

Price Outlook:

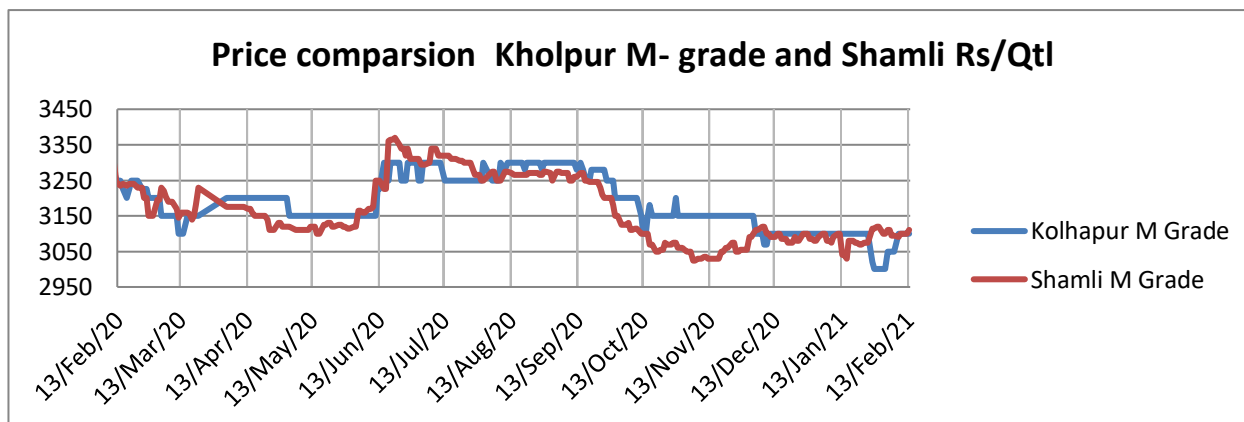
The government has announced 17 LMT Monthly sugar sales quota for February 2021. According to Indian sugar mills association, mills have produced around 142.70 lakh tonnes of sugar so far, Kolhapur region has recorded 12 percent sugar recovery rate. The Government has also increased the budget estimates under ethanol interest subvention scheme from Rs 50 crore to Rs 300 crore for the financial year 2021-22. The average sugar prices decreased in Khatauli market at Rs.3165/q from Rs3175/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.3083 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3096 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:

- **Kolhapur region has recorded 12 percent sugar recovery rate.** About 37 sugar mills are operating in the Kolhapur division in the current crushing season. Around 183 sugar mills have participated in the cane crushing operation in Maharashtra and have produced 724 lakh quintal of sugar by crushing 717 lakh tonne sugarcane. Although, Solapur division is leading in the state with a maximum of 41 sugar mills operating in the current season.

Previous Updates

- **India's sugar exports are likely to decrease** more than 24 percent in the current season till September 2020-21 due to the logistical constraints such as shortage of containers and congestion at the country's ports. Also, Brazil is likely to export 4.3 million tonnes during 2020-21 season against 5.7 million tonnes shipped in previous year.
- **Sugarcane farmer's demands hike in sugar prices.** Sugarcane farmers from Bijnor are demanding increase in sugarcane prices to Rs. 450 per quintal. Government had not increased the prices till date and farmers are continuously demanding the price hike in sugarcane. Government should consider the farmer's demand keeping in view the increase in the input cost for sugarcane cultivation and hike the cane purchase price.
- **Around 31 mills in Uttar Pradesh are yet to clear the cane dues.** The sugarcane crushing season is half-way down but still around 31 sugar mills in Uttar Pradesh have failed to clear the sugarcane dues. Total 120 sugar mills have been participated in the cane crushing activity for this season, till 2nd February the pending arrears are around Rs. 7,979. The cane dues during the same period last season were around Rs 5,948 crore.
- **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.
- **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.

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:

- **India's sugar exports are likely to drop more than 24 percent in the current season** till September due to the logistical constraints such as shortage of containers and congestion at the country's ports. Also, Brazil is likely to export 4.3 million tonnes during 2020-21 season against 5.7 million tonnes shipped in previous year.

Previous Updates

- **Sugar prices dropped in Kenya.** The prices of sugar have witnessed a drop in Kenya, prices have dropped down from Ksh 235 to Ksh 220 for 2 kg and for 1 kg sugar the prices have dropped from Ksh 125 to Ksh 115. The sugar price for 2 kg pack at Naivas Supermarket has been dropped from Ksh 231 to Ksh 214 and for 1 kg packet, it has dropped from Ksh 116 to Ksh 111.
- **Sugar rates in Pakistan continue to remain high.** Sugar rates in Pakistan are likely to remain high as the sugar output is expected to 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.
- **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.

