

Price Outlook:

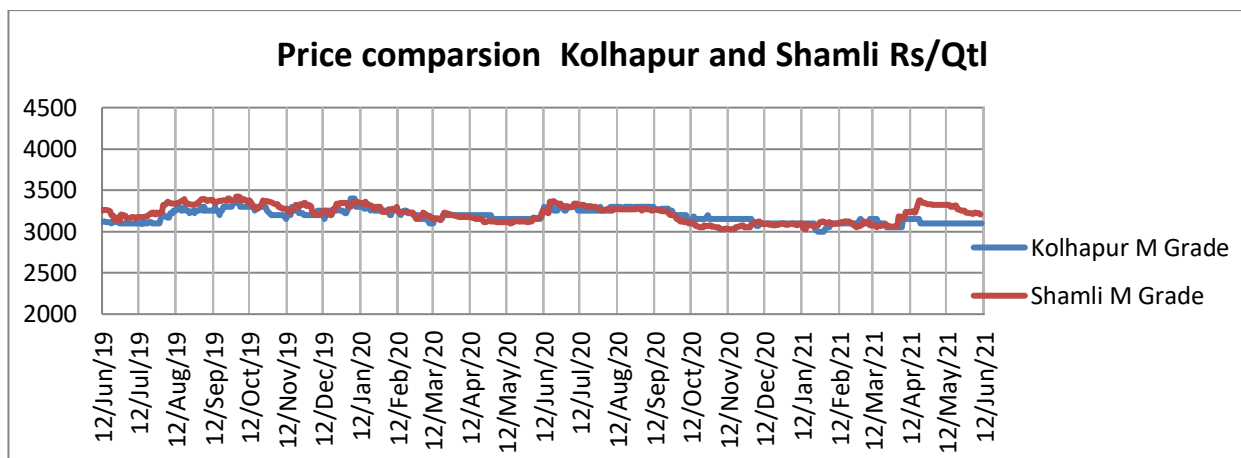
Sugar Production has reached 305.08 lakh tonnes in India. The Union government has advanced the ethanol blending target of 20 percent to 2025. Sugarcane crushing season is in the final phase across India only a few mills are operating in Uttar Pradesh. Sugar exports are likely to increase with favorable international prices in the market. The average sugar prices were lower at Rs. 3208/q from the previous week at Rs.3236/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 lower at Rs.3220 per quintal during the week.

**Domestic Market Highlights****Recent Updates:**

Sugar Exports are likely to increase in the ongoing sugar season 2020-21. With favorable international sugar prices, India is likely to export more this season. India has already made 58 lakh tonnes of export contract against MAEQ of 60 lakh tonnes of sugar for the 2020-21 seasons. Indian sugar Mills expects at least 1 million tonnes of export more than the export quota for this season.

Previous Updates

- **Sugar Stock rallied after government the government has advanced the deadline for 20 percent ethanol blending to 2023.** According to the market sources, rising ethanol demand and aggressive ethanol capacity addition would drive a compounded earnings growth of 15-20 percent over FY 21-24. Also, after the government's decision a sizeable amount of sugarcane can divert to ethanol production and this would eventually benefit the sugar industry as the situation of a supply glut will automatically get addressed and will

support pricing discipline in the long run. Most of sugar company stocks are rallied between 20% and 40% in the past month and are currently trading at a premium to their five-year average price-earnings (PE). The tight supply situation in the global market has pushed sugar prices to a four-year high. As per the market experts, global prices may stay firm for the next 3-4 months unless output from other major sugar exporters starts coming in for the next season in 2021-22. With the 20% increase in global sugar prices, India's sugar industry has been able to complete 90% of the 6 million tonnes exports in the current season.

