

**Price Outlook:**

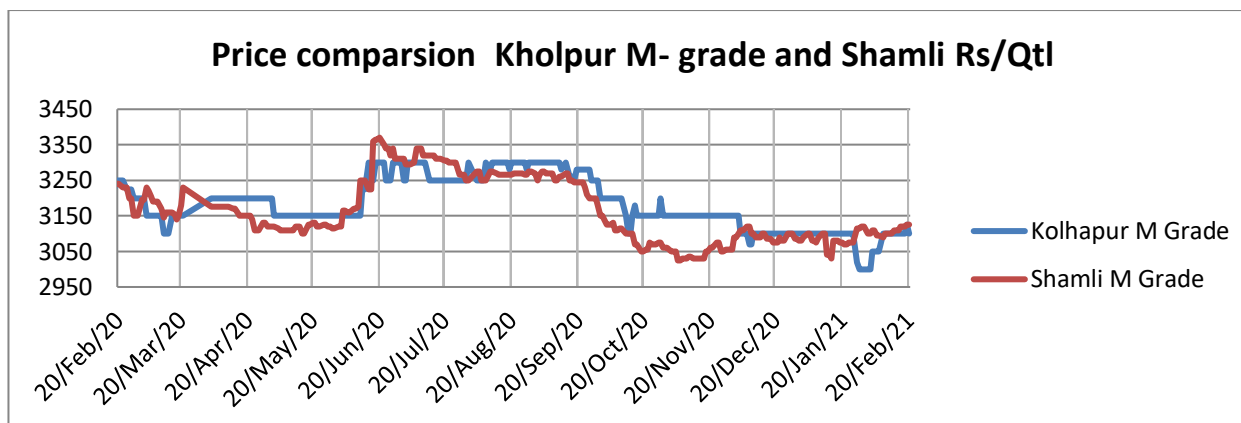
Sugar cane State Advisory Price remains same in Uttar Pradesh this season as previous season. Sugar mills in Uttar Pradesh have produced around 63 lakh tonnes of Sugar lower from previous years 64 lakh tonnes of Sugar. The average sugar prices increased in Khatauli market at Rs.3181/q from Rs.3165/q previous week. The prices in Maharashtra also stood slightly firm at Rs.3285/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.3105 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3122 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

### Domestic Market Highlights

#### Recent Updates:

- **Sugarcane SAP remains unchanged in Uttar Pradesh.** State Advisory Price for sugarcane has remained the same in Uttar Pradesh again. The farmers were expecting a hike this year in sugarcane prices but the government has made no such changes. The rates of three different varieties of sugarcane have remained unchanged at Rs 315 per quintal for common variety, Rs 325 for early variety and Rs 310 for rejected varieties.

