

**Price Outlook:**

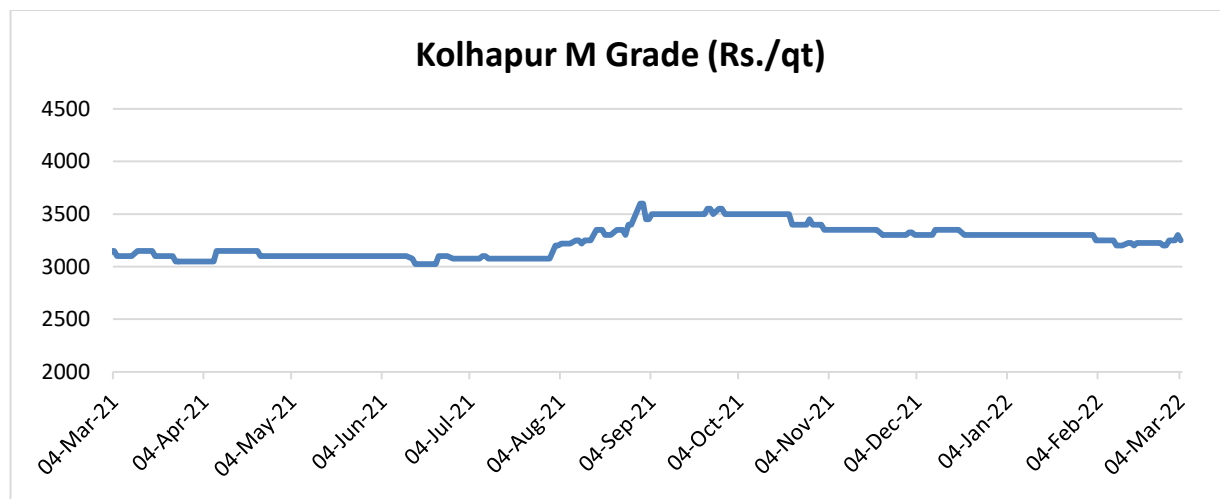
Prices in the major markets across India showed a mixed trend last week. The average sugar prices have slightly increased to Rs. 3436/q this week from Rs.3430/q last week in Delhi market. The prices in Maharashtra were stable at Rs.3250/q. Tensions between Russia and Ukraine have started affecting the global agricultural trade. India's sugar market is not expected to get much affected by the Russia-Ukraine war, in the short term.

**Price Projection for the Next week**

As per the Agriwatch estimates, spot sugar prices (M grade) in the benchmark Kolhapur market are likely to slightly increase in next week to between Rs.3250 -3300 per quintal.

**Domestic Sugar Market Summary**

Out of 516 sugar mills which had started crushing in 2021-22 Sugar Season, 27 sugar mills had stopped their crushing operations till 28<sup>th</sup> February 2022 in India. Last year, 503 sugar mills had operated, out of which 99 had stopped crushing on the corresponding date last year. Sugarcane crushing season in Maharashtra is in the final phase and the mills will start closing operations soon. Maharashtra is leading in sugar production in India with around 197 sugar mills in operation in the state. Average prices for Sugar 'M' grade in key Kolhapur market was steady at Rs.3250 per quintal last week.

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

India had signed around 60 lakh tonnes of sugar export contracts upto February'22 of which about 42 lakh tonnes of sugar has been physically exported by 28th February 2022. Another 12-13 lakh tonnes of sugar are expected to be exported in March 2022. Indian Sugar Mills Association expects a increase of 15.38 percent year on year to a total of 7.5 million tonnes in 2021-22 season.

Previous Updates

- The Food Ministry has allocated 21.5 LMT monthly sugar quota for March 2022 to 566 sugar mills which is 1.5 LMT higher than the quota released during the previous season for February 2021. In February 2022, the government has fixed 20 LMT monthly sugar quota for domestic scale.

- Around 489 sugar mills are currently still crushing cane in India. Sugar mills have produced around 257.87 lakh tonne of sugar till 28th February'2022 as against 234.83 lakh tonne produced same period last year. The States of Andhra Pradesh & Telangana, Bihar, Uttarakhand, Punjab, Haryana and Madhya Pradesh & Chhattisgarh, Rajasthan, Odisha have collectively produced 23.78 lakh tonne of sugar till 28th February, 2022. The

State	Sugar Production (as of 28th Feb.) (in Lakh Tonne)		Mills in Operation (as of 28th Feb.)	
	2020	2021	2020	2021
Maharashtra	84.85	97.15	176	197
Uttar Pradesh	74.20	68.64	109	112
Karnataka	40.83	50.84	14	65
Gujarat	7.49	7.93	15	15
Tamil Nadu	3.22	4.53	25	26

adjoining table shows the state-wise breakup of sugar production for major states till 28th February 2022 and its comparison with the previous year.