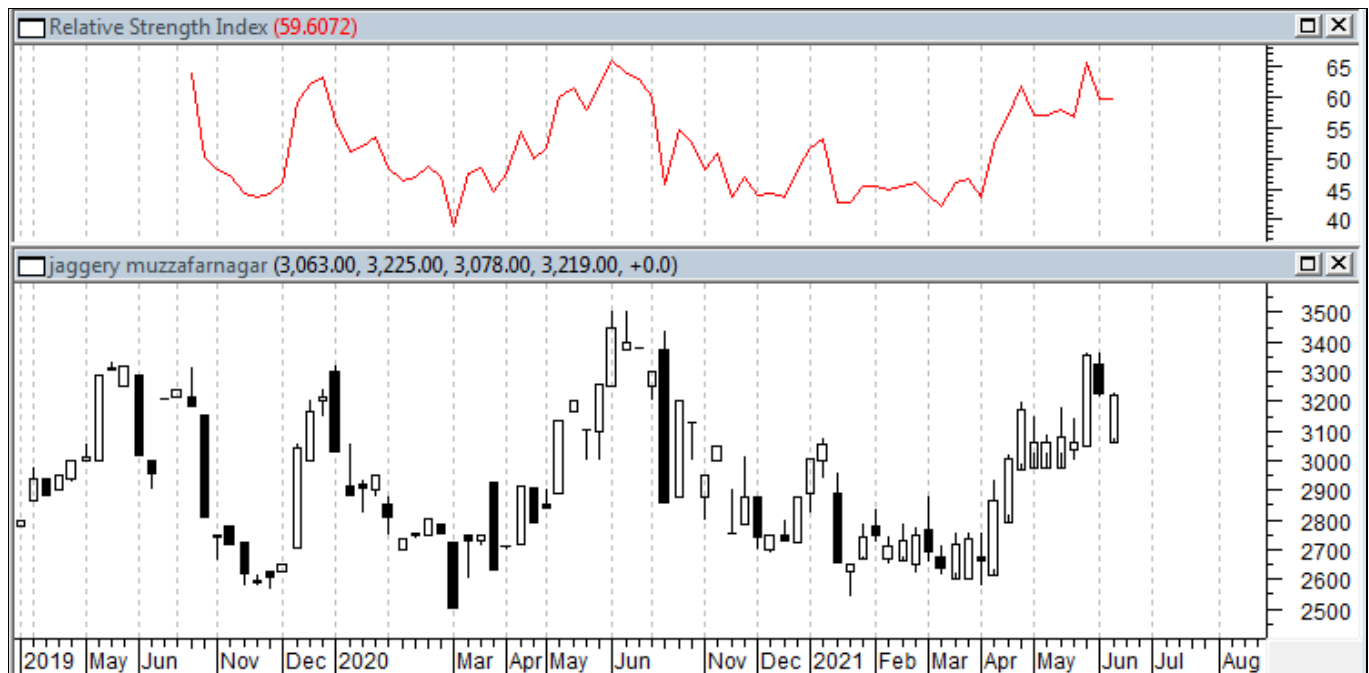
- **Government has advanced ethanol blending up to 20 percent to 2025.** The Union government has advanced the ethanol blending of 20 percent to 2025, earlier the government has set the deadline for 20 percent ethanol- blending to 2030 which has now bought forward to 2023. The sugar companies will now be using more sugarcane juice for directly making ethanol and B- heavy molasses. Around 10 states across India have reached 10 percent of the blending rate.
- **Sugar Consumption in India is expected to fall in 2021-22 season.** Due to the Covid-19 pandemic sugar consumption has fallen down by around 1.2 million tonnes, According the market experts, sugar consumption for 2020-21 was estimated to be 26.63 million tonnes but the actual consumption was down by 1.2 million tonnes at 25.4 million tonnes. In the coming season 2021-22 sugar consumption is expected to be 27.16 million tonnes but the actual demand is likely to be around 25.8 million tonnes down by 1.4 million tonnes. Thus, the cumulative fall in sugar consumption during 2020-21 and 2021-22 is expected to be 2.6 million tonnes against the cumulative expected sale of 53.79 million tonnes down by 4.83 percent.
- **According to the market experts, Sugar mills margin may improve up to 100 basis points.** With high sugar exports in the current season, coupled with increased supplies of ethanol at remunerative prices for blending with petrol will improve the operating profitability of integrated sugar mills by 75-100 basis points to 13-14 percent this fiscal year. Also, with the recent advancement of ethanol-petrol blending target of 20 percent by 2023 could help in sustaining this momentum over the medium term.
- **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 24th 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.

