

**Price Outlook:**

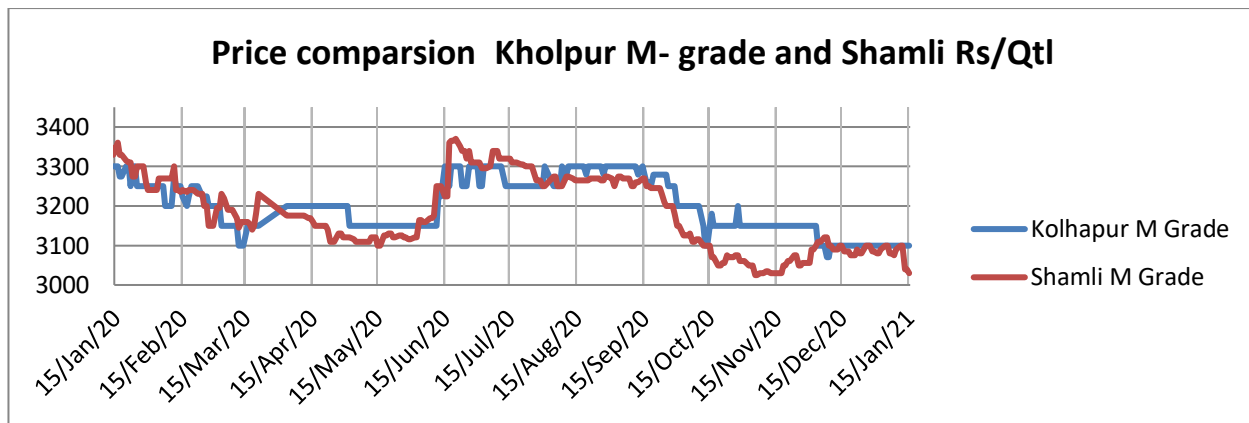
The government has announced 20 LMT Monthly sugar quota for January 2021. India has good opportunity to export sugar as sugar output decreases in Thailand and Brazil. The average sugar prices decreased in Khatauli market at Rs.3167/q from Rs3183/q previous week. The prices in Maharashtra also stood slightly 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.3100 -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:

- **Shrigonda sugar mill leads in sugar recovery rate in the district in the current crushing season.** Till 13 January, a total of 21 sugar mills were in operations in the district including 13 cooperative and 8 private mills. These mills have crushed around 87,724-tonne sugarcane, out of that with 10.36 per cent sugar recovery rate Shrigonda sugar mill is leading. There are a total of 23 mills in the district, out of which Saikripa-2 and Tanpura Cooperative mills are closed. 13 cooperative mills crushed 58,149 tonnes and 8 private mills crushed 29,575 tonnes of sugarcane.