#### Previous Updates

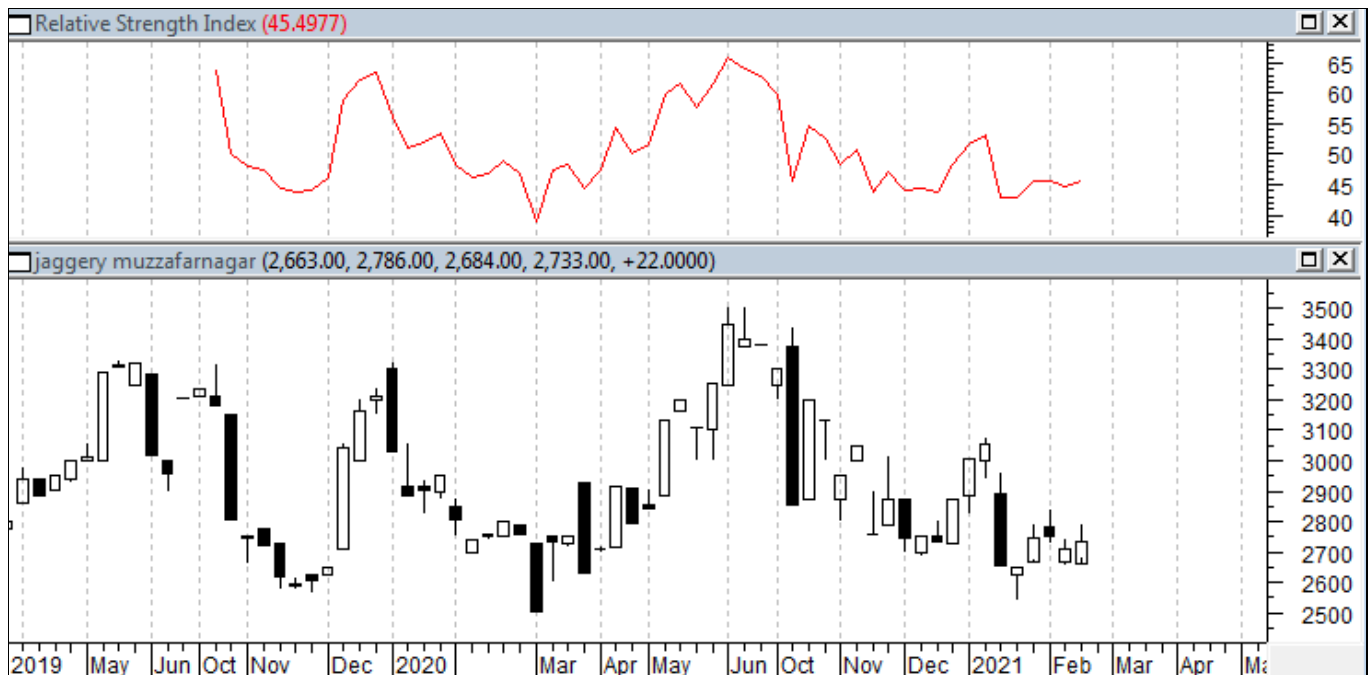
- **Sugar Production has decreased in Uttar Pradesh this year.** Sugar mills in Uttar Pradesh have produced 63 lakh tonnes of sugar after crushing 611 lakh tonnes of sugarcane till 15<sup>th</sup> February '21. The mills during the same period last year had produced 64 lakh tonnes of sugar by crushing 584 lakh tonnes of sugarcane. The sugarcane recovery reported this season is 10.29 % as against 10.96% last season.
- **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.
- **Sugarcane farmers from Kendrapara are switching to other crops.** The sugarcane cultivators from Kendrapara district are switching from sugarcane cultivation as the sugar mills in the district have been closed. This has led to a decline in cultivation area in the region. The area under cane cultivation has been also been reduced to 5000 hectares. Marsaghai, Pattamundai, Rajkanika, Mahakalapada, Garadapur, Aul and Derabishi are the blocks where cash crop was grown in the region.
- **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.
- **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 trade imbalance between US and China has affected the availability of containers globally, including in India. Hence, even as the sugar demand continues to increase from Afghanistan, Sri Lanka and East Africa, movement of sugar out of India remains slow due to lack of containers. The government has fixed the target of exporting 60 lakh tonnes of sugar in the current sugar season According to Indian Sugar mills Association, 7 lakh tonnes of sugar has been exported from October 2020 to January 2021. This includes the exports allocated for the year 2019-20 against the Maximum Admissible Export Quota (MAEQ) that was extended till December 2020. About 4 lakh tonnes had been exported under current year's export policy. India has also signed 25 lakh tonnes of sugar export contracts so far.

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

- The sugar spot prices at benchmark Kolhapur market remained high 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.

**Technical Analysis - ChakuSukha-gur(fresh) at Spot (Muzaffarnagar)market.****Gur Market Scenario**

- There was a decrease in arrivals to around 36000 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week increased at Rs. 2777/q and the prices in the last year during the same time were lower at Rs. 2753/q.
- RSI stood in the neutral region.



### International Market Highlights

#### Recent Updates:

**Sugar prices are likely to reach at Rs. 100 per kg in Pakistan.** Sugar output is expected to increase this season as compared to previous season, but still the sugar prices are likely to cross Rs. 100 per kg. The average sugarcane price for this season in the country is Rs 275 per 40 kg, in lower Sindh, it is Rs 300 and in middle Sindh and upper Sindh regions it is Rs 250. Out of 84 sugar mills in the country, 38 are located in this province and 32 mills had started operations this season out of which one discontinued operation. The sugar recovery has dropped by 0.3-0.4% this season from previous year 10.3% recovery that has increased production cost. The ex-factory rate of sugar will increase around Rs 93 to Rs 95 per kg and this will take retail prices above Rs 100 per kg.

#### Previous 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.
- **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.