- Indian Sugar Mills Association has revised its sugar production estimate for 2021-22 Sugar Season during the last week, Sugar production for Maharashtra has revised to 126 lakh tons (after diversion into ethanol), against 117 lakh tons estimated from its previous 2<sup>nd</sup> advance estimates. Similarly, Karnataka is now expected to produce 55 lakh tons (after diversion into ethanol), as against 45.21 lakh tons estimated earlier. However, not much change is expected in other States including U.P., and they are expected to produce 152 lakh tons of sugar (after diversion into ethanol). All India sugar production in 2021-22 Season is expected as 333 lakh tons, considering diversion of 34 lakh tons of sugar equivalent into ethanol. Agriwatch has estimated 320 lakh tonnes of sugar production for the 2021-22 season.
- According to the Maharashtra Sugar Commissioner, sugar mills in Maharashtra have produced 980.08 lakh quintals of sugar till 01st March 2022 by crushing 953.94 lakh tonne of sugarcane. Kolhapur division is leading in the state in terms of sugar recovery with 11.68 percent whereas for the entire state, Maharashtra sugar recovery rate has reached 10.27 percent.
- According to the Second Advance Estimate released by the Ministry of Agriculture for the 2021-22 season, Sugarcane production is expected to reach 4140.44 lakh tonne which is higher as compared to previous 2020-21 season's production of 4053.99 lakh tonne.

## International Market Highlights

### Previous Updates

- International Sugar Organization has lowered the global sugar deficit for the 2021-22 season to 1.93 million tonne from an earlier projection of 2.55 million tonne. The reduction in sugar consumption from 173.03 million tonne to 172.44 million tonne was the primary reason for lowering the global deficit. Earlier the global sugar output was projected to increase from 170.47 million tonne to 170.51 million tonne.
- According to the Bangladesh Sugar and Food Industries Corporation, sugar output in Bangladesh is expected to get affected in this season as after the closure of the six sugar mills, the farmers did not cultivate sufficient cane for supply to the sugar mills which has resulted in the lower sugar output. Around 9 sugar mills are operating and they are likely to produce 24,900 tonne of sugar by crushing 442,000 tonne of sugarcane this season
- According to Unica, the high prices of ethanol have dented the demand in Brazil. The total sales in January were reported at 1.76 billion litres, lowest volume since April 2021 when the ethanol sales were affected due to a lockdown imposed to control the spread of the pandemic. The sale of hydrous ethanol fell by 44 percent to 918 million litres. Mills in Brazil had increased sugar production to gain more profit which resulted in low ethanol production and a dwindling supply of fuel increased the prices of Biofuel.
- The Sugar Regulatory Administration (SRA) has stated that Philippines will import 200,000 metric tonnes of sugar in the 2021-22 season to check the rising domestic prices. The sugar prices in the country are rising despite stable local production. The Sugar Regulatory Administration (SRA) plans to import 100,000 metric tonnes of standard grade refined sugar while the 100,000 MT would be refined sugar of “bottlers’ grade” for the beverage industry.
- According to SRA the damage caused due to Typhoon “Odette” (international name: Rai) to the sugarcane crops grown in Negros, Panay and Eastern Visayas has led to the increase in wholesale and retail prices of raw and refined sugar. The sugarcane as well as sugar stocks in warehouses and facilities at sugar mills and refineries were also damaged due to the Typhoon.

## International Sugar Futures Price Projection



## LIFFE (White Sugar Exchange) Future Market Sugar Scenario (May'22 Contract)

## Technical Commentary

- LIFFE futures market was strong during the week.
- Further, LIFFE future market is expected to go slightly upward in the coming week before correcting further.
- Currently trading above 532 US \$/ MT
- Total volume increased & open interest slightly decreased over a week.
- Strategy: Buy at level 530, T1 538

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
LIFFE Sugar (US \$/MT)	May'22	532	530-545



### ICE (Raw Sugar Exchange) Future Market Scenario (May'22 Contract)

#### Technical Commentary:

- ICE raw sugar futures are expected to remain steady during the week.
- Total volume has slightly increased in the last week.
- Resistance level of 18.40 has been crossed with the starting of March month. Further upward trend is expected in the coming week before correcting downward.
- Strategy: Buy at rate 19.32 Targeting 19.38.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	The expected Price level for next week
ICE Sugar #11 (US Cent/lb)	May'22	19.35	19.32-19.45

