

Price Outlook:

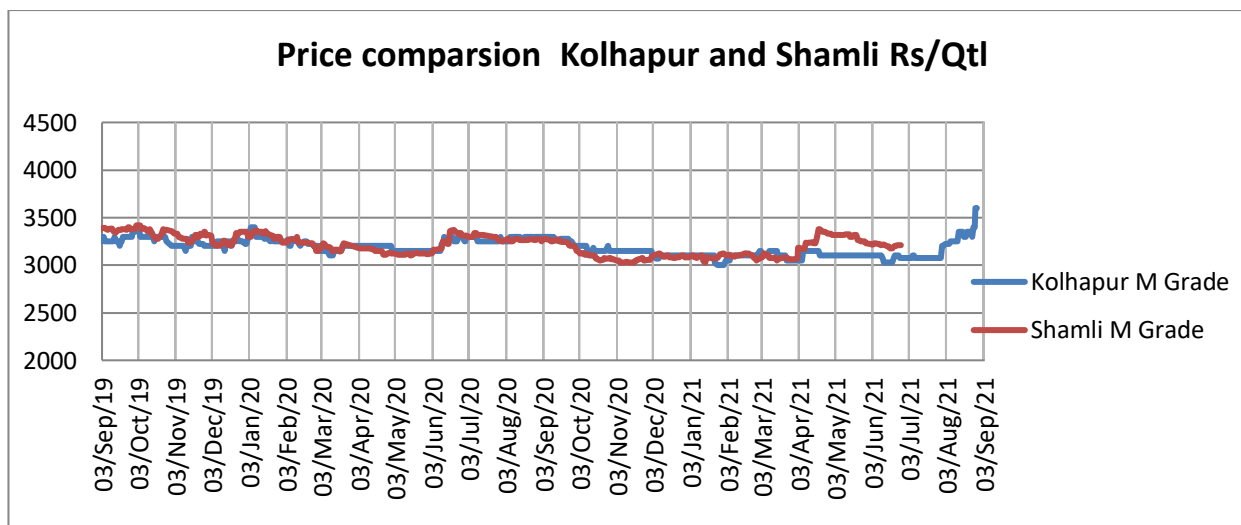
Sugar production for 2020-21 seasons are estimated at 309 lakh tonnes. The state run oil marketing companies will set up 12 ethanol manufacturing plants in the country to help India achieve the target of 20 percent ethanol blending by 2025. The average sugar prices were lower at Rs. 3484/q from the previous week at Rs.3500/q in Delhi market. The prices in Maharashtra also stood high at Rs.3460/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.3250 -3450 per quintal for next week.

Domestic Sugar Market Summary

Average prices for sugar 'M' grade in key Kolhapur market were range bound at Rs.3440 per quintal, while in Shamli district there were no arrivals during the last week.

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

- **West Bengal is focusing on ethanol production.** The West Bengal government has announced a policy to promote ethanol production and promotion in the state. An investment of Rs. 1,500 crore may come up in the next one year. The government will also encourage industry to procure broken rice kernels from farmers and produce ethanol.

Previous Updates

- **Government is planning to setup ethanol pump in India.** According to the Union Road and Transport Minister, the government is aiming to set up a network of ethanol pumps across the country in the next 6 months as advocating the use of ethanol as an alternative fuel to petrol and diesel. The government has also assured the auto industry that the ethanol will be made available across the country.
- **Tamil Nadu has witnessed lower cane arrivals during this season.** Due to the non-availability of high yielding new varieties, vagaries of monsoon increase in cost of cultivation, paucity of farm labour and stagnant sugarcane price during the last four seasons has resulted in lower availability of cane in Tamil Nadu. As a result, only 28 sugar mills had operated in the cane crushing this season 2020-21 out of which 12 are from co-operative sector and 14 from public sector. Sugar mills in the State had crushed 72.49 lakh tonnes of cane, with an average recovery of 9.12 per cent and had produced 6.67 lakh tonnes of sugar up to May 31, 2021 for the 2020-21 season.
- **According to the CACP, Price Policy for Sugarcane Report for 2021-22, the payment of FRP being made part of the order.** As per the statutory provision of Sugarcane (Control) Order, 1966, the mandates payment to farmers within 14 days from the date of supply of sugarcane but it is rarely compiled by the mills as the sale of sugar is spread throughout the year. For this, the mills take a loan from the banks to make payments to farmers and incur a huge interest cost. As a result, the commission has recommended Sugarcane (Control) Order, 1966, to allow cane payment in installments and payment of additional cane price to growers on account of interest cost saving by sugar mills. Before the CACP, the Niti Aayog has also recommended the payment of FRP in installments, which was met with stiff resistance from farmer's bodies. Niti Aayog in its March 2020 report had recommended payment of FRP in three installments, i.e. 60 percent within 14 days of cane delivery 20 percent within the next two weeks, and the rest within another one month or upon sale of sugar whichever is earlier.
- **Indian Sugar Industry is expecting a good export season.** As the world sugar prices are bullish Indian sugar industry is expecting a good run in the overseas market in the coming 2021-22 season. According to Indian Sugar Mills Association, if the current raw sugar prices hold or rise, then India would end up exporting around 30-60 lakh tonnes of sugar in the coming season.

