

**Price Outlook:**

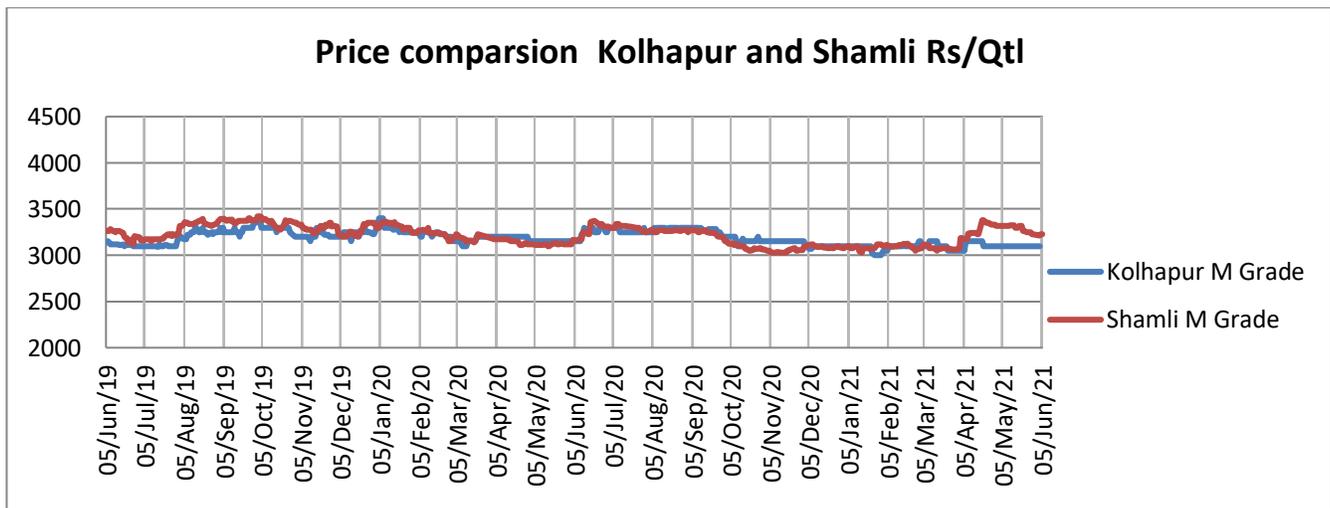
Sugar Production has reached 305.08 lakh tonnes in India. Government has fixed 22 LT of monthly sales quota for June 2021. Sugarcane crushing season is in the final phase across India, Maharashtra has ended its sugar season this week whereas few mills are operating in Uttar Pradesh. The average sugar prices were lower at Rs. 3236/q from the previous week at Rs.3301/q in Khatauli market. The prices in Maharashtra also stood slightly firm at Rs.3100/q.

**Price Projection for the Next week**

As per the Agriwatch estimates, spot sugar prices (M grade) in the benchmark Kolhapur market are likely to remain steady and in range next week between Rs.3100 -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.3100 per quintal, while spot sugar prices for the same grade in Shamli district stood at Rs.3277 per quintal during the week.



**Domestic Market Highlights**

**Recent Updates:**

**Sugar mills from India have contracted to supply 321.18 crore liters of ethanol to Oil Marketing Companies.**

According to the Indian Sugar Mills Association, Letters of Intent (LOI) have been issued by Oil Marketing Companies for 346.52 crore liters of ethanol for the Ethanol supply year 2020-21. Of this, 321.18 crore liters have been contracted and 145.38 crore liters of ethanol have been supplied till 24<sup>th</sup> May '2021. Out of the total, about 77 percent comprises ethanol made from sugarcane juice / B-heavy molasses. The average ethanol blending rate in India has reached 7.56 percent in this season, whereas major ethanol-producing states across the country such as Uttar Pradesh, Maharashtra, Karnataka, Uttarakhand, Bihar, Haryana, Punjab, Delhi, Goa, Gujarat, and Himachal Pradesh have reached 10 percent blending rate.