#### Previous Updates

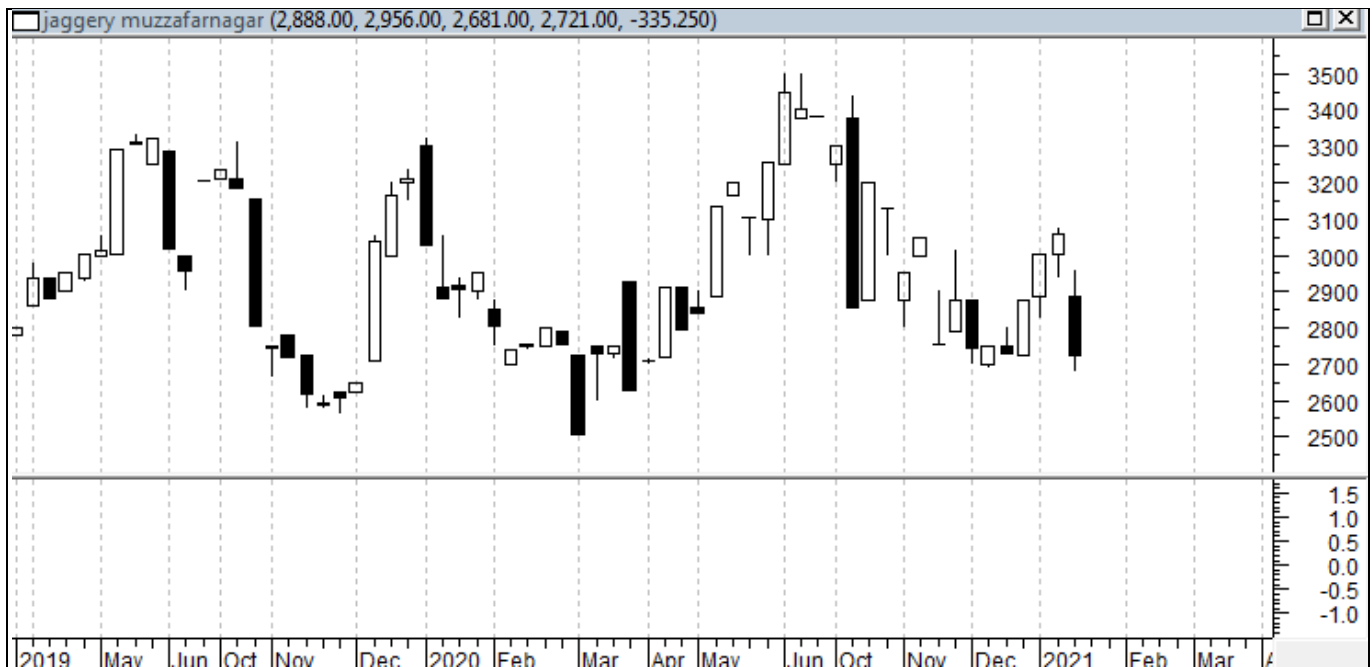
- **EID Parry is planning to manufacture sulphur free sugar.** East India Distillers (EID) Parry limited is planning to bring sulphur free sugar in all the markets across south India. The company is trying to tap the branded sugar market which is less than 5% of the total sugar market in India. The company is focusing on new products according to the customers demand and which are healthy as well as safe to consume.
- **India has good opportunity to export sugar as global sugar output dips.** As the global demand for raw sugar is increasing; India has good opportunity to export sugar if the mills increase the production of raw sugar, as this will benefit the sugar sector in India. The global sugar output is likely to dip by around 50 to 60 lakh tonne for the next two years and India has capacity to meet the global demand. Sugar price in the international market is around Rs 2700 per quintal. With export subsidy of Rs 6000 per tonne, the mills would get Rs 3300 per tonne.
- **New sugar mills to be setup in Punjab.** The Punjab government is planning to set up two new sugar mills in the cooperative sector at Batala and Gudaspur. These sugar mills are likely to benefit the sugarcane farmers and will also increase the sugar output. The government is also taking review of the pending cane dues of about Rs. 150 crore.
- **Sugarcane Development Department has issued advisory to farmers for the protection and management of sugarcane crop.** Every year, due to water logging, flooding or drought in sugarcane cultivation, there is a disruption in sowing and weeding of sugarcane. Therefore, by adopting measures for management and safety of sugarcane cultivation, the ill effects of weather can be avoided. According to the advisory, in those areas where there is a possibility of drought or there is no rain for a long period in the rainy season, in such areas sowing should be done with drought tolerant varieties such as Co.lk 94184, Co.lk 12209, Cos. 08279 etc. In sugarcane crop, planting of sugarcane with laying trash between the rows does not require frequent irrigation. Adoption of drip irrigation or spraying method will provide more production with water savings. If the sugarcane leaves begin to wilt during drought, then Before lifesaving irrigation, spraying the crop by 5% solution of potash fertilizer in water reduces the harmful effects of drought. Also, the Cane Commissioner has directed to set up flaxes of the protective measures of sugarcane cultivation described in the advisory at the sugar mill gates and departmental offices and for wide publicity among sugarcane farmers through handbills, wall paintings and daily newspapers.

**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 again in Pakistan by Rs. 5 per kg between 5<sup>th</sup>- 7<sup>th</sup> January 2021.** The major cities of Pakistan including Lahore, Quetta, Faisalabad and Karachi have witnessed the price rise by Rs 8 per kg in last three days. The prices have risen despite government's efforts to lower the prices of sugar to Rs. 81 per kg. At Karachi's wholesale market, the prices are at Rs. 88 per kg of sugar, while sugar in retail markets is between Rs.90 and Rs.95 per kg.

