

**Price Outlook:**

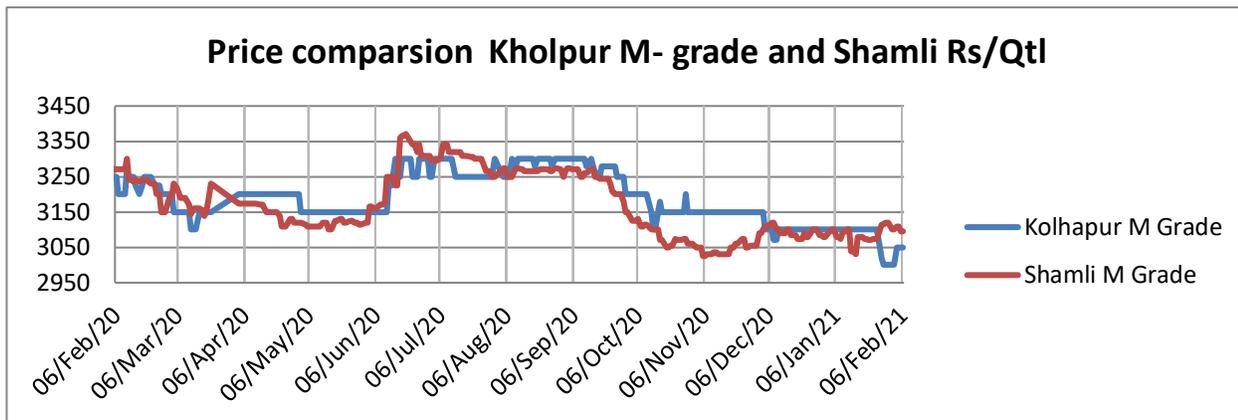
The government has announced 17 LMT Monthly sugar sales quota for February 2021. According to Indian sugar mills association, mills have produced around 142.70 lakh tonnes of sugar so far. The Government has increased the budget estimates under ethanol interest subvention scheme from Rs 50 crore to Rs 300 crore for the financial year 2021-22. The average sugar prices increased in Khatauli market at Rs.3175/q from Rs3167/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.3016 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3110 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
Government increasing SAP in various states in 2020-21	Bullish

## Domestic Market Highlights

### Recent Updates:

- **The Government has increased the budget estimates under ethanol interest subvention scheme from Rs 50 crore (budget estimate 2020-21) to Rs 300 crore in the financial year 2021-22.** The estimate for 2020-21 is six times more from the previous estimates and this would encourage domestic sugar mills and distilleries to enhance production from ethanol for sugarcane and surplus grains like maize, rice available with FCI and other feed stocks. The budget has also proposed to increase customs duty on import of ethanol from 2.5 to 5 percent with a view to encourage domestic manufacturing of denatured ethanol.

### Previous Updates

- **Farmers's agitation has impacted cane harvesting in Gohana, Haryana.** The on-going farmers' agitation for the withdrawal of farm laws has impacted the sugarcane harvesting activities. Due to this, sugar mills are facing lower supply of cane for crushing. Earlier, the mill had set a target of crushing 47 lakh quintal of sugarcane for this season. But till date, the mill could only complete crushing of 18.75 lakh quintal sugarcane. The farmers from the region are rushing to participate in the agitation resulting in lowering the speed of crushing activities.
- **Sugarcane farmers from Uttarakhand have launched an agitation to hike the sugar price.** Farmers from the Tarai region of the state depend mainly on the sugarcane crop and the farmer's income is depend on the income which they get from sugarcane crops. According to farmers, the government is not increasing the purchase rate of cane which is affecting the farmers' income.
- **Mills in India have produced around 176.83 lakh tonnes of sugar till 31<sup>st</sup> January'21.** According to the Indian Sugar Mills Association, 491 sugar mills were in operation in the country till 31st January 21 and have produced around 176.83 lakh tonnes of sugar, as compared to 141.04 lakh tonnes of sugar produced by 447 sugar mills on 31st January' 20 previous year.
- **Brahmavar sugar factory has started producing organic jaggery.** The factory has prepared jaggery without using chemicals and has also received good response from the consumers; the jaggery is directly sold to the consumers without any intermediary. The factory with the capacity to grinding 15 tonnes of sugarcane per day has produced around 450 kg of jaggery.
- **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.