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

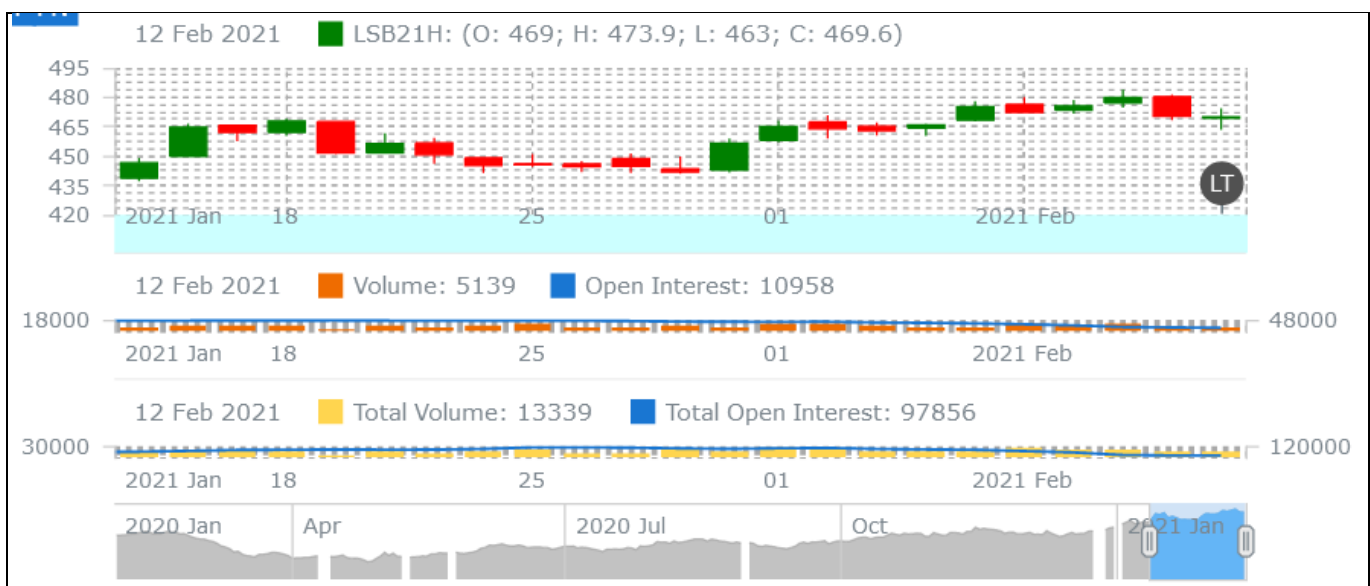
International Sugar Futures Price Projection

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 473.8, T1 469.5

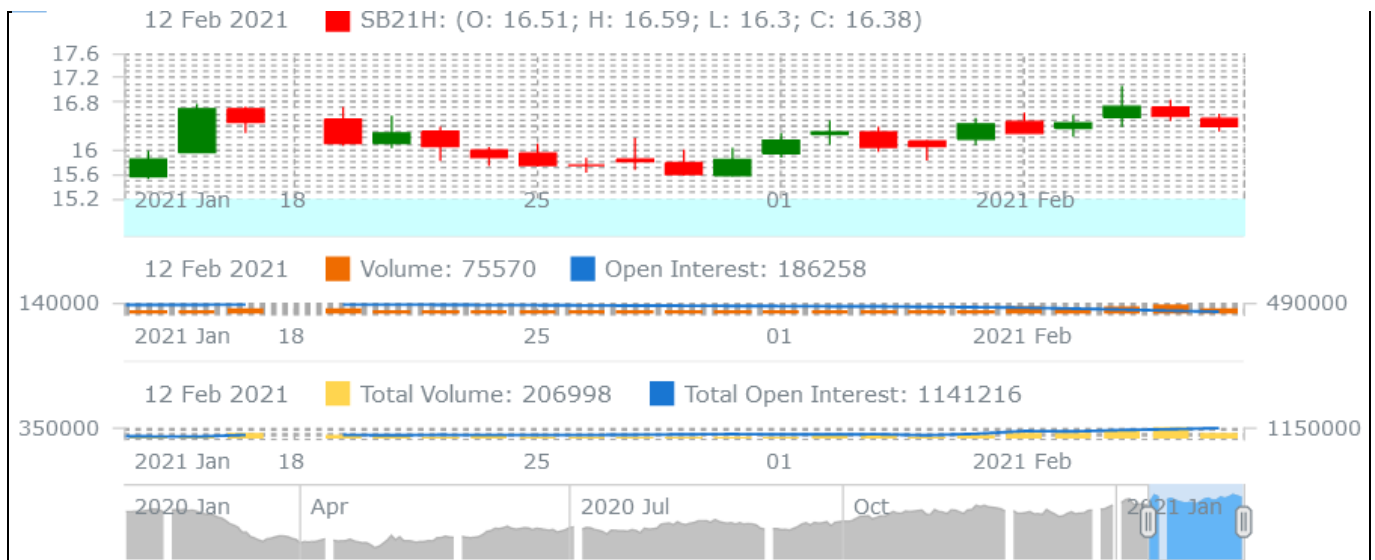
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'21	465	460-480



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 16.58 Targeting 16.35.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'21	16.5	16-16.8