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 decrease in arrivals and it stood around 4900 last week of Chaku variety of gur in key Muzaffarnagar market.
- The average price during the week wasRs. 3212/q and the prices in the last year were lower at Rs. 3431/q.
- RSI stood in the neutral region.



International Market Highlights

Recent Updates:

According to Food and Agriculture Organization, Sugar production is estimated at 170.3 million tonnes in 2020-21 sugar season with a decline of 1.6 million tonnes. The decline for a third consecutive season is mainly because of the production decline in Brazil, European Union, Russia and Thailand whereas the sugar consumption was forecasted to reach 172 million tonnes in 2020-21 higher by 3.2 million tonnes. The increase mostly comes from the expected recovery in the global economy after the downturn in past season because of the corona virus.

Global Sugar Consumption is expected to decline marginally. International sugar organization has changed the earlier estimates of sugar deficit for 2020-21 season owing to the reduction in consumption across the world. The ISO, in a quarterly update has lowered the forecast of a global deficit from 4.8 million tonnes to 3.1 million tonnes in the ongoing season 2020-21. The ISO expects that the global sugar consumption will be down from 173.8 million tonnes to 172.4 million tonnes. The increases in the covid-19 cases in India and Brazil and various restrictions have led to the decline in sugar consumption.

Previous 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.
- **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.

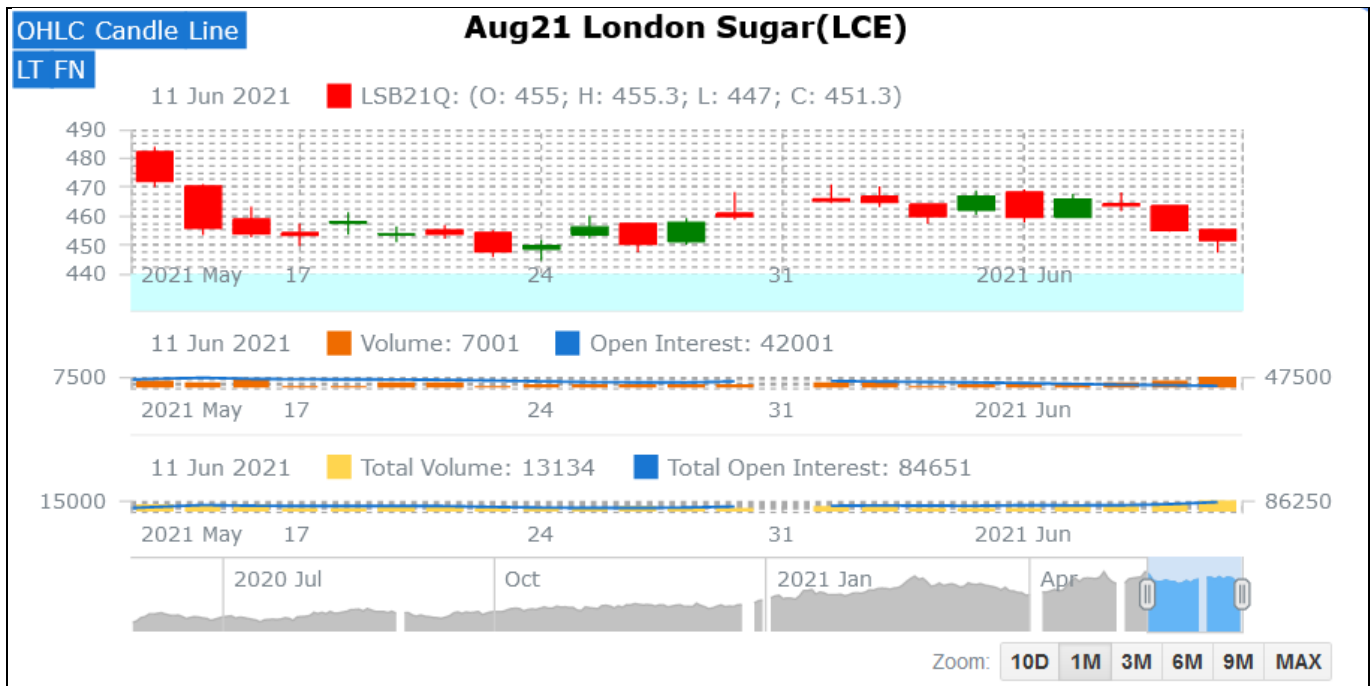
International Sugar Futures Price Projection

