

Price Outlook:

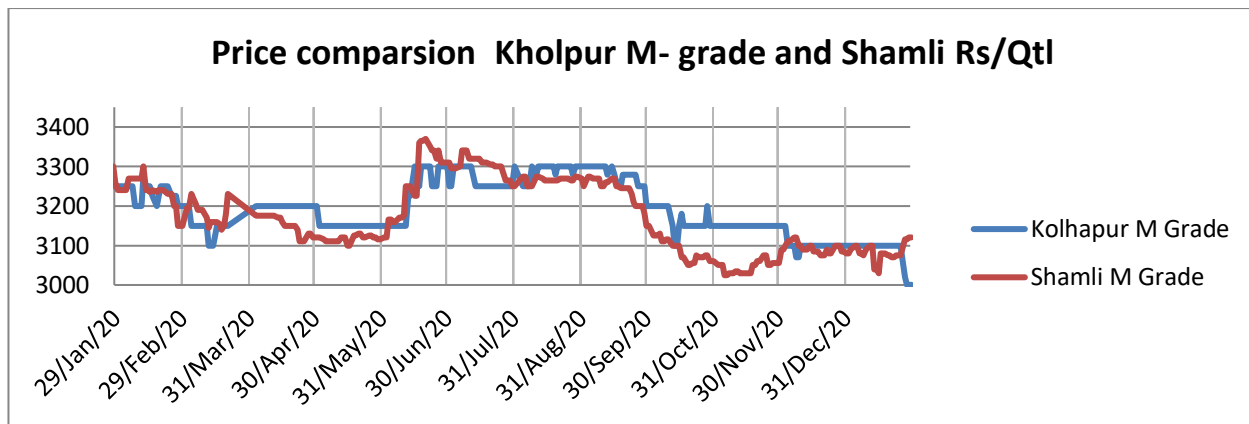
The government has announced 17 LMT Monthly sugar sales quota for February 2021. According to Indian sugar mills association, mills have produced around 142.70 lakh tonnes of sugar so far. Also, India has good opportunity to export sugar as sugar output decreases in Thailand and Brazil. The average sugar prices decreased in Khatauli market at Rs.3167/q from Rs.3171/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.3000 -3150 per quintal for next week.

Domestic Sugar Market Summary

Average prices for sugar 'M' grade in key Kolhapur market were range bound at Rs.3064 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3090 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:

- **Shortages of shipping containers have affected sugar export from India.** The shortage of shipping containers has affected the white sugar export on a large scale. The geopolitical tensions with China have also affected the availability of containers in the country. As the sugar demand continues to increase from Afghanistan, Sri Lanka and East Africa but due to lack of containers there is slow movement of sugar from India. The mills are expected to export 200,000 tonnes of sugar including raw sugar. Till now, India has exported 70,000 tonnes of white sugar this month as compared with 370,000 tonnes in January 2020.

