

Price Outlook:

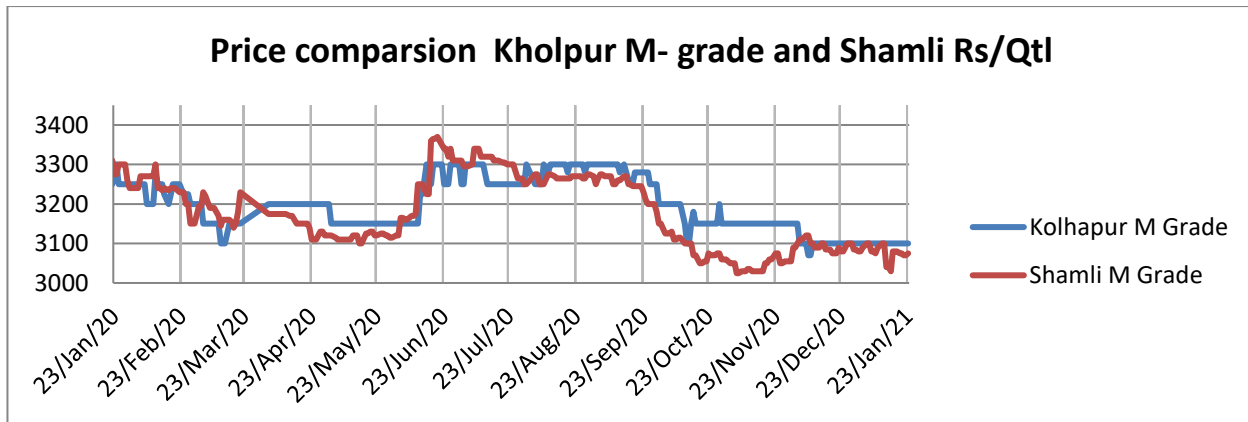
The government has announced 20 LMT Monthly sugar quota for January 2021. According to Indian sugar mills association, mills have produced around 142.70 lakh tonnes of sugar so far. Also, India has good opportunity to export sugar as sugar output decreases in Thailand and Brazil. The average sugar prices increased in Khatauli market at Rs.3171/q from Rs.3167/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.3075 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:

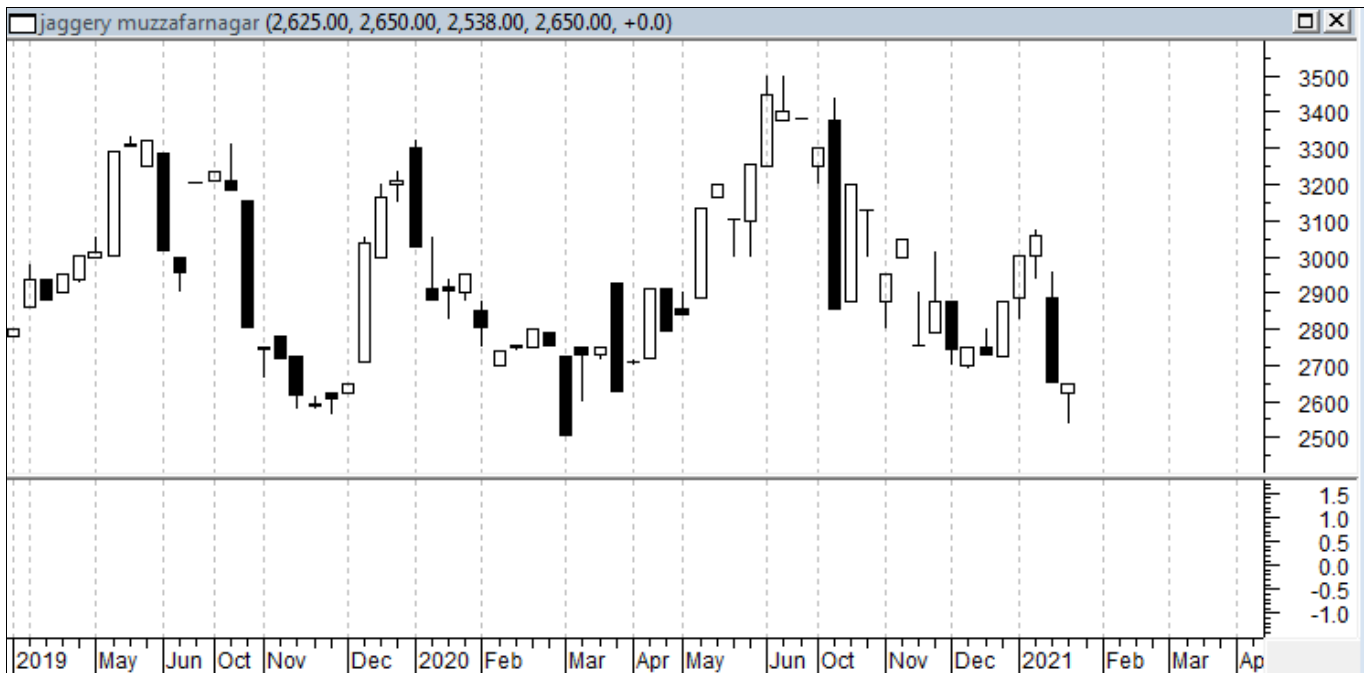
- **Mills in India has produced around 142.70 lakh tonnes of sugar so far.** According to the Indian Sugar Mills Association, 487 sugar mills were in operation in the country and have produced around 142.70 lakh tonnes of sugar, as compared to 108.94 lakh tonnes of sugar produced by 440 sugar mills in the previous season, which is 33.76 lakh tonnes higher as compared to last season's production for the corresponding period.