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

Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			24th Feb'22 to 02th Mar'22	17th Feb'22 to 23rd Feb'22	
Delhi	Delhi	M-Grade	3436	3430	6
	Delhi	S-Grade	3416	3410	6
Uttar Pradesh	Khatauli	M-Grade	3518	3583	-65
	Ramala	M-Grade	3382	3433	-51
	Dhampur	M-Grade Ex-Mill	3342	3400	-58
	Dhampur	S-Grade Ex-Mill	3322	3380	-58
	Dhampur	L-Grade Ex-Mill	3392	3450	-58
Maharashtra	Mumbai	M-Grade	3495	3503	-7
	Mumbai	S-Grade	3341	3341	0
	Nagpur	M-Grade	3350	3350	Unch
	Nagpur	S-Grade	3250	3250	Unch
	Kolhapur	M-Grade	3225	3225	Unch
	Kolhapur	S-Grade	3125	3125	Unch
Assam	Guhawati	S-Grade	3385	3385	Unch
Meghalaya	Shillong	S-Grade	3445	3445	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3800	3800	Unch
	Vijayawada	S-Grade (With Duty)	3760	3760	Unch
West Bengal	Kolkata	M-Grade	3800	3800	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3640	3650	-10
	Dindigul	M-Grade (DCA)	3890	3890	Unch
	Coimbatore	M-Grade (DCA)	3780	3780	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)			24th Feb'22 to 02th Mar'22	17th Feb'22 to 23rd Feb'22	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2970	3009	-39
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	49000	63000	-14000
	Muzaffarnagar	Khurpa (Fresh)	2666	2671	-5

	Muzaffarnagar	Laddoo (Fresh)	2943	3005	-63
	Muzaffarnagar	Rascut (Fresh)	2588	2573	15
	Hapur	Chaurasa	2738	2667	71
	Hapur	Balti	2656	2629	27
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4350	4550	-200
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3426	-
	Mandya	Achhu (Medium)	3093	3098	-6
	Mandya	Kurikatu (Medium)	2938	2932	6
	Mandya	Other (Medium)	2850	2870	-20
	Mandya	Yellow (Medium)	2908	2972	-64
	Shimoga	Achhu (Average)	3700	3700	Unch

## Spot Sugar Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			03-Mar-22	23-Feb-22	01-Feb-22	03-Mar-21
Delhi	Delhi	M-Grade	3450	3395	3475	3150
	Delhi	S-Grade	3430	3375	3455	3130
Uttar Pradesh	Khatauli	M-Grade	3500	3550	3550	3150
	Ramala	M-Grade	3380	3400	NA	0
	Dhampur	M-Grade Ex-Mill	3325	3350	3400	3070
	Dhampur	S-Grade Ex-Mill	3305	3330	3380	3050
	Dhampur	L-Grade Ex-Mill	3375	3400	3450	3120
Maharashtra	Mumbai	M-Grade	3506	3500	3646	3326
	Mumbai	S-Grade	3356	3340	3352	3202
	Nagpur	M-Grade	3425	3350	3425	3275
	Nagpur	S-Grade	3325	3250	3325	3175
	Kolhapur	M-Grade	3300	3225	3300	3150
	Kolhapur	S-Grade	3200	3125	3200	3050
Assam	Guhawati	S-Grade	3512	3436	3512	3360
Meghalaya	Shillong	S-Grade	3520	3445	3520	3370
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3800	3800	3800	3700
	Vijayawada	S-Grade (With Duty)	3760	3760	3760	3660

West Bengal	Kolkata	M-Grade	3800	3800	3730	3600
Tamil Nadu	Chennai	S-Grade	3600	3650	3750	3450
	Dindigul	M-Grade (DCA)	3890	3890	3890	3680
	Coimbatore	M-Grade (DCA)	3780	3780	3780	3540
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3500	3600

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## Spot Jaggery(Gur) Prices Scenario (Weekly)

Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			03-Mar-22	23-Feb-22	01-Feb-22	03-Mar-21
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3000	3050	3303	2913
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	5000	10000	8000
	Muzaffarnagar	Khurpa	2700	2613	3088	2600
	Muzaffarnagar	Laddoo	2988	3000	3403	2850
	Muzaffarnagar	Rascut	2563	2550	2525	2425
	Hapur	Chaurasa	2725	2700	2788	2500
	Hapur	Balti	2625	2650	2750	2450
Andhra Pradesh	Chittur	Gold	NR	0	0	0
		White	NR	0	0	0
		Black	NR	0	0	0
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4350	4550	4550	4150
	Belgaum	Mudde (Average)	NA	0	0	0
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	0
	Gulbarga	Other (Average)	NA	3300	0	0
	Mahalingapura	Penti (Average)	NA	0	0	0
	Mandya	Achhu (Medium)	3020	3100	3020	3700
	Mandya	Kurikatu (Medium)	2930	2930	2950	3400
	Mandya	Other (Medium)	2810	2820	2850	3500
	Mandya	Yellow (Medium)	3000	2950	3100	3550
	Shimoga	Achhu (Average)	NA	NA	3700	3450



International Sugar Prices (Weekly Average)				
	Contract Month	24th Feb'22 to 02th Mar'22	17th Feb'22 to 23rd Feb'22	Change
ICE Sugar #11 (US Cent/lb)	22-Mar	18.32	18.34	-0.02
	22-May	18.03	17.75	0.28
	22-Jul	17.98	17.62	0.36
LIFFE Sugar (US \$/MT)	22-Mar	504.15	487.12	17.03
	22-May	492.25	483.18	9.07
	22-Aug	485.23	477.14	8.09

Source: MRCI

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