

**Price Outlook:**

**Indian Sugar market remained stronger by around Rs.40-50/q compared to previous week** as the crushing started across India including Maharashtra this week which is going on with slower pace as the state is facing shortage of cane due to unfavorable weather conditions. We expect sugar prices may trade steady to weak in the next week as the allotted sales quota of 21.5LT is higher than previous month's quota. As per the Agriwatch estimate, Indian sugar prices may trade in range of 3200 to 3550 Rs/q in coming days.

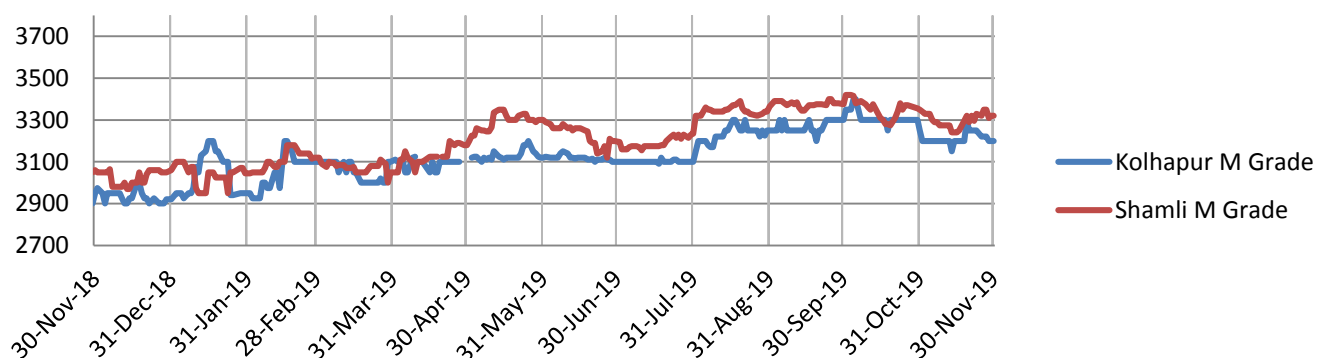
**Price Projection for the Next week**

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3150 -3300 per quintal for next week.

**Domestic Sugar Market Summary**

Average price for sugar 'M' grade in key Kolhapur market settled higher at Rs. 3227 per quintal due to weaker demand, while spot sugar prices for the same grade in Shamli district stood firmer Rs. 3325 per quintal during the week.

**Price comparsion Kholpur M- grade and Shamli Rs/Qtl**

**Fundamental summary:**

Factors	Impact
2019-20 SS Production is estimated to be lower considering the adverse impact of weather and rainfall in the three largest sugarcane producing States.	Bullish
Indian Sugar Mills Association expects to export a record 6 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19	Bullish
The announcement of export subsidy incentive of Rs.10.48/kg of sugar upto 6 mln tonne would help clear sugar stock piles in 2019-20 season	Bullish
Tightening of restriction on monthly sales	Bearish

## Domestic Market Highlights

Recent Updates:

- **Monthly sales quota released by the government issued on 29<sup>th</sup> Nov'19 is 21.5 LT for December month.** The quota allotted to each of 535 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota of December 2019 is 2 LMT higher than the preceding year's December month quota that stood at 19.50 LMT. The quota is 4.88% higher quota compared to the last month's Sugar quota of November 2019 which stood at 20.5 LMT.
- **Recently the notification issued by DFPD in Sugarcane (Control) Amendment Order, 2019, allowing India's sugar producing mills to convert surplus stocks into ethanol** to be blended with petrol comes as an additional support measure for the industry. However, UP is not interested in converting the old sugar stocks to ethanol as it might not be wise decision financially. Mill incur a cost of Rs 6-7/kg to convert sugar into ethanol, which the government will buy at Rs 59.48/litre, and their realization will be equivalent to the prevailing sugar price of Rs 31.50/kg. Similarly, Maharashtra has already lower sugarcane available to fulfill the ethanol quota allocated by oil marketing companies.
- **Maharashtra has commenced the crushing operation since 22<sup>nd</sup> Nov'19 but with only 15 mills working.** Around 132 mills have got the crushing licenses in this season out the 162 mills that had applied for the license so far against 195 mills in the previous year. So far, around 3600 quintals of sugar has been produced by Pune district by crushing 7,969 tonnes of sugarcane with an average recovery of only 8.5% by only 4 mills. Most of the mills in the districts of Kolhapur and Sangli are, however, yet to start their operations, as a final decision on cane pricing is yet to be arrived here. It is expected that the average recovery of the state might increase to around 10-11% when all the mills in Kolhapur and Sangli starts crushing.
- **As on 27<sup>th</sup> Nov'19, total 104 sugar mills has started sugarcane crushing in Uttar Pradesh against 103 mills** during the correspond period previous year. So far, UP has crushed 27% more sugarcane around 95.91 LT against 75.04 LT in the previous year and produced 9.58 LT of sugar which is 25% higher due to the favorable conditions in the state this year. Whereas, the recovery declined by around 1.6% to 9.99% from 10.16% in the previous year from the start of the season in Oct till 27<sup>th</sup> November.

