

Price Outlook:

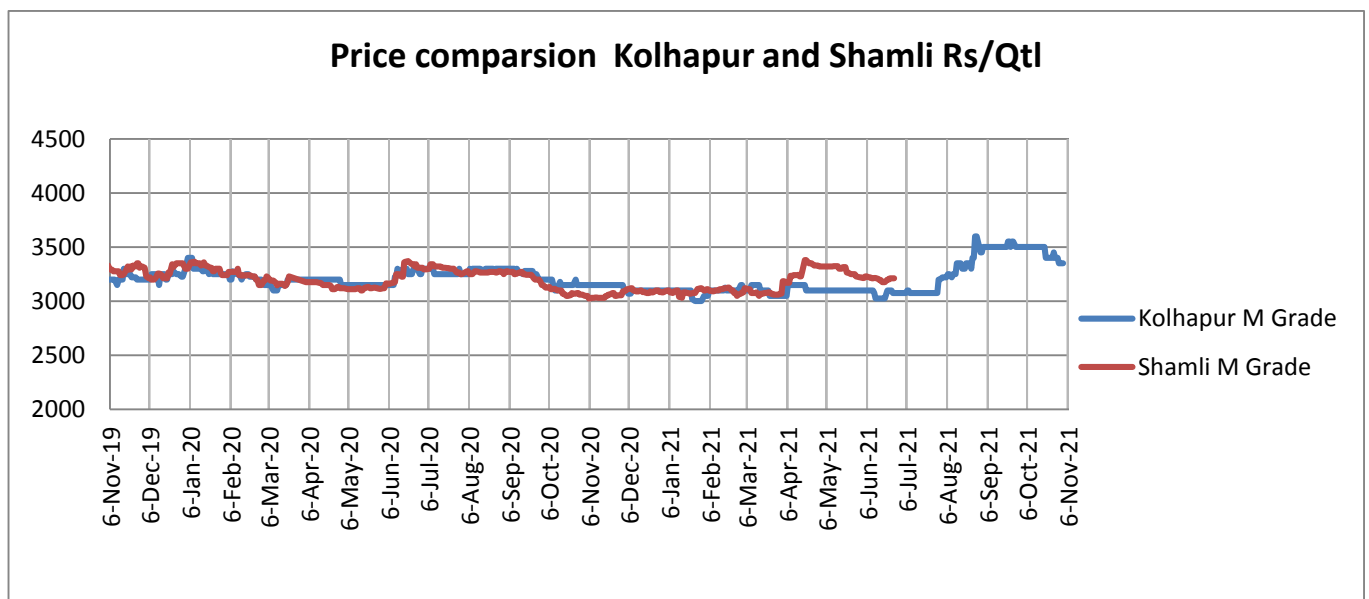
The Union government has approved ethanol projects worth Rs. 3400 crore for Bihar. Government has fixed 22.5 LMT of monthly sugar sales quota for November 2021. Sugarcane crushing has started in Maharashtra and will start in Uttar Pradesh from this month. The average sugar prices were higher at Rs. 3658/q from the previous month at Rs.3443/q in Delhi market. The prices in Maharashtra also stood slightly firm at Rs.3372/q in October'21.

Price Projection for the Next Month:

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market is likely to remain range bound next month between Rs.3,300 -3,550 per quintal.

Domestic Sugar Market Summary:

The average price for sugar 'M' grade in key Kolhapur market stood firm at Rs. 3472/q lower from the previous month price Rs.3508 per quintal in September month. No arrivals was in Shamli the average Spot sugar prices for the same grade in Shamli district for previous month was Rs.3206 per quintal in June 2021.



Domestic Market Highlights

Recent Updates:

Government has fixed 22.5 LMT of monthly sugar sales quota for November 2021. The food ministry has allocated 22.5 LMT monthly sugar quota for November 2021 to 558 sugar mills which is same as the quota released during the previous season for November 2020. Government has also given an extension of 30 days to sell the unsold quota of October 2021. As per Agriwatch, this will create a selling pressure for the sugar mills despite of the festive demand.