### Previous Updates

- **According to ISMA, sugar mills have produced 305.68 lakh tonne of sugar till 31<sup>st</sup> May 2021:** Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 31<sup>st</sup> May 2021, only 7 sugar mills were crushing sugarcane, compared to 18 sugar mills operating same time previous season. Sugar mills have produced around 305.68 lakh tonnes of sugar till 31<sup>st</sup> May'2021, as compared to 270.05 lakh tonnes produced during the same period last year.
- **Government has fixed 22 lakh MT as the monthly sugar sales quota for June 2021:** The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for June 2021 which is 3.5 lakh MT higher than that of June 2020. In the previous month, May 2021 the government had released 22 lakh MT sugar sales quota which was 18.2 percent higher than that of June 2020.
- **The sugarcane farmers from Shamli are still waiting for their pending cane dues.** Sugarcane crushing season is in the final phase in Uttar Pradesh. Sugar mills in the Shamli district owe arrears of around Rs 800 crore to the cane farmers. Sugarcane farmers claim that they are reeling under financial stress to meet their daily needs as the mills are not clearing their pending cane dues. According to the market sources, farmer's leader Rajan Jawala has urged the government to take action against the sugar mills that have failed to abide by the rule of clearing cane bills within 14 days of crushing their cane.
- **Sugar Season ends in Maharashtra with production of around 106.3 LMT of sugar.** The 2020-21 sugar seasons in Maharashtra has ended this week. Around 190 sugar mills have participated in the current 2020-21 sugar season against the 147 sugar mills which operated in the previous season. The total sugarcane crushed was 1012 LMT compared to 545 LMT in the previous season and the production was around 106.3 LMT of sugar which is 72.54 percent higher than the previous season that is 61.61 LMT. The average recovery percentage was around 10.5%.

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

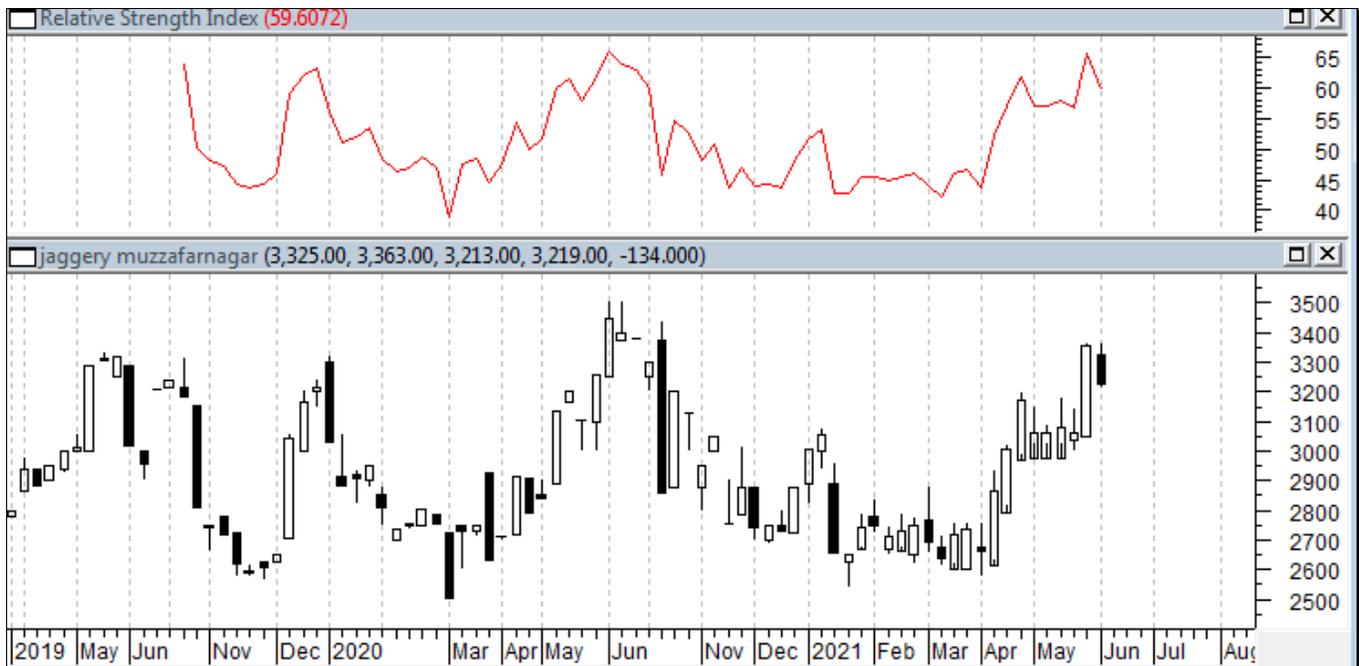
- The sugar spot prices at the benchmark Kolhapur market remained lower during last week and ended at Rs.3100/q.
- The next resistance and support level for the next week is expected at Rs.3200 and Rs.3150 per quintal respectively.
- RSI is in the neutral region.