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

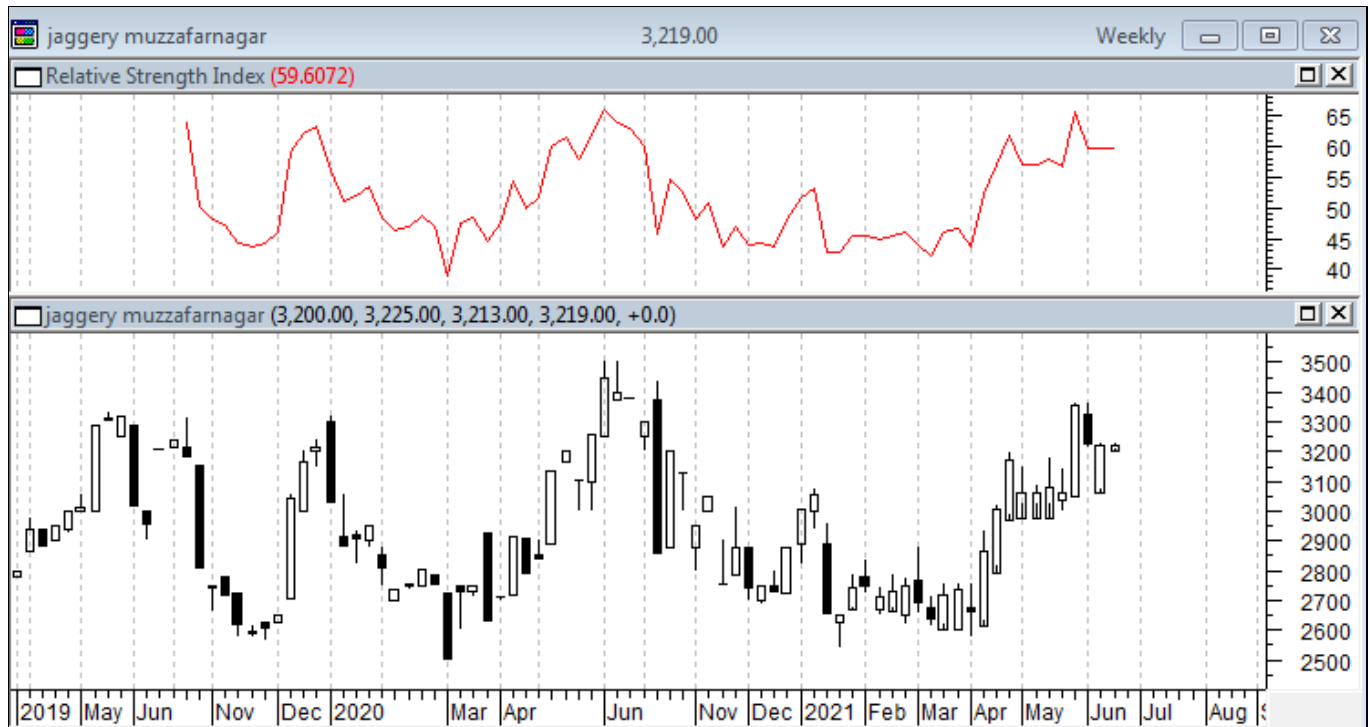
- The sugar spot prices at the benchmark Kolhapur market was higher during last week and ended at Rs.3450/q.
- The next resistance and support level for the next week is expected at Rs.3580 and Rs.3200 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- The arrivals have closed in Muzaffarnagar.



International Market Highlights

Recent Updates:

Fiji sugar production has reached 60,000 tonnes. According to the Fiji Sugar Corporation (FSC) sugar mills have crushed around 700,000 tonnes of cane and produced 60,000 tonnes of sugar so far. Despite the Covid pandemic challenges the sugar production is increasing in Fiji, the Labasa mill is leading the sugar production by supplying more than 250,000 tonnes of cane and producing 24,000 tonnes of sugar.