Previous Updates

- **Over Rs. 12,000 crore cane dues are still pending in Uttar Pradesh.** The sugarcane farmers have supplied cane worth Rs 14,000 crore to the sugar mills in the ongoing season but have received only Rs. 4,448 crore. The payment made by the mills in the current season also includes arrears of over Rs 2,500 crore of the previous sugar seasons. Also, the state government has yet not announced the sugarcane SAP.
- **Maharashtra Sugar Mill yet to clear cane dues.** The sugar mills in Maharashtra have crushed more cane till December end this season as compared with last season but have yet not paid Rs 2140 crore cane dues to the cane farmers. About 182 sugar mills in Maharashtra have crushed around 546 lakh tonnes of Sugar, till 18 January 21.
- **Sugar production in Uttar Pradesh was lower as compared to previous year's Production.** According to the Indian Sugar Mills Association, 120 sugar mills in Uttar Pradesh have produced around 42.99 lakh tonnes of sugar till 15th January, 2021, compared to the last season were, 119 sugar mills were in operation and had produced about 43.78 lakh tonnes of sugar. The slightly lower production this year is because of reportedly lower cane yields and lower sugar recoveries in the State.
- **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.

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.3100/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.



International Market Highlights

Recent Updates:

- **Kenya is planning to import sugar from Uganda.** Kenya is planning to import around 90,000 tonnes of sugar from Uganda and 160,000 tonnes from other countries after exhausting COMESA import quota allotted to it. Kenya has been importing around 350,000 tonnes from within EAC and COMESA due to a widened deficit in its market.