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

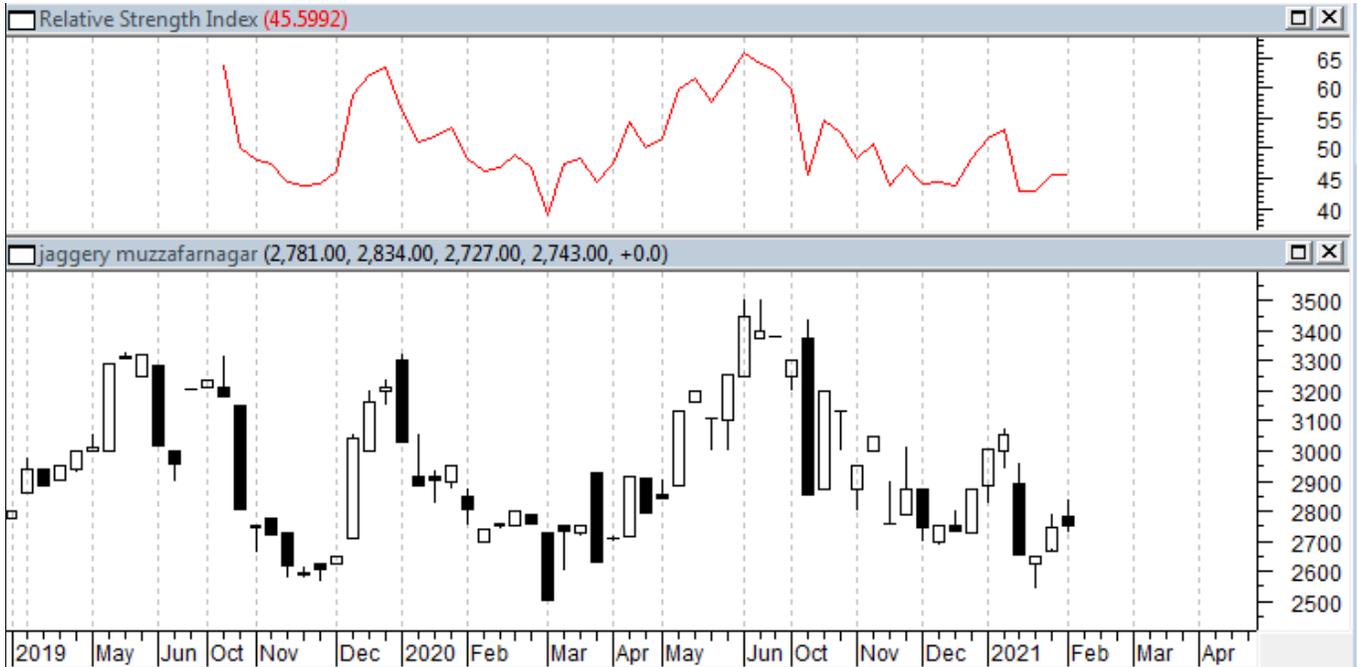
- The sugar spot prices at benchmark Kolhapur market remained weak during last week and ended at Rs.3016/q.
- Next resistance and support level for the next week is expected at Rs.3200 and Rs.3100 per quintal respectively.
- RSI is in the neutral region.



**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 increased at Rs. 2842/q and the prices in the last year during the same time were higher at Rs. 2771/q.
- RSI stood in the neutral region.