Previous Updates

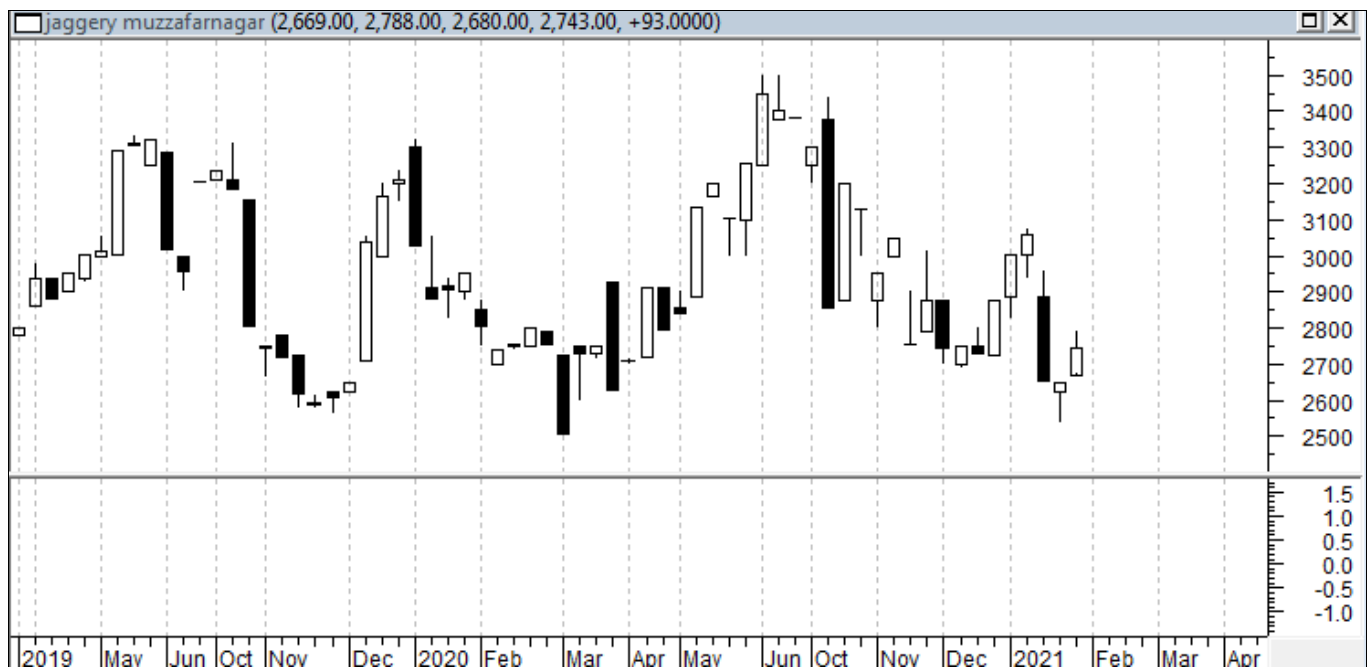
- **According to Indian Sugar Mills Association, major sugar producing states will focus on ethanol production.** According to the estimation around 6.74 lakh tonnes of sugar will be diverted for production of ethanol by the sugar mills in Uttar Pradesh in the current year as compared to about 3.70 lakh tonnes diverted in 2019-20 Sugar Season. Also, Sugar mills in Maharashtra will divert around 6.55 lakh tonnes of sugar compared 1.42 lakh tonnes in last season and mills in Karnataka are expected to divert about 5.41 lakh tonnes of sugar for ethanol production in the current year as compared to about 2.42 lakh tons diverted in the previous Season.
- **Government has announced 17 LMT Monthly sugar sales quota for February 2021.** The food ministry has allocated 17 LMT monthly sugar quota for February 2021 which is 3 LMT lower than that of February 2020 which stood at 20 LMT. In the previous month the government has allocated 20 LMT monthly sugar quota for January 2021 to 548 mills.
- **Sangli District is likely to witness more sugar output this season.** Around 15 sugar mills are operating in the district and have produced about 48 lakh tonne sugar by crushing 43 lakh tonne sugarcane in last two months. The district has recorded 11.24 per cent sugar recovery rate this season. Earlier the mills faced problems like lack of cane harvesters and demand of hike in cane harvesting rates at the beginning of the crushing season. However, the mills managed the issues and began crushing operations in November. The mill which were operating in the previous season are also engaged in the ongoing operations, and this will add more sugar in the district's output.
- **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.

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

- The sugar spot prices at benchmark Kolhapur market remained weak during the last week and ended at Rs.3064/q.
- Next resistance and support level for the next week is expected at Rs.3100 and Rs.3000 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 52000 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week decreased at Rs. 2815/q and the prices in the last year during the same time were higher at Rs. 2890/q.
- RSI stood in the neutral region.



International Market Highlights

Recent Updates:

- **Sugar output drops in Thailand.** The new wave of covid -19 infections has hit the Thailand Business activities and also resulted in decline in sugar production. The country has witnessed the lower production along with the lower production of rubber, petroleum and other commodities. The official statistics are yet to be released.

Previous 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.
- **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 2019-20season. 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 sugar beet 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.