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	
Delhi	Delhi	M-Grade	3147	3193	-46
	Delhi	S-Grade	3127	3173	-46
Uttar Pradesh	Khatauli	M-Grade	3166	3175	-9
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3081	3083	-3
	Dhampur	S-Grade Ex-Mill	3061	3063	-3
	Dhampur	L-Grade Ex-Mill	3131	3133	-3
Maharashtra	Mumbai	M-Grade	3321	3300	21
	Mumbai	S-Grade	3191	3186	5
	Nagpur	M-Grade	3208	3142	67
	Nagpur	S-Grade	3125	3092	33
	Kolhapur	M-Grade	3083	3016	67
	Kolhapur	S-Grade	3000	2967	33
Assam	Guhawati	S-Grade	3260	3227	33
Meghalaya	Shillong	S-Grade	3309	3287	22
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3647	53
	Vijayawada	S-Grade (With Duty)	3660	3633	27
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3450	3442	8
	Dindigul	M-Grade (DCA)	3680	3680	Unch
	Coimbatore	M-Grade (DCA)	3540	3540	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)			05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2785	2632	153
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	44000	57000	-13000
	Muzaffarnagar	Khurpa (Fresh)	2408	2484	-76
	Muzaffarnagar	Laddoo (Fresh)	2845	2834	11
	Muzaffarnagar	Rascut (Fresh)	2394	2433	-40
	Hapur	Chaurasa	2583	2593	-10

	Hapur	Balti	2505	2555	-50
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4342	4392	-50
	Belgaum	Mudde (Average)	NA	3800	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3118	3108	10
	Mandya	Achhu (Medium)	2980	2920	60
	Mandya	Kurikatu (Medium)	2967	3008	-42
	Mandya	Other (Medium)	2967	2895	72
	Mandya	Yellow (Medium)	2992	2955	37
	Shimoga	Achhu (Average)	3550	3550	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			12-Feb-21	05-Feb-21	13-Jan-21	12-Feb-20
Delhi	Delhi	M-Grade	3150	3150	3140	3250
	Delhi	S-Grade	3130	3130	3120	3230
Uttar Pradesh	Khatauli	M-Grade	3165	3170	3140	3290
	Ramala	M-Grade	NA	0	0	3210
	Dhampur	M-Grade Ex-Mill	3085	3080	3045	3185
	Dhampur	S-Grade Ex-Mill	3065	3060	3025	3165
	Dhampur	L-Grade Ex-Mill	3135	3130	3095	3235
Maharashtra	Mumbai	M-Grade	3336	3316	3316	3602
	Mumbai	S-Grade	3200	3176	3200	3316
	Nagpur	M-Grade	3225	3175	3225	3375
	Nagpur	S-Grade	3125	3125	3225	3225
	Kolhapur	M-Grade	3100	3050	3100	3250
	Kolhapur	S-Grade	3000	3000	3100	3100
Assam	Guhawati	S-Grade	3309	3309	3410	3410
Meghalaya	Shillong	S-Grade	3320	3320	3420	3420
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3700	3660	3660
	Vijayawada	S-Grade (With Duty)	3660	3660	3620	3600
West Bengal	Kolkata	M-Grade	3600	3600	3650	3660
Tamil Nadu	Chennai	S-Grade	3450	3450	3450	3600

	Dindigul	M-Grade (DCA)	3680	3680	3600	3640
	Coimbatore	M-Grade (DCA)	3540	3540	3570	3640
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3500

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	12-Feb-21	05-Feb-21	13-Jan-21	12-Feb-20
Uttar Pradesh	Muzaffarnagar	ChakuSukha	2725	2875	2775	2750
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	4000	5000	10000
	Muzaffarnagar	Khurpa	2363	2450	2463	2550
	Muzaffarnagar	Laddoo	2813	2878	2838	2688
	Muzaffarnagar	Rascut	2350	2425	0	2338
	Hapur	Chaurasa	2600	2613	2530	2550
	Hapur	Balti	2525	2525	2525	2475
Andhra Pradesh	Chittur	Gold	NR	0	0	4400
		White	NR	0	0	4000
		Black	NR	0	0	3500
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4350	4350	4450	4400
	Belgaum	Mudde (Average)	NA	0	3800	3100
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	0
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	NA	3118	0	3331
	Mandya	Achhu (Medium)	3100	2950	3200	3050
	Mandya	Kurikatu (Medium)	2850	3050	3100	2970
	Mandya	Other (Medium)	3000	3030	2950	2880
	Mandya	Yellow (Medium)	3060	2990	3060	3040
	Shimoga	Achhu (Average)	3550	3550	3550	3400

International Sugar Prices (Weekly Average)				
	Contract Month	05th Feb'21 to 11th Feb'21	29th Jan'21 to 04th Feb'21	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	16.48	16.07	0.41
	21-May	15.72	15.25	0.47
	21-Jul	15.18	14.73	0.45
LIFFE Sugar (US \$/MT)	20-Dec	414.80	404.92	9.88
	21-Mar	474.30	462.48	11.82
	21-May	454.86	441.72	13.14

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.