Previous Updates

- **According to the International Sugar Organization (ISO), the global sugar deficit in the 2021-22 sugar season is forecasted to be 3.8 million tonnes.** ISO in its May report predicted the global sugar deficit to be 2 million tonnes but due to the unfavorable conditions in major sugar-producing countries led to an increase in sugar deficit to 3.8 million tonnes. It has also stated that the sugar production is rising by 0.2% to 170.6 million tonnes in the forthcoming season as against the consumption is increasing by 1.6% to 174.5.
- **Pakistan Trading Corporation has issued a tender to purchase 200,000 tonnes of white sugar.** An international tender has been issued by the Trading Corporation of Pakistan and the deadline for submission of price offers is 24th August 2021. The tender has been issued to increase the sugar supply in the country to meet the domestic demand and arrest the rising prices. Earlier, the Economic Coordination Committee (ECC) has approved an increase in rates of sugar, ghee, and wheat flour at Utility Stores Corporation of Pakistan in

July 2021. Sugar prices in Pakistan after that had reached to Rs. 80- 100 per kg from Rs. 68-85 per kg in all the major markets.

- **Brazil Sugar Production may fall to 32.5 million tonnes in 2021-22 season.** Sugar production in the center-south region of Brazil is likely to fall to 32.5 million tonnes from an earlier estimate of 34.1 million tonnes due to drought and frost. Also, this provides opportunities for India to export raw sugar.
- **Bangladesh may face a sugarcane shortage.** With the decrease in area under sugarcane crop by almost half to 49,900 acres compared to the previous season of 1.09 lakh acres. Bangladesh may face a sugarcane shortage this year, earlier in the previous season the sudden closure of six sugar mills in the country has affected the cane farmers, and as a result area under sugarcane has decreased this year. The Bangladesh Sugar and Food Industries Corporation had decided to close six loss making sugar mills last year in order to improve their production standards. All 9 sugar mills operating across the country may face cane shortage this year. The sugarcane crushing season will begin in December 2021.

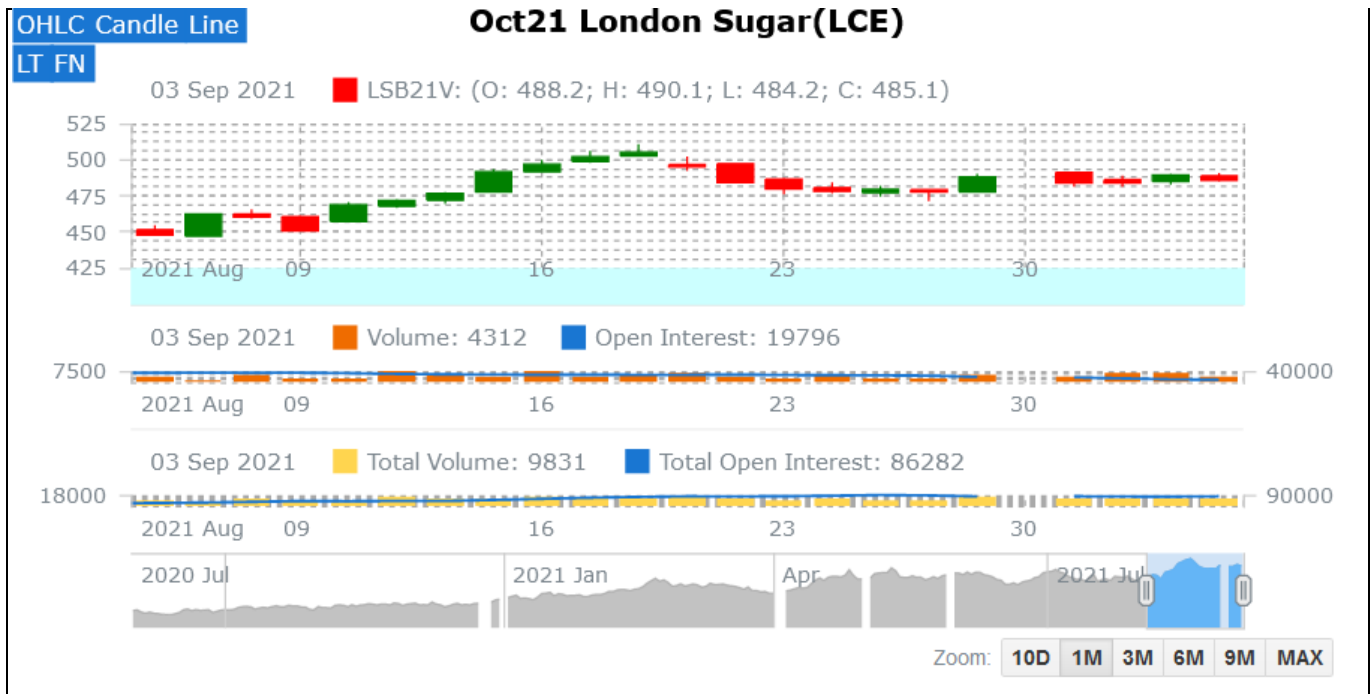
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Oct'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 492, T1 490