Previous Updates

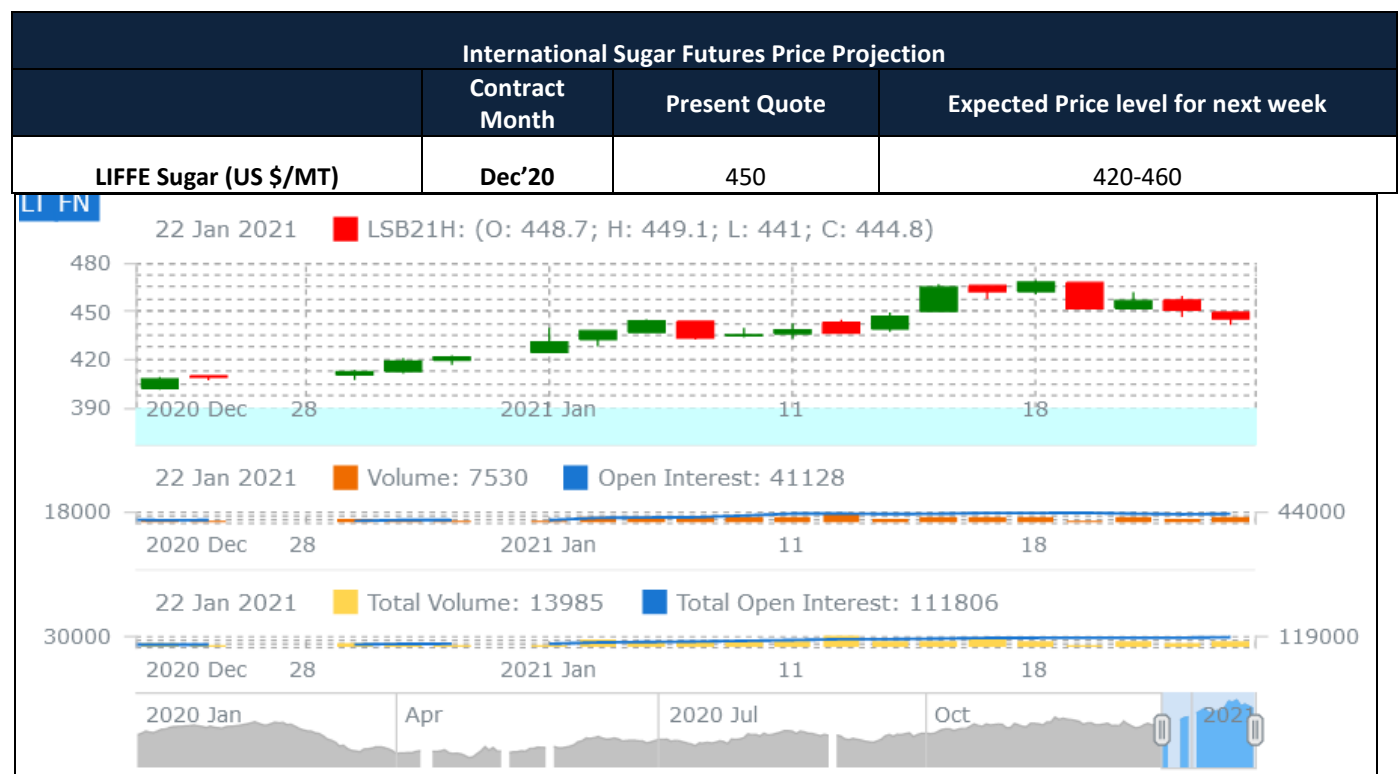
- **Sugar output likely to increase in US.** The US Department of Agriculture in world agriculture supply and demand estimates report has stated that sugar output from sugarcane and sugar beet is estimated to increase in the current season 2020-21 from 13.5% to 14.4%. Total sugar output is estimated to increase to 9,156,000 tons, higher than 1,007,000 tons from 2019-20 season. The sugar output from sugar beet is estimated to be 4,992,000 tons, up by 641,000 tons from last year. The sugar output from sugarcane is estimated to be 4,163,000 tons, up by 365,000 tons from last year. The USDA stated that the data from the sugar beet producing regions have shown an increase in the sucrose recovery to 14.955% and that has resulted in increasing sugar output estimates.
- **Sugar prices have increased again in Pakistan by Rs. 5 per kg between 5th- 7th 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.
- **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 trade 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.

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**

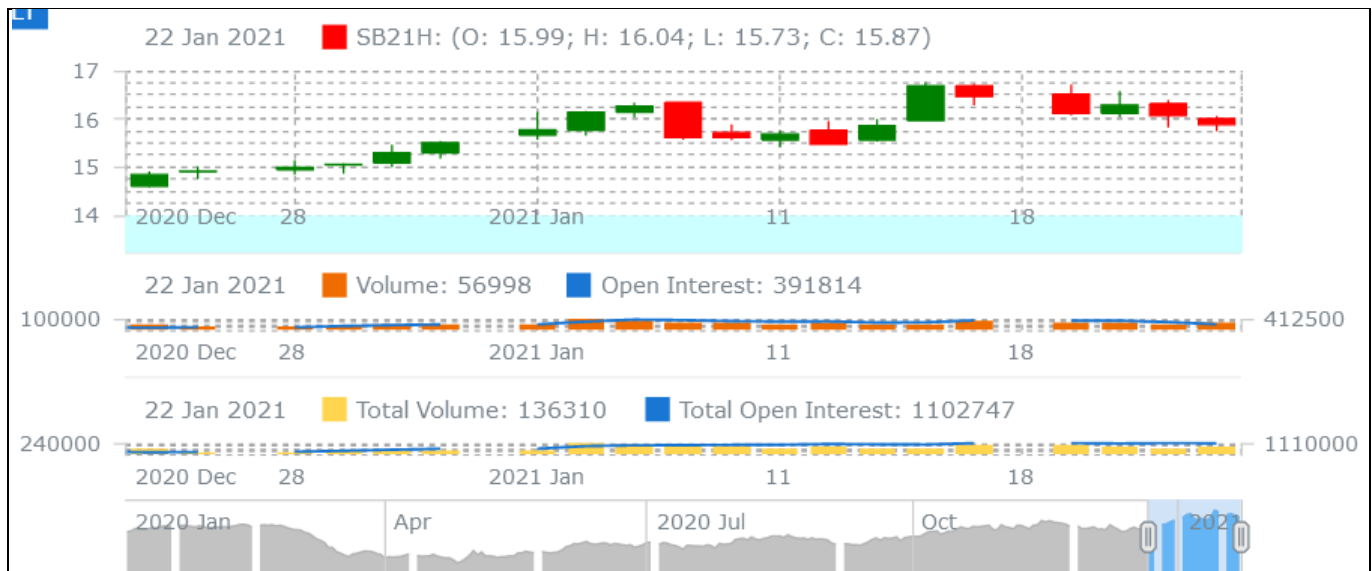
- LIFFE future market remained steady to weak during the week.
- Total volume increased & open interest decreased over a week.
- Strategy: Buy at level 448.1, T1 444.7



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 16.03 Targeting 15.86.