Indian Sugar Mills Association has estimated sugar production at 305 lakh tonnes for the 2021-22 season.

As per the Indian Sugar Mills Association, India's sugar production (after accounting a reduction due to diversion of cane juice and B- heavy molasses to ethanol) is estimated at 305 lakh tonnes lower from the previous estimates of 310 lakh tonnes during July 2021. Total acreages under sugarcane in the country is estimated to be around 54.37 lakh hectares in 2021-22 season which is 3 percent higher from previous season of 52.88 lakh hectares. ISMA is also expecting a marginal decrease in yield and sugar recovery from Uttar Pradesh due to recent rains.

Punjab sugar mills will operating for the new season from 15th November 2021. According to the market sources, Punjab sugar mills including both private and cooperative sugar mills will start their cane crushing operation from 15th November 2021 for the 2021-22 season.

About 54 sugar mills in Maharashtra have started the cane crushing operation for the 2021-22 season. Till 01st November 2021, sugar mills have crushed 18.35 lakh tonnes of sugarcane to produce 13.32 lakh quintals of sugar. Around 30 sugar mills from Pune and Kolhapur regions have started the cane crushing operations. Total 31 cooperative and 23 private sugar mills have started the cane crushing operation as on 01st November 2021. As per the agriwatch market analysis, about 190 sugar mills had participated in the cane crushing operation last season of which 154 sugar mills have paid 100 percent of the FRP (fair and remunerative price). Around 36 sugar mills are yet to clear the FRP of around Rs. 321.41 crore.

Due to heavy and untimely rainfall in Uttar Pradesh especially in the eastern Uttar Pradesh, yield and sugar recovery are both likely to fall in the 2021-22 season. Also, a higher diversion to ethanol production are likely to result in a drop in sugar production. As a result, Maharashtra is likely to overtake Uttar Pradesh in sugar production this season with good monsoon rainfall and sufficient water availability in the reservoirs in the region. Although ratoon cane availability is higher than plant cane i.e yield per hectare is expected to be slightly lower as compared to previous season in Maharashtra. ISMA has estimated the sugar production (without considering diversion into ethanol) in Maharashtra to be around 122.5 lakh tonnes and around 113.5 lakh tonnes in Uttar Pradesh for the 2021-22 season.

Sugar industry may face challenges for export of sugar during the 2021-22 season. For the 2021-22 season, till 28th October 2021, sugar mills have signed contracts to export 1.5 million tonnes of sugar. But the sugar mills are likely to face 3 key challenges on the way. One Thailand production is expected to be higher this season, second instability in the market in Afghanistan which can affect the India's exports and third, Sri Lanka's shortage of foreign exchange. In the previous season, major sugar export destination for India were Indonesia, Afghanistan and Sri Lanka. (Around 50 percent of the total exports were sent to these countries). Indian sugar sector needs to find new ways to overcome these challenges for export in the 2021-22 season.

Ethanol Blending Program has reached all the states across the country. India's ethanol blending program (EBP) was launched in 2013-14 in 9 States i.e. Maharashtra, Gujarat, Goa, Uttar Pradesh, Haryana, Punjab, Karnataka, Andhra Pradesh, Tamil Nadu, and 4 Union Territories but has now reached all the states of the country

with Sikkim becoming the last state join EBP. Earlier, India has set the ambitious target of blending 20% ethanol in petrol by 2025. During the present ethanol supply year (ESY) December to November, India has achieved 7.89% blending and by the end of November, is likely to hit 8.1% to 8.2% blending.

India and Thailand would be competing for sugar export during 2021-22 season. The India and Thailand would be competing for Indonesia market besides these two nations, Australia will also compete for market share there. Thai sugar will give competition to Indian sugar, especially due to the high freight differential (\$15-\$20) for destinations such as Indonesia. India needs to price its sugar to match Thai offers. Thailand sugar production is projected to rebound by 33 per cent to 10 MT this season. After taking into consideration domestic consumption of 3 MT in Thailand, it would have 7 MT of surplus sugar to export. It is expected to export 2.5-3 MT more sugar than last year. According to ISMA, after a record 7.1 million tonnes (MT) exports last season (October 2020-September 2021), Indian sugar shipments will likely face stiff competition from Thailand during the 2021-22 season. Sugar prices in the domestic market are currently prevailing between Rs. 3200- Rs. 3500 per quintal.