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 |

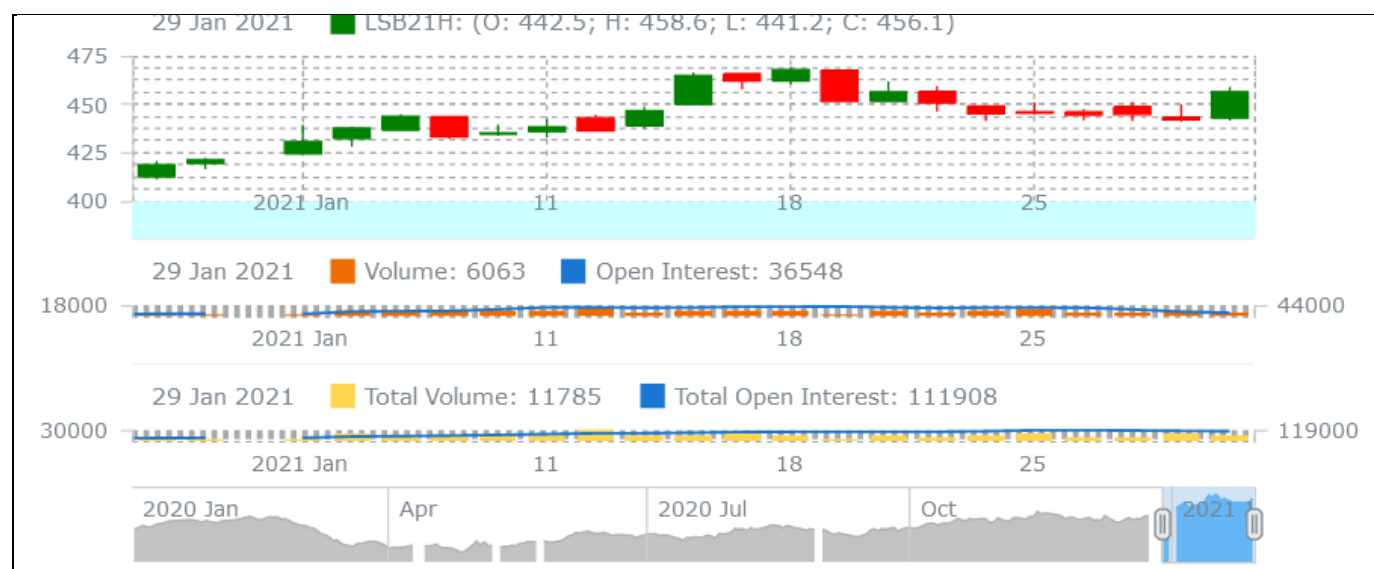
International Sugar Futures Price Projection

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 increased over a week.
- Strategy: Buy at level 458.5, T1 456.0

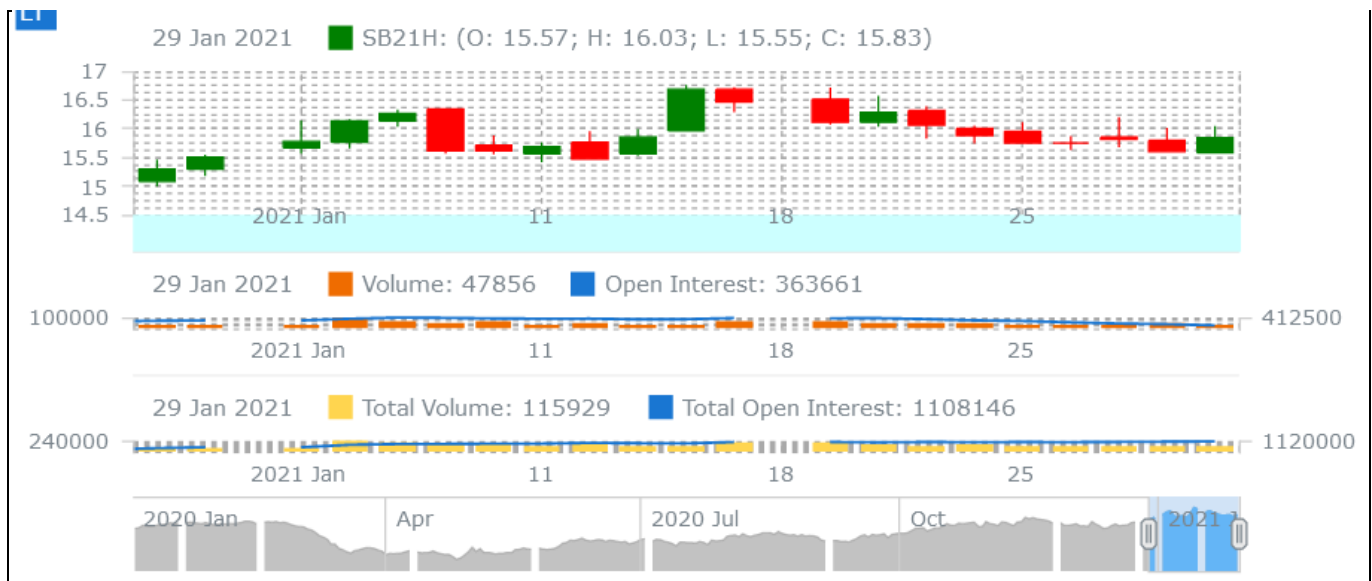
| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Dec'20 | 458.6 | 425-460 |