### International Market Highlights

#### Recent Updates:

- **Sugar rates in Pakistan continue to remain high.** Sugar rates in Pakistan are likely to remain high as the sugar output is expected to be lower this year with an increase in the cost of production. The government however, wants the sugar mill to sell sugar at the rates below the sugar production cost. Since the beginning of the crushing season, the prices of sugar have fallen to an average Rs 80 per kg. However, in some parts of the country like Islamabad and Rawalpindi, the prices have risen to Rs 100 per kg.

#### 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.
- **Sugarcane production in Thailand is likely to increase during the season 2021-22.** As the farmers are encouraged by the higher cane bills being paid by the sugar millers, the cane output in Thailand is likely to be increased by 30 million tonnes taking output to 100 million tonnes. This will increase sugar production in one of the largest sugar exporters in the world. During the 2020-21 season, Thailand has recorded lowest cane output in a decade taking it to 70 million tonnes. The unfavourable weather and lower returns for cane have resulted in lowering cane output earlier.
- **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 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.

### 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

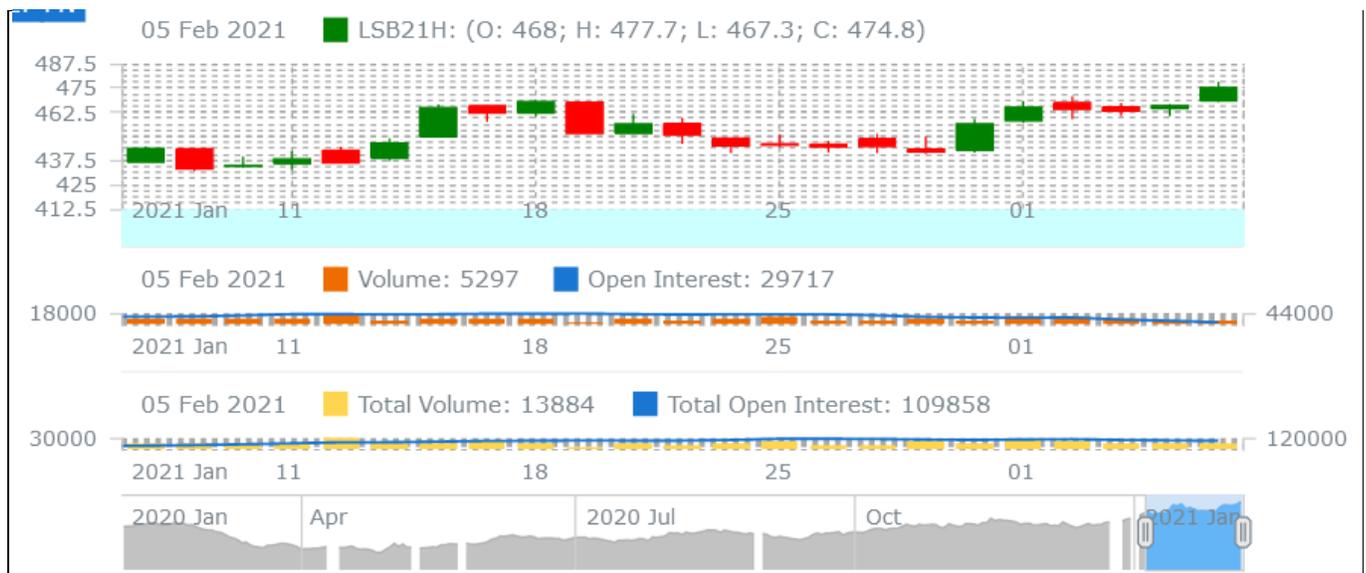
### International Sugar Futures Price Projection

#### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar'21 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 477.6, T1 474.7