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

**Gur Market Scenario**

- There was an increase in arrivals and it stood around 10200 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week wasRs. 3347/q and the prices in the last year were lower at Rs. 3168/q.
- RSI stood in the neutral region.



### International Market Highlights

#### Recent Updates:

**Tunisian government has increased the price of sugar per kilogram intended for family consumption by 22 per cent.** The step has been taken to reduce the fiscal deficit as part of a reform plan that includes a gradual cut in subsidies. The economy of Tunisia has shrunk by 8.8 per cent last year with a record fiscal deficit of 11.5 per cent. The country has initiated talks with the International Monetary Fund (IMF) to get the financial assistance package.

**The crop output in Brazil is likely to hit severely as the country faces its worst dry spell in 91 years.** According to the Brazilian market reports, the Agriculture Ministry has issued its first “emergency drought alert” for June through September stating that the country is likely to receive scarce rain during this period. The lack of rain across Brazil is hurting their agricultural commodities, livestock, and electricity generation as Brazil relies heavily on hydro dams for power.

#### Previous Updates

- **Brazil has witnessed the lower sugar output at 2.376 million mt, in the Center-South region.** According to UNICA the sugar output in Brazil has dropped by 4.39% compared with last year. UNICA stated that the mills in CS Brazil have crushed 41.07 million mt of sugarcane in H1 May which was down 3.01% year on year. The reduction in the cane crush for H1 May was because of average 10-12 days of delayed start in the harvest because of poor cane maturation, which has caused a ripple effect with fewer mills in operation in H1 May compared with the previous year.
- **Kenya is planning to increase sugar production in the coming season.** As to reduce the dependence on imports Kenya is now planning to increase sugar production. Presently, the country is facing the challenges of

the high cost of sugar production as compared to regional and international producers. According to the Agriculture ministry data, Kenya produces around 660,000 tonnes of sugar per year and imports around 300,000 tonnes of sugar from African countries to meet the domestic demand.

- **Sugar imports have reduced in the U.S.** According to the U.S. Department of Agriculture (USDA), Sugar imports for the United States are likely to fall from 3.15 million short tonnes (ST) from 2020/21 to 2.65 million ST in 2021-22. The USDA has cited that the increase in local production and stable demand has resulted in lowering sugar imports. The sugar production in the US is likely to be at 9.31 million ST, which is the largest in six years.
- **Global sugar output is likely to increase to 2.74 million tonnes in 2021/22 from a deficit of 1.51 million tonnes in 2020/21.** Good sugar crop in India along with the production recovery in Thailand and higher yield in Europe despite frosts in France is the main reason behind the hike in sugar surplus. Although sugar output in Brazil is expected to decrease the global output will have a surplus. Sugar output in Brazil is likely to drop to 36.3 million tonnes from 38.5 million tonnes compared with last season. India is expected to produce around 30 million tonnes this season and Thailand production is expected to increase to 85 million tonnes from 66 million tonnes last season.