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

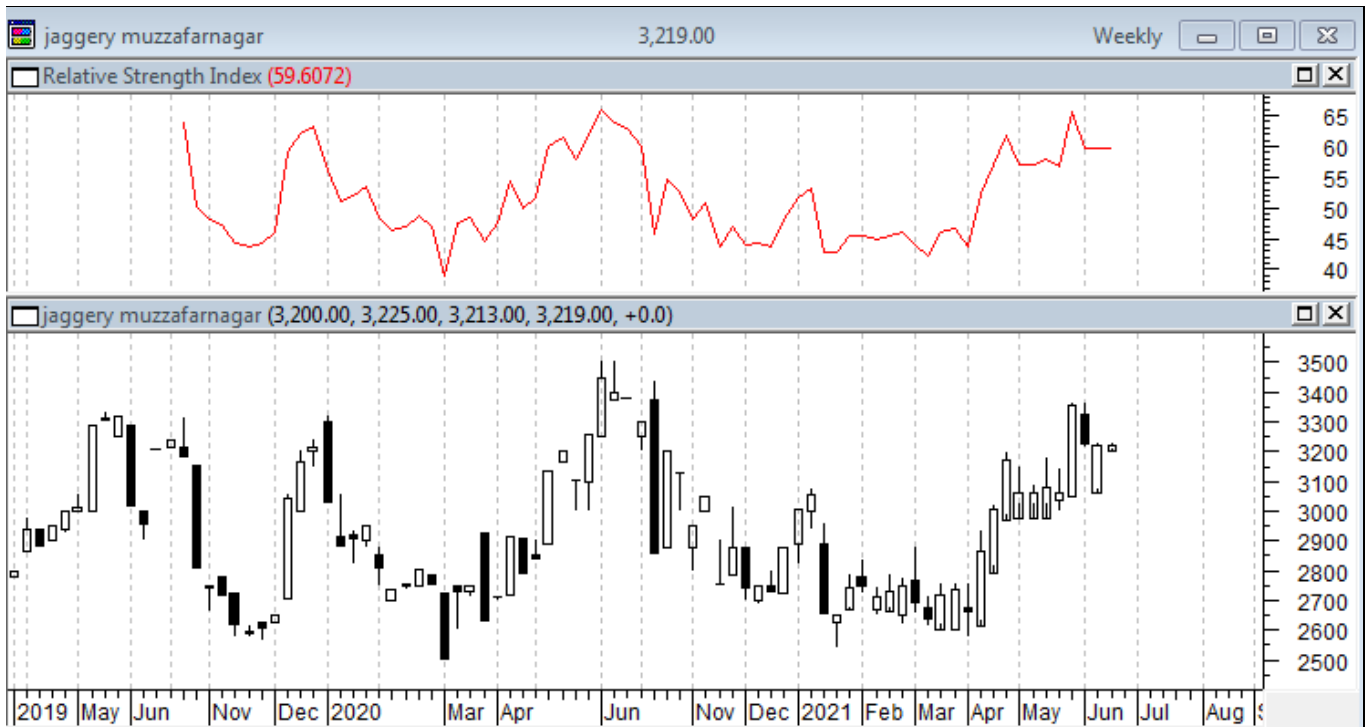
- Sugar average prices at benchmark Kolhapur market closed at Rs.3550/quintal during October 2021.
- Next resistance and support level for the next month is expected at Rs.3380 and Rs.3200 per quintal respectively.
- RSI is in the neutral region.



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

Gur Market Scenario

- The arrivals in Muzaffarnagar market have closed down.
- RSI stood in the neutral region.