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			15th Jan'21 to 21th Jan'21	08th Jan'21 to 14th Jan'21	
Delhi	Delhi	M-Grade	3186	3175	11
	Delhi	S-Grade	3166	3155	11
Uttar Pradesh	Khatauli	M-Grade	3164	3167	-3
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3053	3068	-16
	Dhampur	S-Grade Ex-Mill	3033	3048	-16
	Dhampur	L-Grade Ex-Mill	3103	3118	-16
Maharashtra	Mumbai	M-Grade	3311	3314	-3
	Mumbai	S-Grade	3200	3203	-3
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3660	3653	7
	Vijayawada	S-Grade (With Duty)	3620	3627	-7
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3450	3460	-10
	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)			15th Jan'21 to 21th Jan'21	08th Jan'21 to 14th Jan'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2819	2965	-146
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10500	18500	-8000
	Muzaffarnagar	Khurpa (Fresh)	2606	2640	-34
	Muzaffarnagar	Laddoo (Fresh)	2836	3008	-172
	Muzaffarnagar	Rascut (Fresh)	2515	NA	-

	Hapur	Chaurasa	2603	2601	2
	Hapur	Balti	2553	2578	-26
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	211	577	-366
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3182	3220	-38
	Mandya	Achhu (Medium)	3085	3218	-133
	Mandya	Kurikatu (Medium)	2980	3080	-100
	Mandya	Other (Medium)	2822	3010	-188
	Mandya	Yellow (Medium)	3067	3050	17
	Shimoga	Achhu (Average)	3550	3563	-13

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			22-Jan-21	15-Jan-21	23-Dec-20	22-Jan-20
Delhi	Delhi	M-Grade	3200	3140	3150	3300
	Delhi	S-Grade	3180	3120	3130	3280
Uttar Pradesh	Khatauli	M-Grade	3155	3130	3190	3310
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3050	3025	3030	3265
	Dhampur	S-Grade Ex-Mill	3030	3005	3010	3245
	Dhampur	L-Grade Ex-Mill	3100	3075	3080	3315
Maharashtra	Mumbai	M-Grade	3296	3316	3366	3572
	Mumbai	S-Grade	3200	3200	3232	3370
	Nagpur	M-Grade	3225	3225	3225	3375
	Nagpur	S-Grade	3225	3225	3225	3250
	Kolhapur	M-Grade	3100	3100	3100	3250
	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)	3660	3660	3560	3680
	Vijayawada	S-Grade (With Duty)	3620	3620	3620	3620

West Bengal	Kolkata	M-Grade	3650	3650	3650	3670
Tamil Nadu	Chennai	S-Grade	3450	Closed	3650	3600
	Dindigul	M-Grade (DCA)	3600	3600	3600	3680
	Coimbatore	M-Grade (DCA)	3570	3570	3570	3640
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)			22-Jan-21	15-Jan-21	23-Dec-20	22-Jan-20
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2850	2788	2875	2903
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	15000	10000	5000	6000
	Muzaffarnagar	Khurpa	2650	2600	2575	2933
	Muzaffarnagar	Laddoo	2828	2813	2875	3313
	Muzaffarnagar	Rascut	2525	2438	2350	2465
	Hapur	Chaurasa	2588	2575	2588	2925
	Hapur	Balti	2550	2550	2600	2825
Andhra Pradesh	Chittur	Gold	NR	0	0	5200
		White	NR	0	0	4800
		Black	NR	0	0	4100
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4450	4450	4400	4650
	Belgaum	Mudde (Average)	NA	3800	0	3150
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	0
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	3175	0	3081	3392
	Mandya	Achhu (Medium)	3050	3100	NA	3230
	Mandya	Kurikatu (Medium)	3100	2950	NA	3270
	Mandya	Other (Medium)	2950	2850	NA	3200
	Mandya	Yellow (Medium)	3050	3050	NA	3390
	Shimoga	Achhu (Average)	3550	3550	3600	3600

International Sugar Prices (Weekly Average)				
	Contract Month	15th Jan'21 to 21th Jan'21	08th Jan'21 to 14th Jan'21	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	16.26	15.85	0.41
	21-May	15.42	14.96	0.46
	21-Jul	14.85	14.48	0.37
LIFFE Sugar (US \$/MT)	20-Dec	406.46	395.83	10.63
	21-Mar	457.34	438.70	18.64
	21-May	440.82	422.75	18.07

Source: MRCI

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