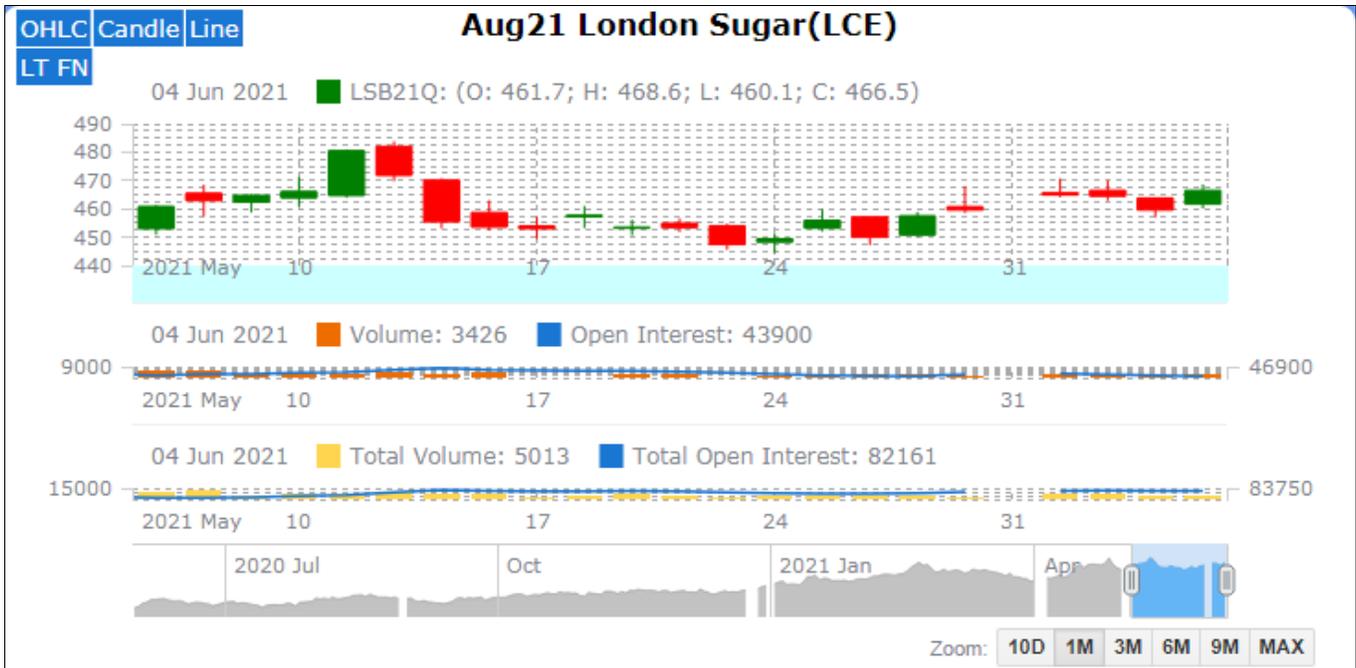
#### International Sugar Futures Price Projection

#### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Aug'21 Contract)

##### Technical Commentary

- LIFFE futures market remained steady to weak during the week.
- Total volume increased & open interest increased over a week.
- Strategy: Buy at level 462, T1 465