#### Previous Updates

- **Indonesia aims to increase sugar production.** The Indonesian government is planning to increase sugarcane plantation on 200,000 hectares of land in Java Island through state-owned enterprise and land expansion of 50,000 hectares of land outside Java. The government has set a target to raise sugar output by around 676,000 tons by 2023, reducing the reliance on sugar imports. As a result, the country wants to dampen the sugar prices which have risen due to the corona virus pandemic.
- **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.
- **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 diversion of cane to ethanol. Thailand produces 9% of global sugar output but the country is facing lower output this year due to bad weather. For the consecutive third year, European Union

would witness a drop in the sugar output due to increased viral disease and reduced acreage and 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. India's cost of production is higher than the global prices owing to higher FRP of cane paid by mills, but as a result of deficient global production the government would be able to facilitate exports with lower subsidy burden. The prices in the domestic market would not be impacted as the floor price is already fixed by the government at levels higher than the export price.

#### 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          |

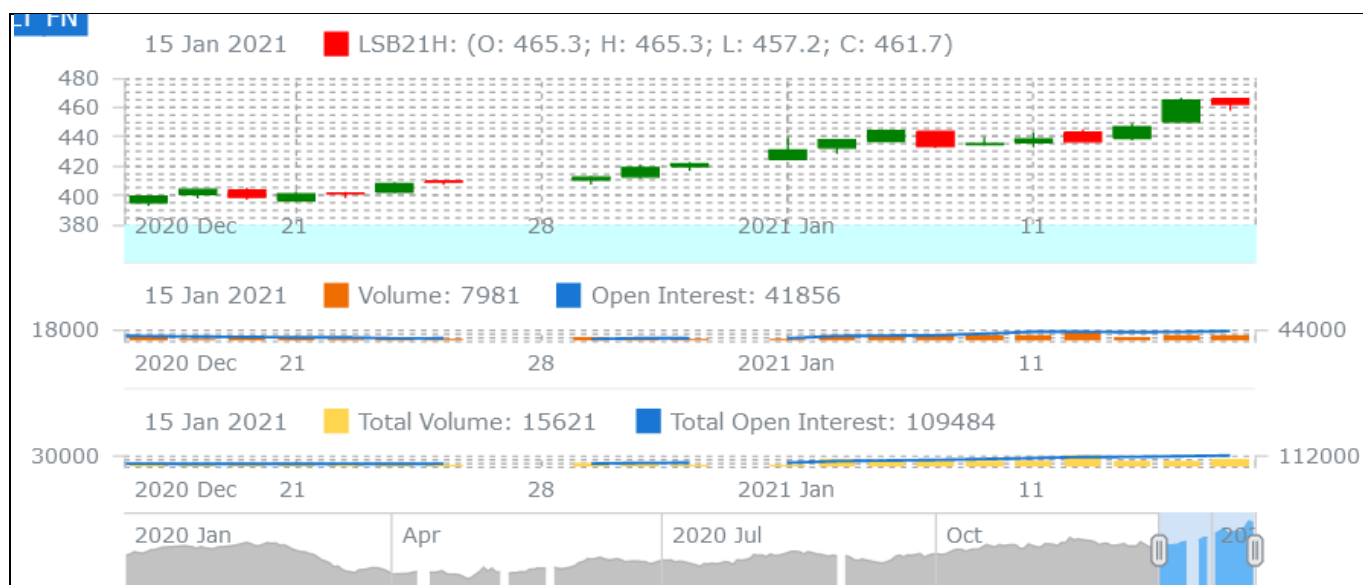
#### International Sugar Futures Price Projection