Sugar Domestic Balance Sheet

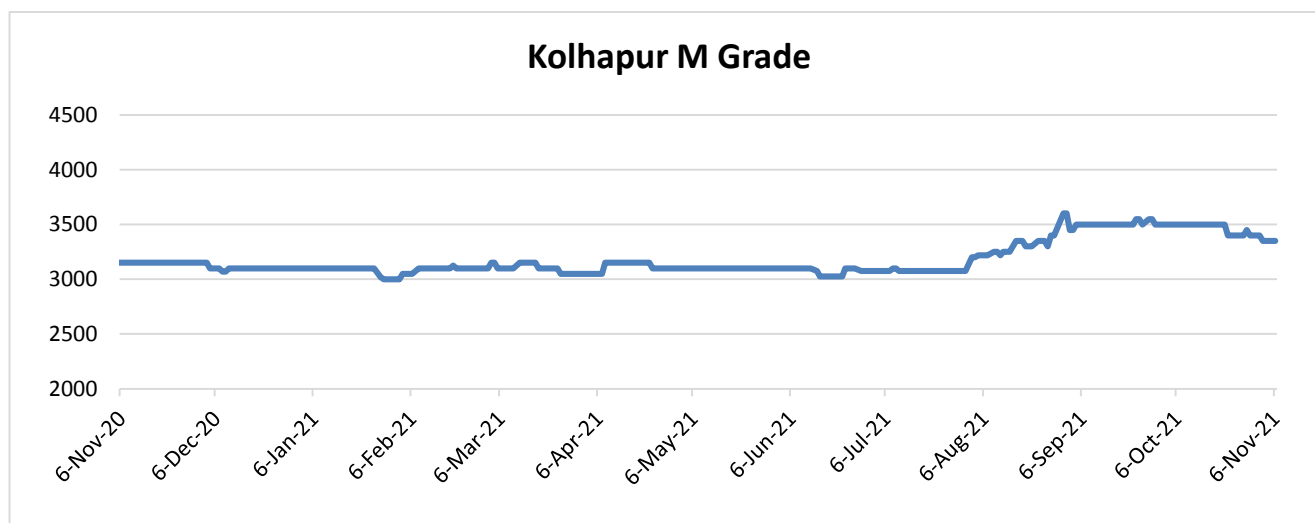
- As per the Agriwatch's latest estimate, India's sugar production was 30.9 MMT during 2020-21 SS and sugar production in 2021-22 is likely to remain stable at 30.80 MMT. Lower sugar production is expected in 2021-22 due to more cane diversion to ethanol.
- Sugar domestic consumption was at 26.5 MMT in 2020-21. Consumption is expected to remain maintained at 26.50 MMT in 2021-22.
- 2020-21 sugar seasons is expected to end with 6.64 MMT carry over stock and it is projected that in 2020-21 SS, the ending stock may decrease to 4.94.

SUGAR BALNCE SHEET 2021-22(MMT)								
SUGAR BALNCE SHEET 2020-21(MMT)	2019-20*	2020-21*	Jul-Sep	2021-22*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	11.97	9.44	14.32	6.64	6.64	8.54	17.01	11.79
Estimated sugar production	27.25	30.90	0.18	30.80	10.05	17.10	3.50	0.15
Imports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	39.22	40.34	14.50	37.44	16.69	25.64	20.51	11.94
Exports	6.00	7.20	1.20	6.00	1.45	2.18	2.02	0.35
Availability for domestic consumption (D - E)	33.22	33.14	13.30	31.44	15.24	23.46	18.49	11.59
Estimates sugar consumption	23.79	26.50	6.66	26.50	6.70	6.45	6.70	6.65
Carry out stock (F - G)	9.44	6.64	6.64	4.94	8.54	17.01	11.79	4.94

Domestic Sugar* (M- grade) Price Projection for next 3 months

Particulars	Month	(Rs/Qtl)
Current month Average Price	Nov'21	3200-3350
Previous month's Average Prices	Oct'21	3471
	Sep'21	3508
	Aug'21	3298
	July'21	3076
	June'21	3076
	May'21	3104
	April'21	3112
	Mar'21	3104
	Feb'21	3084
	Jan'21	3084
	Dec'20	3287
Projected Price Range	Dec'21	3200-3350

* Kolhapur benchmark



International Sugar Market Summary:

The average global raw sugar prices have decreased significantly by around 0.7% to 19.24 cents/lbs in October from 20.01 cents/lbs in September. The average prices of refined sugar were down by around 1% to \$505.08/tonne in October from \$506.44/tonne during September'21.