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'21	468	460-470

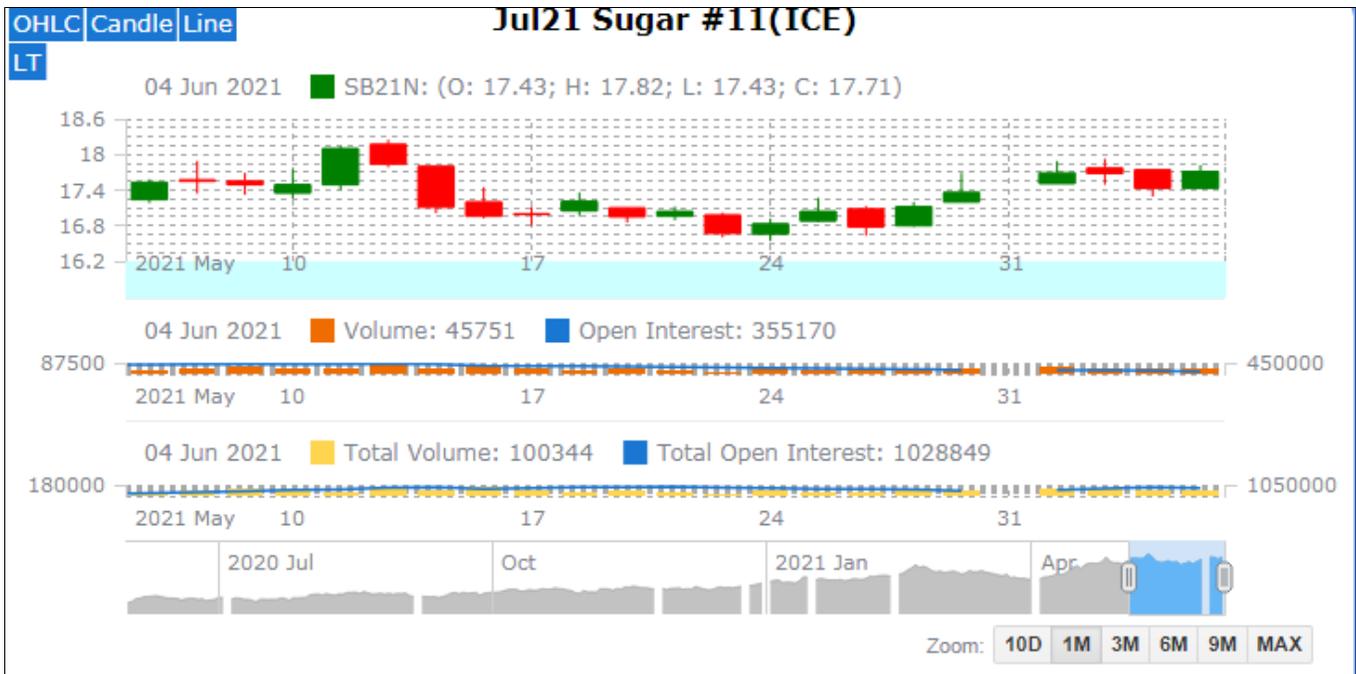


**ICE (Raw Sugar Exchange) Future Market Scenario (Jul'21 Contract)**

**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 17.4 Targeting 17.70.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'21	17.82	17.78 – 17.98



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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			27th May'21 to 02nd June'21	20th May'21 to 26th May'21	
Sugar					
Delhi	Delhi	M-Grade	3262	3283	-21
	Delhi	S-Grade	3242	3263	-21
Uttar Pradesh	Khatauli	M-Grade	3237	3301	-64
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3205	3248	-43
	Dhampur	S-Grade Ex-Mill	3185	3228	-43
	Dhampur	L-Grade Ex-Mill	3255	3298	-43
Maharashtra	Mumbai	M-Grade	3330	3332	-2
	Mumbai	S-Grade	3216	3230	-14
	Nagpur	M-Grade	3221	3225	-4
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3096	3100	-4
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3260	3260	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3580	3585	-5
	Vijayawada	S-Grade (With Duty)	3560	3565	-5
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3600	Unch

	Dindigul	M-Grade (DCA)	NA	3580	-
	Coimbatore	M-Grade (DCA)	NA	3620	-
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	<b>Unch</b>
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
			27th May'21 to 02nd June'21	20th May'21 to 26th May'21	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	3348	3098	<b>250</b>
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10200	6750	<b>3450</b>
	Muzaffarnagar	Khurpa (Fresh)	3046	2883	<b>163</b>
	Muzaffarnagar	Laddoo (Fresh)	3260	3050	<b>210</b>
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	2963	-
	Hapur	Balti	NA	NA	-
<b>Andhra Pradesh</b>	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
<b>Maharashtra</b>	Latur	Lal Variety	NA	NA	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4350	4350	<b>Unch</b>
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3366	3360	<b>6</b>
	Mandya	Achhu (Medium)	3849	3835	<b>14</b>
	Mandya	Kurikatu (Medium)	3533	3500	<b>33</b>
	Mandya	Other (Medium)	3627	3425	<b>202</b>
	Mandya	Yellow (Medium)	3503	3588	<b>-84</b>
Shimoga	Achhu (Average)	3600	3600	<b>Unch</b>	