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 15.54 Targeting 15.85.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Mar'20 | 15.5 | 15.2-16.5 |



Spot Sugar Prices Scenario (Weekly) (Average)

| Commodity | Centre | Variety | Average Prices (Rs/Qtl) | | Change |
|----------------|------------|------------------------|----------------------------|----------------------------|--------|
| Sugar | | | 22nd Jan'21 to 28th Jan'21 | 15th Jan'21 to 21st Jan'21 | |
| Delhi | Delhi | M-Grade | 3195 | 3186 | 9 |
| | Delhi | S-Grade | 3175 | 3166 | 9 |
| Uttar Pradesh | Khatauli | M-Grade | 3167 | 3164 | 3 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3066 | 3053 | 14 |
| | Dhampur | S-Grade Ex-Mill | 3046 | 3033 | 14 |
| | Dhampur | L-Grade Ex-Mill | 3116 | 3103 | 14 |
| Maharashtra | Mumbai | M-Grade | 3292 | 3311 | -18 |
| | Mumbai | S-Grade | 3187 | 3200 | -13 |
| | Nagpur | M-Grade | 3189 | 3225 | -36 |
| | Nagpur | S-Grade | 3165 | 3225 | -60 |
| | Kolhapur | M-Grade | 3064 | 3100 | -36 |
| | Kolhapur | S-Grade | 3040 | 3100 | -60 |
| Assam | Guhawati | S-Grade | 3300 | 3360 | -60 |
| Meghalaya | Shillong | S-Grade | 3360 | 3420 | -60 |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty) | 3636 | 3660 | -24 |
| | Vijayawada | S-Grade (With Duty) | 3596 | 3620 | -24 |
| West Bengal | Kolkata | M-Grade | 3630 | 3650 | -20 |
| Tamil Nadu | Chennai | S-Grade (With GST) | 3442 | 3450 | -8 |
| | Dindigul | M-Grade (DCA) | 3632 | 3600 | 32 |
| | Coimbatore | M-Grade (DCA) | 3558 | 3570 | -12 |
| 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) | | | 22nd Jan'21 to 28th Jan'21 | 15th Jan'21 to 21st Jan'21 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2815 | 2819 | -4 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 52000 | 10500 | 41500 |
| | Muzaffarnagar | Khurpa (Fresh) | 2565 | 2606 | -41 |
| | Muzaffarnagar | Laddoo (Fresh) | 2845 | 2836 | 8 |
| | Muzaffarnagar | Rascut (Fresh) | 2528 | 2515 | 13 |

| | | | | | |
|----------------|---------------|-------------------|------|------|------|
| | Hapur | Chaurasa | 2594 | 2603 | -9 |
| | Hapur | Balti | 2556 | 2553 | 4 |
| Andhra Pradesh | Chittur | Gold | NA | NA | - |
| | | White | NA | NA | - |
| | | Black | NA | NA | - |
| Maharashtra | Latur | Lal Variety | NA | NA | - |
| Karnataka | Bangalore | Mudde (Average) | 4450 | 211 | 4239 |
| | Belgaum | Mudde (Average) | 3800 | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur | Achhu | NA | NA | - |
| | Gulbarga | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3162 | 3182 | -20 |
| | Mandya | Achhu (Medium) | 2990 | 3085 | -95 |
| | Mandya | Kurikatu (Medium) | 3070 | 2980 | 90 |
| | Mandya | Other (Medium) | 2886 | 2822 | 64 |
| | Mandya | Yellow (Medium) | 3000 | 3067 | -67 |
| | Shimoga | Achhu (Average) | 3550 | 3550 | Unch |

Spot Sugar Prices Scenario (Weekly)