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 458, T1 451

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
LIFFE Sugar (US \$/MT)	Aug'21	455	450-460

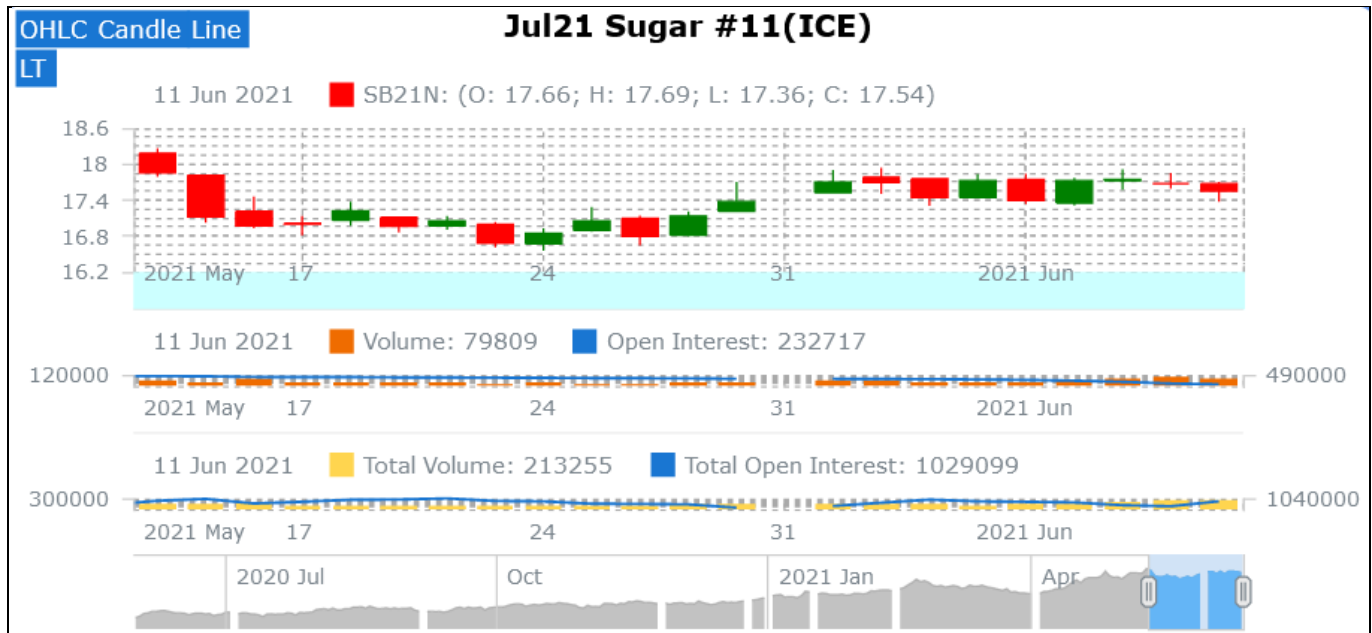


ICE (Raw Sugar Exchange) Future Market Scenario (Jul'21 Contract)

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 17.70 Targeting 17.74.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Jul'21	17.69	17.68 – 17.88



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			03rd June'21 to 09th June'21	27th May'21 to 02nd June'21	
Delhi	Delhi	M-Grade	3254	3262	-8
	Delhi	S-Grade	3234	3242	-8
Uttar Pradesh	Khatauli	M-Grade	3208	3237	-29
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3133	3205	-72
	Dhampur	S-Grade Ex-Mill	3113	3185	-72
	Dhampur	L-Grade Ex-Mill	3183	3255	-72
Maharashtra	Mumbai	M-Grade	3312	3330	-18
	Mumbai	S-Grade	3208	3216	-8
	Nagpur	M-Grade	3229	3221	8
	Nagpur	S-Grade	3154	3125	29
	Kolhapur	M-Grade	3104	3096	8
	Kolhapur	S-Grade	3029	3000	29
Assam	Guhawati	S-Grade	3289	3260	29
Meghalaya	Shillong	S-Grade	3349	3320	29
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3580	3580	Unch
	Vijayawada	S-Grade (With Duty)	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3600	Unch
	Dindigul	M-Grade (DCA)	3580	NA	-
	Coimbatore	M-Grade (DCA)	3620	NA	-