##### 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 456.1, T1 461.6

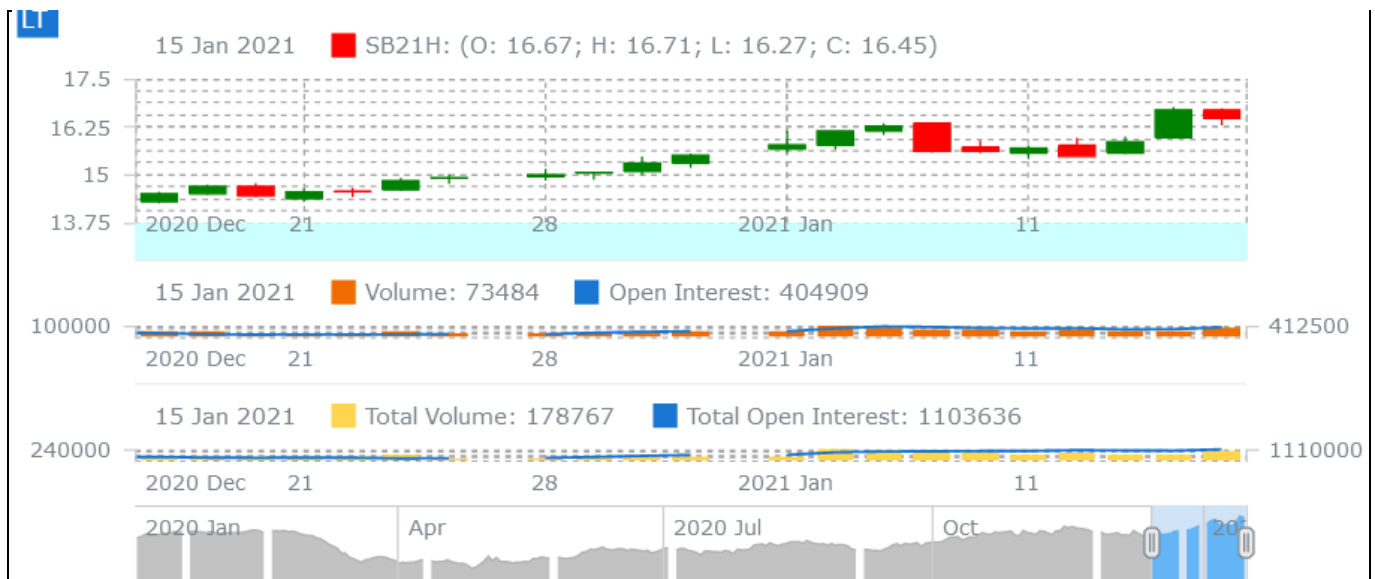
| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT)                       | Dec'20         | 460           | 420-470                            |



**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 16.28 Targeting 16.44.

| International Sugar Futures Price Projection |                |               |                                    |
|--|----------------|---------------|------------------------------------|
|  | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb)                   | Mar'20         | 16.20         | 15.2-16.25                         |



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

| Commodity      | Centre     | Variety                | Average Prices (Rs/Qtl)    |                            | Change |
|----------------|------------|------------------------|----------------------------|----------------------------|--------|
| Sugar          |            |                        | 08th Jan'21 to 14th Jan'21 | 01st Jan'21 to 07th Jan'21 |        |
| Delhi          | Delhi      | M-Grade                | 3175                       | 3208                       | -33    |
|                | Delhi      | S-Grade                | 3155                       | 3188                       | -33    |
| Uttar Pradesh  | Khatauli   | M-Grade                | 3167                       | 3183                       | -17    |
|                | Ramala     | M-Grade                | NA                         | NA                         | -      |
|                | Dhampur    | M-Grade Ex-Mill        | 3068                       | 3075                       | -7     |
|                | Dhampur    | S-Grade Ex-Mill        | 3048                       | 3055                       | -7     |
|                | Dhampur    | L-Grade Ex-Mill        | 3118                       | 3125                       | -7     |
| Maharashtra    | Mumbai     | M-Grade                | 3314                       | 3320                       | -6     |
|                | Mumbai     | S-Grade                | 3203                       | 3207                       | -3     |
|                | Nagpur     | M-Grade                | 3225                       | 3225                       | Unch   |
|                | Nagpur     | S-Grade                | 3225                       | 3208                       | 17     |
|                | Kolhapur   | M-Grade                | 3100                       | 3100                       | Unch   |
|                | Kolhapur   | S-Grade                | 3100                       | 3083                       | 17     |
| Assam          | Guhawati   | S-Grade                | 3360                       | 3343                       | 17     |
| Meghalaya      | Shillong   | S-Grade                | 3420                       | 3403                       | 17     |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty)    | 3653                       | 3580                       | 73     |
|                | Vijayawada | S-Grade (With Duty)    | 3627                       | 3633                       | -7     |
| West Bengal    | Kolkata    | M-Grade                | 3650                       | 3650                       | Unch   |
| Tamil Nadu     | Chennai    | S-Grade (With GST)     | 3460                       | 3492                       | -32    |
|                | 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)  |               |                          | 08th Jan'21 to 14th Jan'21 | 01st Jan'21 to 07th Jan'21 |        |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh              | 2965                       | 3014                       | -49    |
|               | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 18500                      | 6800                       | 11700  |
|               | Muzaffarnagar | Khurpa (Fresh)           | 2640                       | 2680                       | -40    |
|               | Muzaffarnagar | Laddoo (Fresh)           | 3008                       | 3028                       | -21    |
|               | Muzaffarnagar | Rascut (Fresh)           | NA                         | 2628                       | -      |
|               | Hapur         | Chaurasa                 | 2601                       | 2705                       | -104   |