| Commodity | Centre | Variety | Today | Week Ago | Month Ago | Year Ago |
|----------------|------------|---------------------|-----------|-----------|-----------|-----------|
| Sugar | | | 30-Jan-21 | 23-Jan-21 | 31-Dec-20 | 30-Jan-20 |
| Delhi | Delhi | M-Grade | 3250 | 3190 | 3170 | 3250 |
| | Delhi | S-Grade | 3230 | 3170 | 3150 | 3230 |
| Uttar Pradesh | Khatauli | M-Grade | 3200 | 3160 | 3150 | 3270 |
| | Ramala | M-Grade | NA | 0 | 0 | 0 |
| | Dhampur | M-Grade Ex-Mill | 3090 | 3055 | 3050 | 3200 |
| | Dhampur | S-Grade Ex-Mill | 3070 | 3035 | 3030 | 3180 |
| | Dhampur | L-Grade Ex-Mill | 3140 | 3105 | 3100 | 3250 |
| Maharashtra | Mumbai | M-Grade | 3290 | 3296 | 3320 | 3572 |
| | Mumbai | S-Grade | 3210 | 3170 | 3220 | 3350 |
| | Nagpur | M-Grade | 3125 | 3225 | 3225 | 3375 |
| | Nagpur | S-Grade | 3075 | 3225 | 3125 | 3225 |
| | Kolhapur | M-Grade | 3000 | 3100 | 3100 | 3250 |
| | Kolhapur | S-Grade | 2950 | 3100 | 3000 | 3100 |
| Assam | Guhawati | S-Grade | 3258 | 3410 | 3309 | 3410 |
| Meghalaya | Shillong | S-Grade | 3270 | 3420 | 3320 | 3420 |
| Andhra Pradesh | Vijayawada | M-Grade (With Duty) | 3620 | 3660 | 3560 | 3640 |
| | Vijayawada | S-Grade (With Duty) | 3580 | 3620 | 3620 | 3580 |
| West Bengal | Kolkata | M-Grade | 3600 | 3650 | 3650 | 3660 |
| Tamil Nadu | Chennai | S-Grade | 3420 | 3450 | 3600 | 3600 |

| | | | | | | |
|--------------------|------------|------------------------|------|------|------|------|
| | Dindigul | M-Grade (DCA) | 3680 | 3600 | 3600 | 3600 |
| | Coimbatore | M-Grade (DCA) | 3540 | 3570 | 3570 | 3640 |
| Chattisgarh | 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 | | | Today | Week Ago | Month Ago | Year Ago |
|-----------------------|---------------|--------------------------|-----------|-----------|-----------|-----------|
| Jaggery(Gur) | Centre | Variety | 30-Jan-21 | 23-Jan-21 | 31-Dec-20 | 30-Jan-20 |
| Uttar Pradesh | Muzaffarnagar | ChakuSukha | 2825 | 2875 | 2850 | 2800 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 15000 | 3000 | 6000 |
| | Muzaffarnagar | Khurpa | 2425 | 2650 | 2578 | 2650 |
| | Muzaffarnagar | Laddoo | 2850 | 2828 | 2788 | 2950 |
| | Muzaffarnagar | Rascut | 2400 | 2525 | 2500 | 2250 |
| | Hapur | Chaurasa | 2613 | 2588 | 2600 | 2525 |
| | Hapur | Balti | 2575 | 2550 | 2588 | 2425 |
| Andhra Pradesh | Chittur | Gold | NR | 0 | 0 | 5100 |
| | | White | NR | 0 | 0 | 4400 |
| | | Black | NR | 0 | 0 | 3900 |
| Maharashtra | Latur | Lal Variety | NR | 0 | 0 | 0 |
| Karnataka | Bangalore | Mudde (Average) | 4450 | NA | 0 | 3250 |
| | Belgaum | Mudde (Average) | NA | 3800 | 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 | 0 | 0 | 3412 |
| | Mandya | Achhu (Medium) | 2910 | 3050 | 0 | 3160 |
| | Mandya | Kurikatu (Medium) | 3000 | 3100 | 0 | 3050 |
| | Mandya | Other (Medium) | 2900 | 2900 | 0 | 3020 |
| | Mandya | Yellow (Medium) | 2920 | 3000 | 0 | 3100 |
| | Shimoga | Achhu (Average) | 3550 | NA | 3600 | 3500 |

| International Sugar Prices (Weekly Average) | | | | |
|---|----------------|----------------------------|----------------------------|--------|
| | Contract Month | 22nd Jan'21 to 28th Jan'21 | 15th Jan'21 to 21st Jan'21 | Change |
| ICE Sugar #11 (US Cent/lb) | 21-Mar | 15.87 | 16.26 | -0.39 |
| | 21-May | 15.03 | 15.42 | -0.39 |
| | 21-Jul | 14.60 | 14.85 | -0.25 |
| LIFFE Sugar (US \$/MT) | 20-Dec | 403.00 | 406.46 | -3.46 |
| | 21-Mar | 444.04 | 457.34 | -13.30 |
| | 21-May | 430.40 | 440.82 | -10.42 |

Source: MRCI

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