International Market Highlights:

Sugar importers from Sri Lanka has urged the government to release an adequate amount of dollars to the banks to import sugar. This will further help to regularize the sugar import and control the sugar price. Earlier, The Consumer Affairs Authority has fixed the prices for white sugar at Rs. 122 per kg and for brown sugar at Rs. 125 per kg. Despite this, sugar is been sold at a higher rate in the market.

According to the Ukrtsukor National Association of Sugar Producer of Ukraine, sugar output in Ukraine has crossed 562.3 thousand tonnes by crushing 4.20 million tonnes of sugar beet till 23rd October 2021. Around 29 sugar refineries have participated in the sugar beet processing in 2021 season. As per the data released by Economy Ministry, Ukraine is likely to produce 1.4 million tonnes of sugar this season. In the previous season, around 30 sugar refineries had participated in the beet refining season and produced 1.1 million tonnes of sugar.

Bangladesh Sugar Refiners Association (BSRA) has proposed the government to increase the sugar price by Bangladeshi Taka (TK) 10 per kg i.e. from TK 75 per kg to TK 85 per kg and the MRP of unpacked sugar to TK 80 from TK 74 per kg. Although the commerce industry is yet to approve the price hike, the sugar is sold at higher rates in the domestic market.

Kenyan Parliament is planning to make changes in the law to penalize the sugar mills if they delay cane payment to farmers. The Parliament has approved changes to the Sugar Bill 2019, according to which the millers will be given a time limit to pay farmers their dues else they would have to pay a fine. The bill now awaits the President's assent to become a law that will protect the sugarcane farmers.

According to the Department of Agriculture Philippines, the projected shortfall of the sugar output in the country has led the Philippines to decide not to export raw sugar to the United States. The domestic production would be used to meet local needs. Earlier in the previous month, USDA had revised the export forecast from 140,000 metric tons to zero for the 2021-22 season.

The Brazil center south region is likely to recover in the next season increasing sugar production from 32.5 million tonnes to 32.9 million tonnes. According to the market experts, if Brazil receives normal rains in the first quarter of the next year, then sugar crush would reach 540 million tonnes which is higher by 20 million tonnes in the current season.

Sugar output in Egypt is expected to reach 2.85 million tonnes this season. The increase in local sugar output is attributed to a new sugar refinery in Minya located in the south of Egypt that will produce around 450,000 tonnes of sugar up to March-April 2022. According to the Ministry sugar crops council, the locally produced sugar from sugar

beet and cane would cater to around 90 percent of the country’s need. During the previous season sugar production in Egypt was about 2.45 million tonnes with 62.2 percent from sugar beet and 37.8 percent from sugarcane.

Pakistan's government is planning to increase the minimum purchase price (MRP) of sugarcane from Rs. 220 per 40 kg to Rs. 250 per 40kg this season. The Sugarcane Control Board (SCCB) is planning to propose a hike of at least Rs. 30 per 40kg in the previous year’s rate, the meeting is scheduled for the next week. The cane prices are scheduled to increase due to an increase in the farm input price and high electricity rates for tube wells. According to the Punjab Crop Reporting survey, the failure of the cotton crop has led the farmers to turn to cane cultivation. The area under sugarcane cultivation in the country has also increased by 12 percent to 2.148 million acres against the set target of 1.880 million acres.

