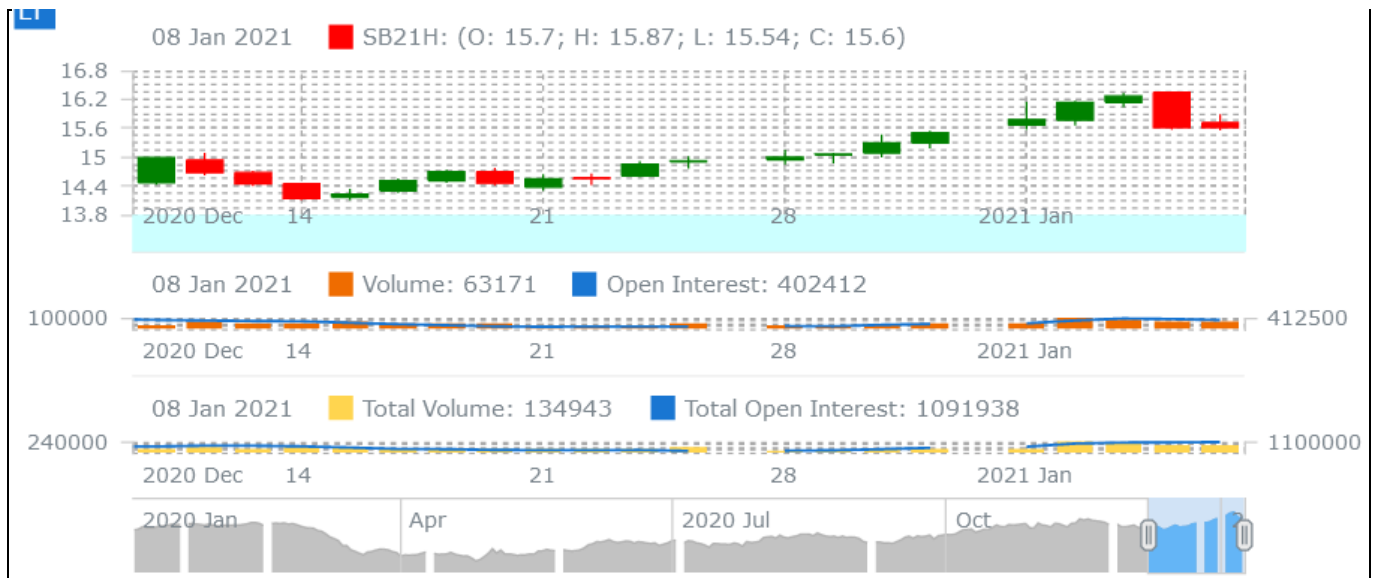


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)**Technical Commentary:**

- 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	15.2-16.2

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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			01st Jan'21 to 07th Jan'21	25th Dec'20 to 31st Dec'20	
Delhi	Delhi	M-Grade	3208	3187	21
	Delhi	S-Grade	3188	3167	21
Uttar Pradesh	Khatauli	M-Grade	3183	3179	4
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3075	3045	30
	Dhampur	S-Grade Ex-Mill	3055	3025	30
	Dhampur	L-Grade Ex-Mill	3125	3025	100
Maharashtra	Mumbai	M-Grade	3320	3321	-1

	Mumbai	S-Grade	3207	3220	-13
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3208	3165	43
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3083	3040	43
Assam	Guhawati	S-Grade	3343	3300	43
Meghalaya	Shillong	S-Grade	3403	3360	43
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3580	3560	20
	Vijayawada	S-Grade (With Duty)	3633	3620	13
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3492	3620	-128
	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)			01st Jan'21 to 07th Jan'21	25th Dec'20 to 31st Dec'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3014	2865	149
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6800	36000	-29200
	Muzaffarnagar	Khurpa (Fresh)	2680	2586	95
	Muzaffarnagar	Laddoo (Fresh)	3028	2738	290
	Muzaffarnagar	Rascut (Fresh)	2628	2363	265
	Hapur	Chaurasa	2705	2591	114
	Hapur	Balti	2608	2613	-5
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	NA	4400	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3253	3209	44
	Mandya	Achhu (Medium)	3222	3110	112
	Mandya	Kurikatu (Medium)	2958	2950	8
	Mandya	Other (Medium)	383	2935	-2552

	Mandya	Yellow (Medium)	2982	3050	-68
	Shimoga	Achhu (Average)	3600	3600	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			09-Jan-21	02-Jan-21	10-Dec-20	09-Jan-20
Delhi	Delhi	M-Grade	3160	3250	3240	3350
	Delhi	S-Grade	3140	3230	3220	3330
Uttar Pradesh	Khatauli	M-Grade	3170	3200	3180	3355
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3080	3090	3135	3310
	Dhampur	S-Grade Ex-Mill	3060	3070	3115	3290
	Dhampur	L-Grade Ex-Mill	3130	3140	3185	3360
Maharashtra	Mumbai	M-Grade	3310	3320	3410	3572
	Mumbai	S-Grade	3220	3220	3232	3350
	Nagpur	M-Grade	3225	3225	3225	3525
	Nagpur	S-Grade	3225	3225	3205	3325
	Kolhapur	M-Grade	3100	3100	3100	3400
	Kolhapur	S-Grade	3100	3100	3080	3200
Assam	Guhawati	S-Grade	3410	3410	3390	3512
Meghalaya	Shillong	S-Grade	3420	3420	3400	3520
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3660	3560	3560	3680
	Vijayawada	S-Grade (With Duty)	3620	3620	3620	3620
West Bengal	Kolkata	M-Grade	3650	3650	3650	3620
Tamil Nadu	Chennai	S-Grade	3460	3500	3560	3620
	Dindigul	M-Grade (DCA)	3600	3600	3600	3640
	Coimbatore	M-Grade (DCA)	3570	3570	3570	3640
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3600

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Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			09-Jan-21	02-Jan-21	10-Dec-20	09-Jan-20
Uttar Pradesh	Muzaffarnagar	ChakuSukha	3150	3005	2700	3053
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	3000	8000	4000
	Muzaffarnagar	Khurpa	2725	2678	2453	2900
	Muzaffarnagar	Laddoo	3175	2985	2763	3375
	Muzaffarnagar	Rascut	NA	2628	2238	2375

	Hapur	Chaurasa	2675	2725	2500	3000
	Hapur	Balti	2663	2575	2543	2850
Andhra Pradesh	Chittur	Gold	NR	0	0	5200
		White	NR	0	0	4600
		Black	NR	0	0	3900
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	0	4400	4650
	Belgaum	Mudde (Average)	NA	0	0	2950
	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	3850
	Mandya	Achhu (Medium)	NA	3200	3050	3200
	Mandya	Kurikatu (Medium)	NA	2900	2930	2900
	Mandya	Other (Medium)	NA	3050	2900	2900
	Mandya	Yellow (Medium)	NA	2950	3000	3150
	Shimoga	Achhu (Average)	NA	3600	3600	3450

International Sugar Prices (Weekly Average)				
	Contract Month	01st Jan'21 to 07th Jan'21	25th Dec'20 to 31st Dec'20	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	15.85	15.20	0.65
	21-May	14.96	14.44	0.52
	21-Jul	14.42	14.01	0.41
LIFFE Sugar (US \$/MT)	20-Dec	398.18	389.80	8.38
	21-Mar	432.94	414.93	18.01
	21-May	421.30	405.95	15.35

Source: MRCI

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