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)			03rd June'21 to 09th June'21	27th May'21 to 02nd June'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3213	3348	-135
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4900	10200	-5300
	Muzaffarnagar	Khurpa (Fresh)	3150	3046	104
	Muzaffarnagar	Laddoo (Fresh)	3163	3260	-98
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3379	3366	13
	Mandya	Achhu (Medium)	3508	3849	-341
	Mandya	Kurikatu (Medium)	3453	3533	-81
	Mandya	Other (Medium)	3363	3627	-264
	Mandya	Yellow (Medium)	3473	3503	-31
	Shimoga	Achhu (Average)	3600	3600	Unch

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			11-Jun-21	03-Jun-21	12-May-21	11-Jun-20
Delhi	Delhi	M-Grade	3275	3280	3215	3250
	Delhi	S-Grade	3255	3260	3195	3230
Uttar Pradesh	Khatauli	M-Grade	3225	3200	3370	3325
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3110	3150	3317	3200

	Dhampur	S-Grade Ex-Mill	3090	3130	3297	3180
	Dhampur	L-Grade Ex-Mill	3160	3200	3367	3250
Maharashtra	Mumbai	M-Grade	3312	3312	3340	3360
	Mumbai	S-Grade	3206	3210	3220	3290
	Nagpur	M-Grade	3225	3225	3225	3275
	Nagpur	S-Grade	3125	3150	3125	3225
	Kolhapur	M-Grade	3100	3100	3100	3150
	Kolhapur	S-Grade	3000	3025	3000	3100
Assam	Guhawati	S-Grade	3309	3334	3309	3410
Meghalaya	Shillong	S-Grade	3320	3345	3320	3420
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3580	3580	3600	3600
	Vijayawada	S-Grade (With Duty)	3560	3560	3580	3540
West Bengal	Kolkata	M-Grade	3600	3600	3500	3530
Tamil Nadu	Chennai	S-Grade	3600	3600	3600	3600
	Dindigul	M-Grade (DCA)	3580	0	3540	3640
	Coimbatore	M-Grade (DCA)	3620	0	3540	3650
Chattisgarh	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)			11-Jun-21	03-Jun-21	12-May-21	11-Jun-20
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3250	3250	3200	3450
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	800	2000	3000
	Muzaffarnagar	Khurpa	3263	3000	2875	3275
	Muzaffarnagar	Laddoo	3518	3050	3125	3413
	Muzaffarnagar	Rascut	NA	0	2600	2813
	Hapur	Chaurasa	NA	0	Closed	0
	Hapur	Balti	NA	0	Closed	0
Andhra Pradesh	Chittur	Gold	NR	0	0	4700
		White	NR	0	0	4300
		Black	NR	0	0	4100
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	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	3400
	Gulbarga	Other (Average)	NA	0	0	0
	Mahalingapura	Penti (Average)	NA	3406	3138	3368
	Mandya	Achhu (Medium)	3560	NA	0	3480

	Mandya	Kurikatu (Medium)	3350	NA	0	3200
	Mandya	Other (Medium)	3300	NA	0	3250
	Mandya	Yellow (Medium)	3450	NA	0	3400
	Shimoga	Achhu (Average)	NA	3600	3450	3750

International Sugar Prices (Weekly Average)				
	Contract Month	03rd June'21 to 09th June'21	27th May'21 to 02nd June'21	Change
ICE Sugar #11 (US Cent/lb)	21-Mar	17.81	17.61	0.20
	21-May	16.89	16.69	0.20
	21-Jul	17.31	17.44	-0.13
LIFFE Sugar (US \$/MT)	21-Mar	472.02	467.38	4.64
	21-May	462.72	458.14	4.58
	21-Aug	462.82	461.22	1.60

Source: MRCI

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