|                |               |                   |      |      |      |
|----------------|---------------|-------------------|------|------|------|
|                | Hapur         | Balti             | 2578 | 2608 | -31  |
| Andhra Pradesh | Chittur       | Gold              | NA   | NA   | -    |
|                |               | White             | NA   | NA   | -    |
|                |               | Black             | NA   | NA   | -    |
| Maharashtra    | Latur         | Lal Variety       | NA   | NA   | -    |
| Karnataka      | Bangalore     | Mudde (Average)   | 577  | NA   | -    |
|                | Belgaum       | Mudde (Average)   | NA   | NA   | -    |
|                | Belthangadi   | Yellow (Average)  | NA   | NA   | -    |
|                | Bijapur       | Achhu             | NA   | NA   | -    |
|                | Gulbarga      | Other (Average)   | NA   | NA   | -    |
|                | Mahalingapura | Penti (Average)   | 3220 | 3253 | -33  |
|                | Mandya        | Achhu (Medium)    | 3218 | 3222 | -4   |
|                | Mandya        | Kurikatu (Medium) | 3080 | 2958 | 122  |
|                | Mandya        | Other (Medium)    | 3010 | 383  | 2627 |
|                | Mandya        | Yellow (Medium)   | 3050 | 2982 | 68   |
|                | Shimoga       | Achhu (Average)   | 3563 | 3600 | -38  |

## Spot Sugar Prices Scenario (Weekly)

| Commodity      |            |                     | Today     | Week Ago  | Month Ago | Year Ago  |
|----------------|------------|---------------------|-----------|-----------|-----------|-----------|
| Sugar          | Centre     | Variety             | 15-Jan-21 | 08-Jan-21 | 16-Dec-20 | 15-Jan-20 |
| Delhi          | Delhi      | M-Grade             | 3140      | 3160      | 3250      | 3320      |
|                | Delhi      | S-Grade             | 3120      | 3140      | 3230      | 3300      |
| Uttar Pradesh  | Khatauli   | M-Grade             | 3130      | 3150      | 3190      | 3350      |
|                | Ramala     | M-Grade             | NA        | 0         | 0         | 0         |
|                | Dhampur    | M-Grade Ex-Mill     | 3025      | 3050      | 3100      | 3290      |
|                | Dhampur    | S-Grade Ex-Mill     | 3005      | 3030      | 3080      | 3270      |
|                | Dhampur    | L-Grade Ex-Mill     | 3075      | 3100      | 3150      | 3340      |
| Maharashtra    | Mumbai     | M-Grade             | 3316      | 3320      | 3380      | 3580      |
|                | Mumbai     | S-Grade             | 3200      | 3200      | 3240      | 3380      |
|                | Nagpur     | M-Grade             | 3225      | 3225      | 3225      | 3425      |
|                | Nagpur     | S-Grade             | 3225      | 3225      | 3155      | 3275      |
|                | Kolhapur   | M-Grade             | 3100      | 3100      | 3100      | 3300      |
|                | Kolhapur   | S-Grade             | 3100      | 3100      | 3030      | 3150      |
| Assam          | Guhawati   | S-Grade             | 3410      | 3410      | 3339      | 3461      |
| Meghalaya      | Shillong   | S-Grade             | 3420      | 3420      | 3350      | 3470      |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty) | 3660      | 3620      | 3560      | 3680      |
|                | Vijayawada | S-Grade (With Duty) | 3620      | 3660      | 3620      | 3620      |
| West Bengal    | Kolkata    | M-Grade             | 3650      | 3650      | 3650      | 3660      |
| Tamil Nadu     | Chennai    | S-Grade             | Closed    | 3460      | 3560      | Closed    |
|                | Dindigul   | M-Grade (DCA)       | 3600      | 3600      | 3600      | 3640      |