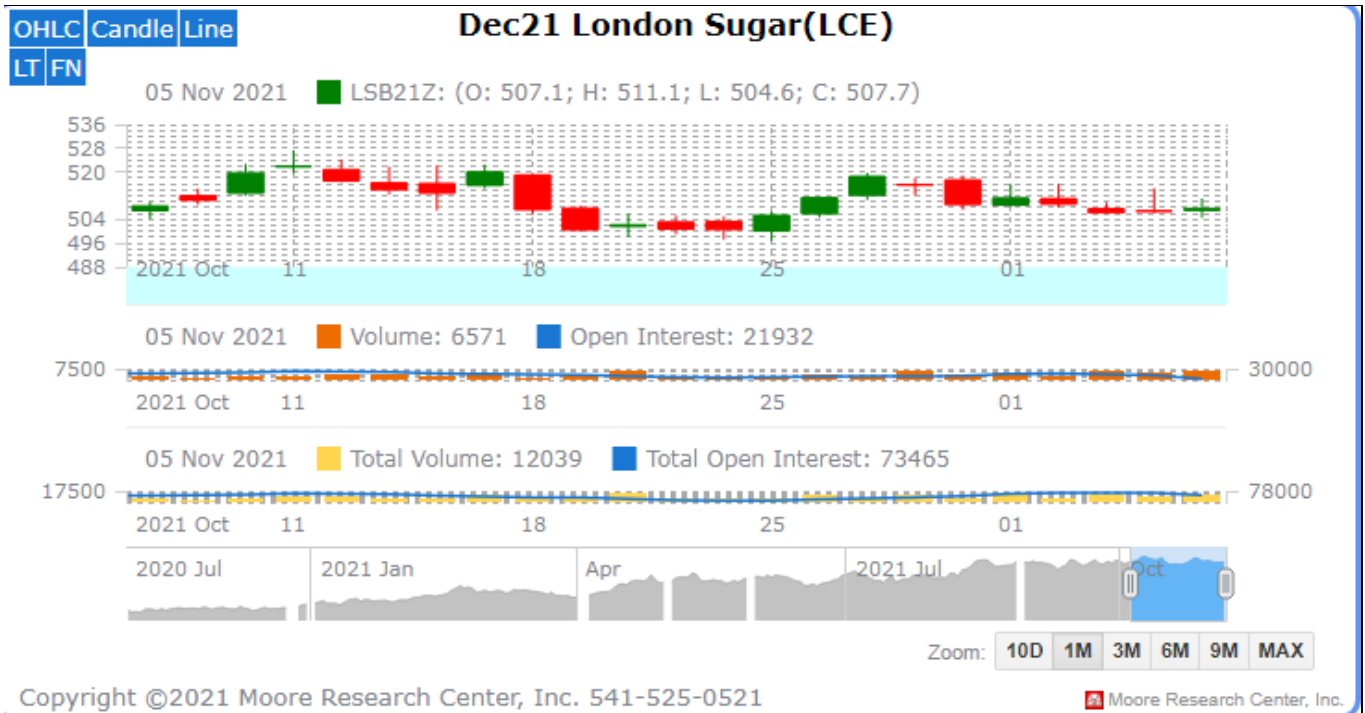
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Dec’21 Contract)

Technical Commentary

- LIFFE future market was firm in the month.
- Total volume increased & open interest increased over a month.
- Strategy: Buy at level 512, T1 514

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next Month
LIFFE Sugar (US \$/MT)	Dec’21	511	512-518