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'21	458.6	437-475

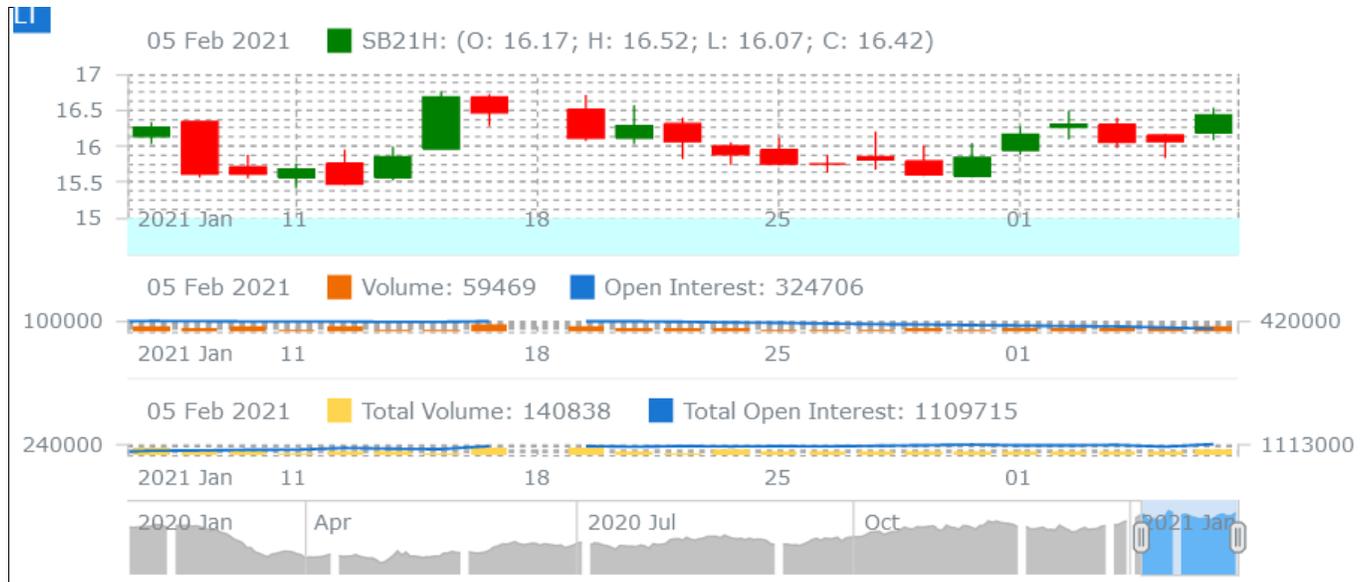


**ICE (Raw Sugar Exchange) Future Market Scenario (Mar'21 Contract)**

**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 16.51 Targeting 16.41.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'21	15.5	16-16.5



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	
Sugar	Delhi	M-Grade	3193	3195	-2
	Delhi	S-Grade	3173	3175	-2
Uttar Pradesh	Khatauli	M-Grade	3175	3167	8
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3083	3066	17
	Dhampur	S-Grade Ex-Mill	3063	3046	17
	Dhampur	L-Grade Ex-Mill	3133	3116	17

Maharashtra	Mumbai	M-Grade	3300	3292	7
	Mumbai	S-Grade	3186	3187	-2
	Nagpur	M-Grade	3142	3189	-47
	Nagpur	S-Grade	3092	3165	-73
	Kolhapur	M-Grade	3016	3064	-48
	Kolhapur	S-Grade	2967	3040	-73
Assam	Guhawati	S-Grade	3227	3300	-73
Meghalaya	Shillong	S-Grade	3287	3360	-73
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3647	3636	11
	Vijayawada	S-Grade (With Duty)	3633	3596	37
West Bengal	Kolkata	M-Grade	3600	3630	-30
Tamil Nadu	Chennai	S-Grade (With GST)	3442	3442	Unch
	Dindigul	M-Grade (DCA)	3680	3632	48
	Coimbatore	M-Grade (DCA)	3540	3558	-18
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
			29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2632	2815	-183
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	57000	52000	5000
	Muzaffarnagar	Khurpa (Fresh)	2484	2565	-81
	Muzaffarnagar	Laddoo (Fresh)	2834	2845	-11
	Muzaffarnagar	Rascut (Fresh)	2433	2528	-94
	Hapur	Chaurasa	2593	2594	-1
	Hapur	Balti	2555	2556	-1
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4392	4450	-58
	Belgaum	Mudde (Average)	3800	3800	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3108	3162	-54
	Mandya	Achhu (Medium)	2920	2990	-70
Mandya	Kurikatu (Medium)	3008	3070	-62	