#### 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

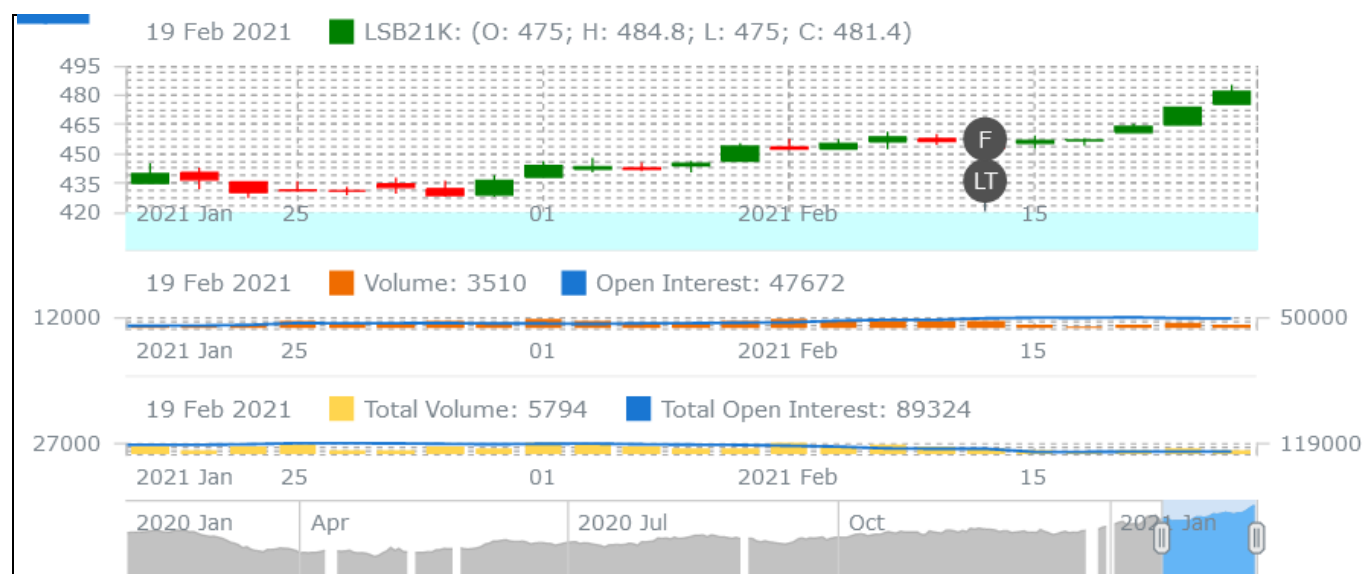
#### International Sugar Futures Price Projection

##### 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 474, T1 481.3

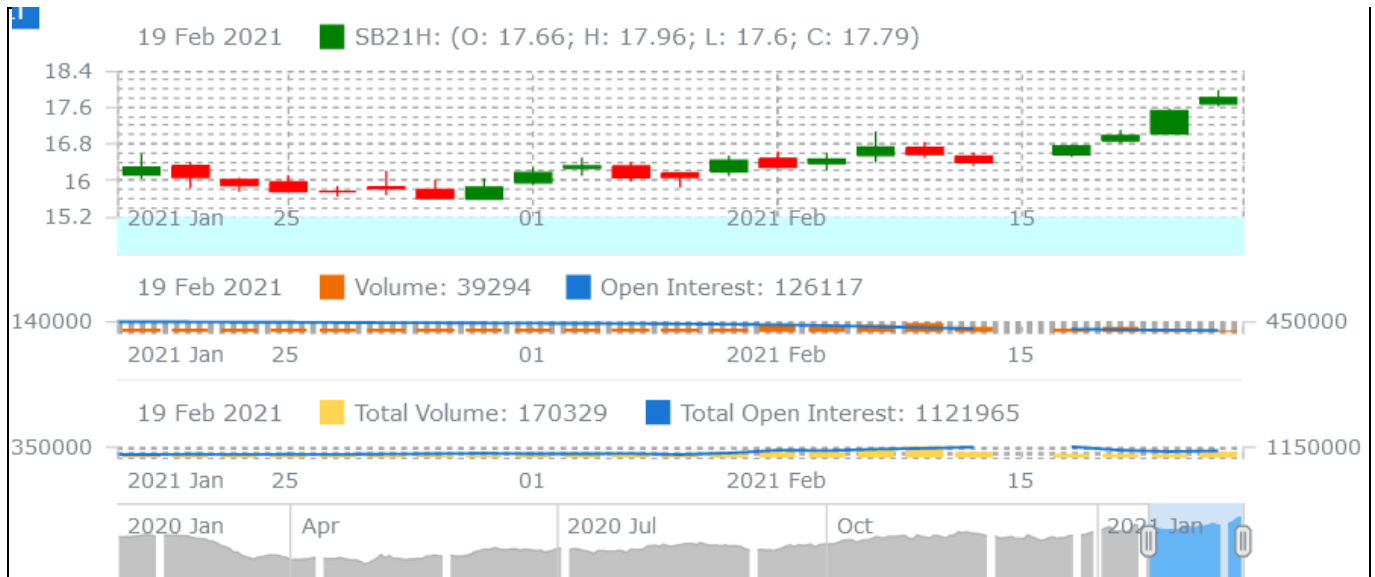
International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'21	470	465-480