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
LIFFE Sugar (US \$/MT)	Oct'21	490	496-500

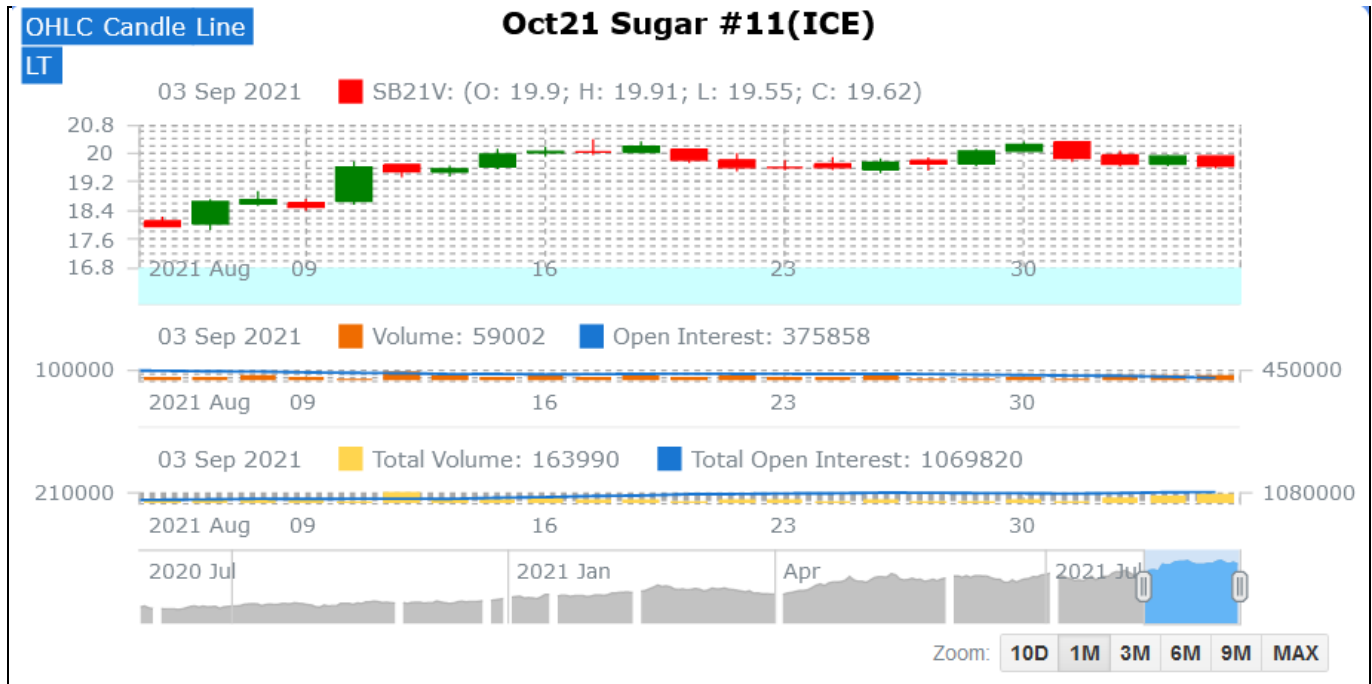


ICE (Raw Sugar Exchange) Future Market Scenario (Oct'21 Contract)

Technical Commentary:

- ICE raw sugar futures remained steady to weak during the week.
- Both total volume increased & open interest increased in a week.
- Strategy: Buy at rate 19.91 Targeting 19.55.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Oct'21	19.91	19.85– 20.0



Spot Sugar Prices Scenario (Weekly) (Average)

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			26th Aug'21 to 01st Sep'21	19th Aug'21 to 25th Aug'21	
Delhi	Delhi	M-Grade	3504	3520	-16
	Delhi	S-Grade	3484	3500	-16
Uttar Pradesh	Khatauli	M-Grade	NA	NA	-
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	NA	NA	-
	Dhampur	S-Grade Ex-Mill	NA	NA	-
	Dhampur	L-Grade Ex-Mill	NA	NA	-
Maharashtra	Mumbai	M-Grade	3732	3717	15
	Mumbai	S-Grade	3559	3576	-17
	Nagpur	M-Grade	3585	3450	135
	Nagpur	S-Grade	3455	3350	105
	Kolhapur	M-Grade	3460	3325	135
	Kolhapur	S-Grade	3330	3225	105
Assam	Guhawati	S-Grade	3590	3485	105
Meghalaya	Shillong	S-Grade	3650	3545	105
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3876	3780	96
	Vijayawada	S-Grade (With Duty)	3976	3880	96
West Bengal	Kolkata	M-Grade	3850	3665	185
Tamil Nadu	Chennai	S-Grade (With GST)	3750	3697	53
	Dindigul	M-Grade (DCA)	3520	3520	Unch
	Coimbatore	M-Grade (DCA)	NA	3600	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