	Mandya	Other (Medium)	2895	2886	9
	Mandya	Yellow (Medium)	2955	3000	-45
	Shimoga	Achhu (Average)	3550	3550	Unch

## Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			05-Feb-21	29-Jan-21	06-Jan-21	05-Feb-20
Delhi	Delhi	M-Grade	3150	3260	3230	3250
	Delhi	S-Grade	3130	3240	3210	3230
Uttar Pradesh	Khatauli	M-Grade	3170	3200	3180	3300
	Ramala	M-Grade	NA	NA	0	0
	Dhampur	M-Grade Ex-Mill	3080	3090	3075	3200
	Dhampur	S-Grade Ex-Mill	3060	3070	3055	3180
	Dhampur	L-Grade Ex-Mill	3130	3140	3125	3250
Maharashtra	Mumbai	M-Grade	3316	3290	3320	3526
	Mumbai	S-Grade	3176	3210	3200	3316
	Nagpur	M-Grade	3175	3125	3225	3375
	Nagpur	S-Grade	3125	3075	3225	3275
	Kolhapur	M-Grade	3050	3000	3100	3250
	Kolhapur	S-Grade	3000	2950	3100	3150
Assam	Guhawati	S-Grade	3226	3258	3410	3461
Meghalaya	Shillong	S-Grade	3320	3270	3420	3470
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3620	3620	3660
	Vijayawada	S-Grade (With Duty)	3660	3580	3660	3600
West Bengal	Kolkata	M-Grade	3600	3600	3650	3670
Tamil Nadu	Chennai	S-Grade	3450	3430	3450	3620
	Dindigul	M-Grade (DCA)	3680	3680	3600	3600
	Coimbatore	M-Grade (DCA)	3540	3540	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)			05-Feb-21	29-Jan-21	06-Jan-21	05-Feb-20
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2825	2850	3150	2728
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	57000	12000	1000	8000
	Muzaffarnagar	Khurpa	2450	2450	2775	2525

	Muzaffarnagar	Laddoo	2878	2875	3125	2728
	Muzaffarnagar	Rascut	2425	2438	0	2328
	Hapur	Chaurasa	2575	2613	2775	2450
	Hapur	Balti	2500	2575	2625	2375
Andhra Pradesh	Chittur	Gold	NA	NR	0	4700
		White	NA	NR	0	4100
		Black	NA	NR	0	3800
Maharashtra	Latur	Lal Variety	NA	NR	0	0
Karnataka	Bangalore	Mudde (Average)	4350	4450	4400	4400
	Belgaum	Mudde (Average)	NA	3800	3500	3100
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	0
	Gulbarga	Other (Average)	NA	NA	0	0
	Mahalingapura	Penti (Average)	NA	NA	3273	3333
	Mandya	Achhu (Medium)	2950	2950	3300	3100
	Mandya	Kurikatu (Medium)	3000	3050	3050	3000
	Mandya	Other (Medium)	3000	2850	3100	2990
	Mandya	Yellow (Medium)	3000	2950	3000	2970
	Shimoga	Achhu (Average)	NA	3550	3600	3500

## International Sugar Prices (Weekly Average)

	Contract Month	29th Jan'21 to 04th Feb'21	22nd Jan'21 to 28th Jan'21	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	16.07	15.87	0.20
	21-May	15.25	15.03	0.22
	21-Jul	14.73	14.60	0.13
LIFFE Sugar (US \$/MT)	20-Dec	404.92	403.00	1.92
	21-Mar	462.48	444.04	18.44
	21-May	441.72	430.40	11.32

Source: MRCI

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