**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 17.5 Targeting 17.78.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'21	17	17.8-18.4



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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			12th Feb'21 to 18th Feb'21	05th Feb'21 to 11th Feb'21	
Delhi	Delhi	M-Grade	3162	3147	15
	Delhi	S-Grade	3142	3127	15
Uttar Pradesh	Khatauli	M-Grade	3173	3166	7
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3105	3081	24
	Dhampur	S-Grade Ex-Mill	3085	3061	24
	Dhampur	L-Grade Ex-Mill	3155	3131	24
Maharashtra	Mumbai	M-Grade	3338	3321	17
	Mumbai	S-Grade	3206	3191	15
	Nagpur	M-Grade	3225	3208	17
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3083	17
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3260	3260	Unch
Meghalaya	Shillong	S-Grade	3320	3309	11
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3700	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3445	3450	-5
	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)			12th Feb'21 to 18th Feb'21	05th Feb'21 to 11th Feb'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2778	2785	-8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	44000	44000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2447	2408	38
	Muzaffarnagar	Laddoo (Fresh)	2794	2845	-51
	Muzaffarnagar	Rascut (Fresh)	2381	2394	-13
	Hapur	Chaurasa	2584	2583	1

	Hapur	Balti	2535	2505	30
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4360	4342	18
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3191	3118	73
	Mandya	Achhu (Medium)	3185	2980	205
	Mandya	Kurikatu (Medium)	2950	2967	-17
	Mandya	Other (Medium)	2938	2967	-28
	Mandya	Yellow (Medium)	3108	2992	117
	Shimoga	Achhu (Average)	3550	3550	Unch

## Spot Sugar Prices Scenario (Weekly)

Commodity			Today	Week Ago	Month Ago	Year Ago
Sugar	Centre	Variety	20-Feb-21	13-Feb-21	21-Jan-21	20-Feb-20
Delhi	Delhi	M-Grade	3150	3180	3195	3230
	Delhi	S-Grade	3130	3160	3175	3210
Uttar Pradesh	Khatauli	M-Grade	3200	3170	3155	3305
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3120	3100	3050	3200
	Dhampur	S-Grade Ex-Mill	3100	3080	3030	3180
	Dhampur	L-Grade Ex-Mill	3170	3150	3100	3250
Maharashtra	Mumbai	M-Grade	3342	3336	3296	3596
	Mumbai	S-Grade	3220	3202	3200	3300
	Nagpur	M-Grade	3225	3225	3225	3375
	Nagpur	S-Grade	3125	3125	3225	3250
	Kolhapur	M-Grade	3100	3100	3100	3250
	Kolhapur	S-Grade	3000	3000	3100	3125
Assam	Guhawati	S-Grade	3309	3309	3410	3436
Meghalaya	Shillong	S-Grade	3320	3320	3420	3445
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	3480	3450	3450	3600
	Dindigul	M-Grade (DCA)	3680	3680	3600	3660

	Coimbatore	M-Grade (DCA)	3540	3540	3570	3640
<b>Chattisgarh</b>	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	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			20-Feb-21	13-Feb-21	21-Jan-21	20-Feb-20
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha	2788	2750	2813	2803
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	5000	18000	14000
	Muzaffarnagar	Khurpa	2588	2375	2538	2803
	Muzaffarnagar	Laddoo	2788	2825	2828	2778
	Muzaffarnagar	Rascut	2425	2375	2538	2375
	Hapur	Chaurasa	2600	2600	2613	2540
	Hapur	Balti	2575	2525	2563	2450
<b>Andhra Pradesh</b>	Chittur	Gold	NR	0	0	4300
		White	NR	0	0	3900
		Black	NR	0	0	3400
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4400	NA	4450	4400
	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	0	3195	3344
	Mandya	Achhu (Medium)	3300	3180	3060	3200
	Mandya	Kurikatu (Medium)	3050	2900	3100	2950
	Mandya	Other (Medium)	2950	2880	2900	2900
	Mandya	Yellow (Medium)	3150	3040	3050	3100
	Shimoga	Achhu (Average)	NA	NA	3550	3450

**International Sugar Prices (Weekly Average)**

	Contract Month	12th Feb'21 to 18th Feb'21	05th Feb'21 to 11th Feb'21	Change
<b>ICE Sugar #11 (US Cent/lb)</b>	21-Mar	16.79	16.48	0.31
	21-May	15.98	15.72	0.26
	21-Jul	15.42	15.18	0.24
<b>LIFFE Sugar (US \$/MT)</b>	20-Dec	421.48	414.80	6.68
	21-Mar	430.48	474.30	-43.82
	21-May	460.44	454.86	5.58

Source: MRCI

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