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)			26th Aug'21 to 01st Sep'21	19th Aug'21 to 25th Aug'21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	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)	4225	4375	-150
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3420	3428	-8
	Mandya	Achhu (Medium)	3196	3184	12
	Mandya	Kurikatu (Medium)	3056	3118	-62
	Mandya	Other (Medium)	3048	3048	Unch
	Mandya	Yellow (Medium)	3212	3286	-74
	Shimoga	Achhu (Average)	3650	3650	Unch

Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			03-Sep-21	26-Aug-21	04-Aug-21	03-Sep-20
Delhi	Delhi	M-Grade	3570	3440	3350	3250
	Delhi	S-Grade	3550	3420	3330	3230
Uttar Pradesh	Khatauli	M-Grade	NR	NR	0	3320
	Ramala	M-Grade	NR	NR	0	0
	Dhampur	M-Grade Ex-Mill	NR	NR	0	3280
	Dhampur	S-Grade Ex-Mill	NR	NR	0	3260
	Dhampur	L-Grade Ex-Mill	NR	NR	0	3330
Maharashtra	Mumbai	M-Grade	3850	3710	3440	3496
	Mumbai	S-Grade	3700	3520	3300	3360
	Nagpur	M-Grade	3575	3425	3345	3425
	Nagpur	S-Grade	3475	3325	3245	3325
	Kolhapur	M-Grade	3450	3300	3220	3300
	Kolhapur	S-Grade	3350	3200	3120	3200
Assam	Guhawati	S-Grade	3664	3512	3431	3512
Meghalaya	Shillong	S-Grade	3670	3520	3440	3520
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	4000	3820	3600	3640
	Vijayawada	S-Grade (With Duty)	4100	3920	3680	3700
West Bengal	Kolkata	M-Grade	3850	3850	3480	3730
Tamil Nadu	Chennai	S-Grade	3950	3750	3750	3680

	Dindigul	M-Grade (DCA)	3520	3520	3520	3780
	Coimbatore	M-Grade (DCA)	NA	NA	3540	3620
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	0	3600

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	03-Sep-21	26-Aug-21	04-Aug-21	03-Sep-20
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	NA	NA	0	0
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	0	0
	Muzaffarnagar	Khurpa	NA	NA	0	0
	Muzaffarnagar	Laddoo	NA	NA	0	0
	Muzaffarnagar	Rascut	NA	NA	0	0
	Hapur	Chaurasa	NA	NA	0	0
	Hapur	Balti	NA	NA	0	0
Andhra Pradesh	Chittur	Gold	NR	NR	0	0
		White	NR	NR	0	0
		Black	NR	NR	0	0
Maharashtra	Latur	Lal Variety	NR	NR	0	0
Karnataka	Bangalore	Mudde (Average)	4350	4100	4500	4450
	Belgaum	Mudde (Average)	NA	NA	0	0
	Belthangadi	Yellow (Average)	NA	NA	0	0
	Bijapur	Achhu	NA	NA	0	0
	Gulbarga	Other (Average)	NA	NA	0	0
	Mahalingapura	Penti (Average)	3462	3420	3321	3513
	Mandya	Achhu (Medium)	3150	3250	3150	3500
	Mandya	Kurikatu (Medium)	3050	3050	3100	3450
	Mandya	Other (Medium)	3000	3090	3000	3300
	Mandya	Yellow (Medium)	3100	3230	3100	3380
	Shimoga	Achhu (Average)	3650	3650	3650	3700

International Sugar Prices (Weekly Average)				
	Contract Month	26th Aug'21 to 01st Sep'21	19th Aug'21 to 25th Aug'21	Change
ICE Sugar #11 (US Cent/lb)	21-Jul	19.80	19.44	0.36
	21-Oct	18.91	18.42	0.49
	22-Mar	19.89	19.65	0.24
LIFFE Sugar (US \$/MT)	21-Aug	515.96	507.64	8.32
	21-Oct	511.72	503.64	8.08
	21-Dec	499.84	491.90	7.94

Source: MRCI

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