|                    |            |                        |      |      |      |      |
|--------------------|------------|------------------------|------|------|------|------|
|                    | Coimbatore | M-Grade (DCA)          | 3570 | 3570 | 3570 | 3640 |
| <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)          |               |                          | 15-Jan-21 | 08-Jan-21 | 16-Dec-20 | 15-Jan-20 |
| <b>Uttar Pradesh</b>  | Muzaffarnagar | Chaku Sukha              | 2788      | 3063      | 2750      | 2825      |
|                       | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000     | 1500      | 5000      | 8000      |
|                       | Muzaffarnagar | Khurpa                   | 2600      | 2650      | 2463      | 2800      |
|                       | Muzaffarnagar | Laddoo                   | 2813      | 3125      | 2800      | 3255      |
|                       | Muzaffarnagar | Rascut                   | 2438      | 0         | 2175      | 2375      |
|                       | Hapur         | Chaurasa                 | 2575      | 2700      | 2513      | 2800      |
|                       | Hapur         | Balti                    | 2550      | 2625      | 2600      | 2750      |
| <b>Andhra Pradesh</b> | Chittur       | Gold                     | NR        | 0         | 0         | Closed    |
|                       |               | White                    | NR        | 0         | 0         | Closed    |
|                       |               | Black                    | NR        | 0         | 0         | Closed    |
| <b>Maharashtra</b>    | Latur         | Lal Variety              | NR        | 0         | 0         | 0         |
| <b>Karnataka</b>      | Bangalore     | Mudde (Average)          | 4450      | 4400      | 4400      | 0         |
|                       | 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         | 0         |
|                       | Mahalingapura | Penti (Average)          | NA        | 3225      | 3189      | 0         |
|                       | Mandya        | Achhu (Medium)           | 3100      | 3300      | 3130      | 0         |
|                       | Mandya        | Kurikatu (Medium)        | 2950      | 3100      | 2850      | 0         |
|                       | Mandya        | Other (Medium)           | 2850      | 3150      | 2950      | 0         |
|                       | Mandya        | Yellow (Medium)          | 3050      | 3040      | 3100      | 0         |
|                       | Shimoga       | Achhu (Average)          | 3550      | 3600      | 3600      | 0         |

| International Sugar Prices (Weekly Average) |                |                            |                            |        |
|---|----------------|----------------------------|----------------------------|--------|
|   | Contract Month | 08th Jan'21 to 14th Jan'21 | 01st Jan'21 to 07th Jan'21 | Change |
| ICE Sugar #11 (US Cent/lb)                  | 21-Mar         | 15.85                      | 15.85                      | Unch   |
|   | 21-May         | 14.96                      | 14.96                      | Unch   |
|   | 21-Jul         | 14.48                      | 14.42                      | 0.06   |
| LIFFE Sugar (US \$/MT)                      | 20-Dec         | 395.83                     | 398.18                     | -2.35  |
|   | 21-Mar         | 438.70                     | 432.94                     | 5.76   |
|   | 21-May         | 422.75                     | 421.30                     | 1.45   |

Source: MRCI

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Agribusiness Systems Ltd.