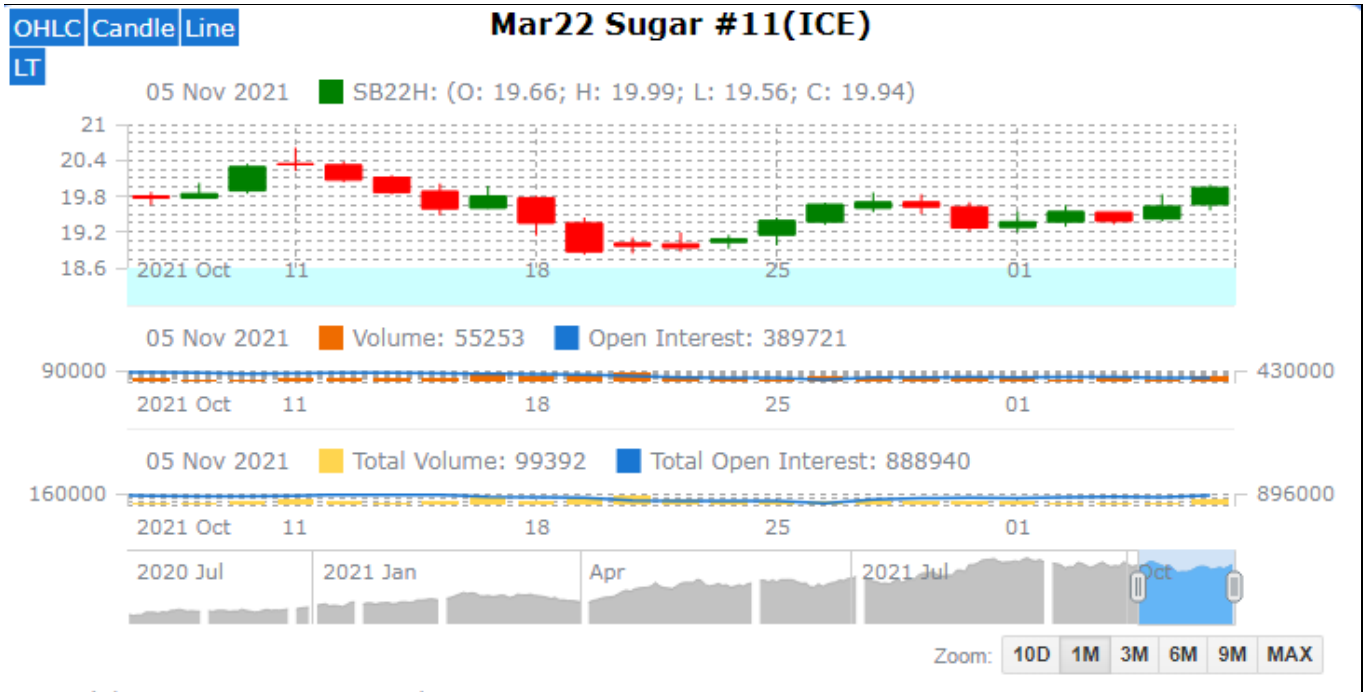


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'22 Contract)

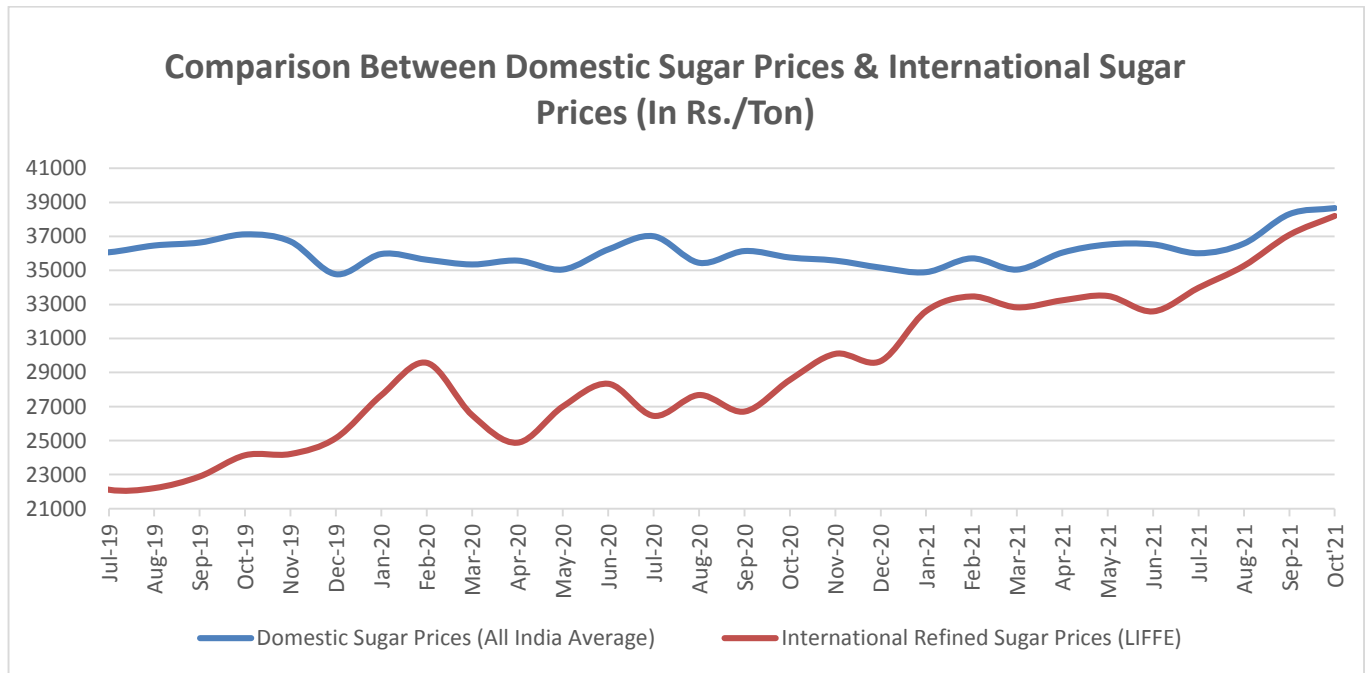
Technical Commentary:

- ICE raw sugar futures remained firm in the month.
- Both total Volume and open interest increased over a month.
- Strategy: Buy at rate 19.90 Targeting 19.96.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	Mar'22	19.99	19.80-20.10



Comparison of Indian Sugar Prices (All India Average) and International Refined Sugar Prices (LIFFE)



Source: USDA and Agmark.net

Domestic Sugar Spot Prices:

Spot Sugar Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
			Oct'21	Sep'21	
Sugar					
Delhi	Delhi	M-Grade	3658	3627	31
	Delhi	S-Grade	3638	3607	31
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	3790	3786	4
	Mumbai	S-Grade	3594	3640	-46
	Nagpur	M-Grade	3597	3633	-36
	Nagpur	S-Grade	3497	3527	-30
	Kolhapur	M-Grade	3472	3508	-36
	Kolhapur	S-Grade	3372	3402	-30
Assam	Guhawati	S-Grade	3632	3662	-30
Meghalaya	Shillong	S-Grade	3692	3722	-30
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	4017	4095	-78
	Vijayawada	S-Grade (With Duty)	3917	3990	-73
West Bengal	Kolkata	M-Grade	3950	3863	87
Tamil Nadu	Chennai	S-Grade (With GST)	3827	3907	-80
	Dindigul	M-Grade (DCA)	3912	3695	217
	Coimbatore	M-Grade (DCA)	3890	3855	35
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3754	3631	123

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)
*DCA: Department of consumer affairs

Spot Jaggery(Gur) Prices Scenario (Monthly-Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			Oct'21	Sep'21	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3846	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	75400	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3398	NA	-

	Muzaffarnagar	Laddoo (Fresh)	3829	NA	-
	Muzaffarnagar	Rascut (Fresh)	2660	NA	-
	Hapur	Chaurasa	3264	NA	-
	Hapur	Balti	3250	NA	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4517	4337	180
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3558	3387	171
	Mandya	Achhu (Medium)	3354	3108	246
	Mandya	Kurikatu (Medium)	3121	3030	91
	Mandya	Other (Medium)	3126	2992	134
	Mandya	Yellow (Medium)	3333	3120	214
	Shimoga	Achhu (Average)	3700	3665	35

International Sugar Prices (Monthly- Average)

	Contract Month	Oct'21	Sep'21	Change
ICE Sugar #11 (US Cent/lb)	21-May	19.24	20.01	-0.77
	21-Jul	18.86	19.47	-0.61
	21-Oct	18.58	18.82	-0.24
LIFFE Sugar (US \$/MT)	21-May	505.08	506.44	-1.36
	21-Aug	502.25	508.82	-6.57
	21-Oct	496.61	493.10	3.51

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