**Spot Sugar Prices Scenario (Weekly)**

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			05-Jun-21	28-May-21	06-May-21	05-Jun-20
<b>Delhi</b>	Delhi	M-Grade	3250	3240	3270	3145
	Delhi	S-Grade	3230	3220	3250	3125
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3215	3250	Closed	3240

	Ramala	M-Grade	NA	0	Closed	0
	Dhampur	M-Grade Ex-Mill	3150	3225	Closed	3140
	Dhampur	S-Grade Ex-Mill	3130	3205	Closed	3120
	Dhampur	L-Grade Ex-Mill	3200	3275	Closed	3190
<b>Maharashtra</b>	Mumbai	M-Grade	3312	3332	3346	3490
	Mumbai	S-Grade	3210	3216	3220	3290
	Nagpur	M-Grade	3250	3200	3225	3275
	Nagpur	S-Grade	3175	3125	3125	3225
	Kolhapur	M-Grade	3125	3075	3100	3150
	Kolhapur	S-Grade	3050	3000	3000	3100
<b>Assam</b>	Guhawati	S-Grade	3360	3309	3309	3410
<b>Meghalaya</b>	Shillong	S-Grade	3370	3320	3320	3420
<b>Andhra Pradesh</b>	Vijayawada	M-Grade (With Duty)	3580	3580	3660	3600
	Vijayawada	S-Grade (With Duty)	3560	3560	3620	3540
<b>West Bengal</b>	Kolkata	M-Grade	3600	3600	3500	3530
<b>Tamil Nadu</b>	Chennai	S-Grade	3600	Closed	3600	3650
	Dindigul	M-Grade (DCA)	NA	0	3540	3640
	Coimbatore	M-Grade (DCA)	NA	0	3540	3650
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	0	3700

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)			05-Jun-21	28-May-21	06-May-21	05-Jun-20
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Sukha	3250	3313	Closed	3500
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	800	1500	Closed	2500
	Muzaffarnagar	Khurpa	3213	3150	Closed	3313
	Muzaffarnagar	Laddoo	3050	3250	Closed	3375
	Muzaffarnagar	Rascut	NA	0	Closed	2663
	Hapur	Chaurasa	NA	0	Closed	0
	Hapur	Balti	NA	0	Closed	0
<b>Andhra Pradesh</b>	Chittur	Gold	NR	0	0	4700
		White	NR	0	0	4300
		Black	NR	0	0	4100
<b>Maharashtra</b>	Latur	Lal Variety	NR	0	0	0
<b>Karnataka</b>	Bangalore	Mudde (Average)	4350	4350	4350	4450
	Belgaum	Mudde (Average)	NA	0	0	0
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	3300
	Gulbarga	Other (Average)	NA	0	0	0

	Mahalingapura	Penti (Average)	NA	0	3128	3358
	Mandya	Achhu (Medium)	3550	0	3780	3550
	Mandya	Kurikatu (Medium)	3550	0	3600	3300
	Mandya	Other (Medium)	3600	0	3400	3150
	Mandya	Yellow (Medium)	3500	0	0	3500
	Shimoga	Achhu (Average)	NA	3600	3450	3750

#### International Sugar Prices (Weekly Average)

	Contract Month	27th May'21 to 02nd June'21	20th May'21 to 26th May'21	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	17.61	17.06	0.55
	21-May	16.69	16.18	0.51
	21-Jul	17.44	16.35	1.09
LIFFE Sugar (US \$/MT)	21-Mar	467.38	455.56	11.82
	21-May	458.14	446.62	11.52
	21-Aug	461.22	449.92	11.30

Source: MRCI

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