Previous Updates

- **According to ISMA, as on 15<sup>th</sup> Nov'19, mills have crushed around 4.85 lakh tonnes in the current season 2019-20 sugar season** as compared to 13.38 lakh tonnes sugar produced in the last season. Only 100 mills were crushing compared to 310 mills last year. In UP, 69 sugar mills have started the crushing operations for this season and they have produced 2.93 lac tons of sugar by 15th Nov'19. Whereas, during the same period last year in the same period, they had produced 1.76 lac tons till 15th Nov'18. Maharashtra has recently started the crushing operations this week, therefore, one of the reasons for lower crushing so far this season.
- **Mills have so far crushed 3.56 mln tonnes of cane and produced 325,000 tonnes of sugar as against the reported numbers released by ISMA.** The average recovery of sugar has so far been 9.14%. According to the National Federation of Cooperative Sugar Factories Federation, so far, 74 mills in the country have started crushing cane this season. In Maharashtra, of the total 195 mills in the state, only 105 mills have issued licenses to crush cane so far. The lower cane availability in the state also likely to reduce cane crushing duration to 70-80 days against the usual of 140-150 days.
- **According to the trade sources, Indian sugar mills have so far contracted exports of around 10-12 LT sugar in 2019-20 sugar season since October'19.** In the October month, sugar mills have exported around 4-5 LT of old sugar stock and it is projected that around 6-8LT of sugar have been exported so far. Good demand have been reported from the following countries: Afghanistan, Iran, Sri Lanka, Somalia, Nepal, Kenya, Bangladesh, Saudi Arabia, & Qatar. Indian FOB is hovering around \$323/tonne for refined sugar and \$ 309/ tonne for raw sugar at present which is lower than LIFFE sugar which is hovering around \$336/tonne (Refined sugar). The mills in the last season were ineligible to avail the incentives for exports due to partial fulfilment of export quota. Hence, on the request of the mills, the government has extended the last date to exhaust last year's export quota by December 31, 2019.

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

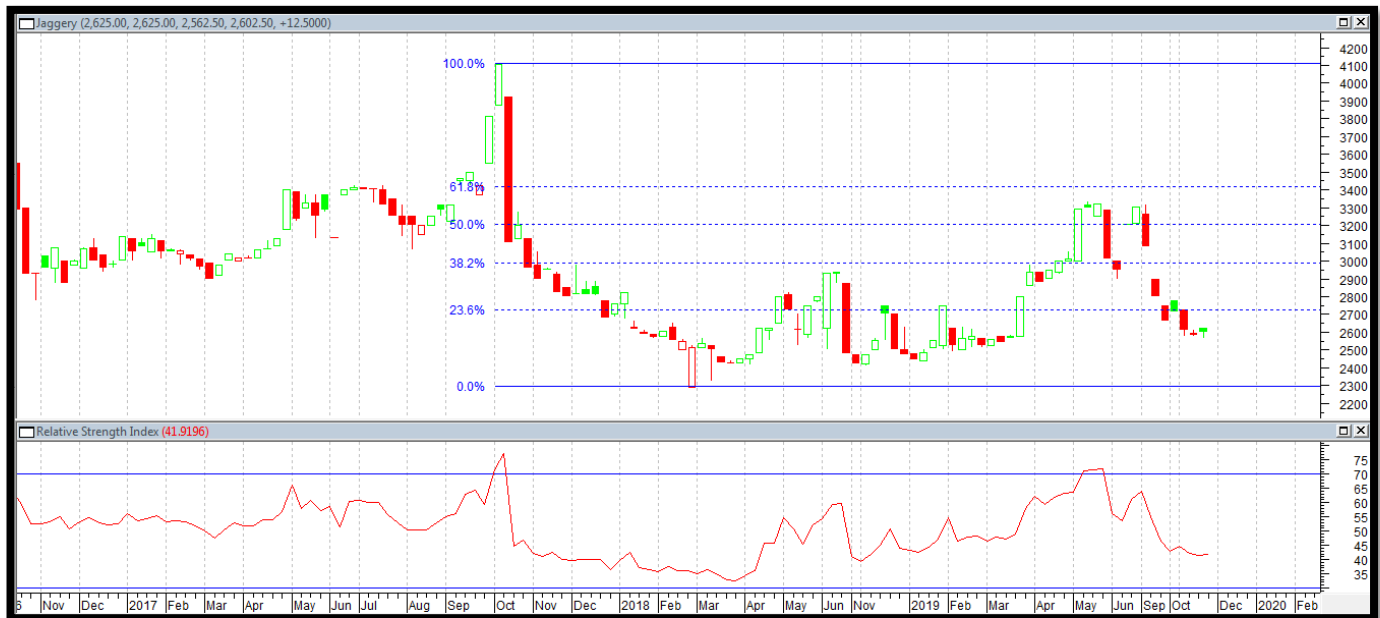
- Sugar spot prices at benchmark Kolhapur market closed lower at Rs.3200 quintal this week.
- Next resistance and support level for the November month is expected at Rs.3350 and Rs.3150 per quintal respectively.
- RSI is in the neutral region.



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

#### Gur Market Scenario

- Chaku variety of gur in key Muzaffarnagar market has started arriving in last month and stood slightly higher at Rs.2602/q against Rs. 2575/q last week.
- RSI stood in the neutral region.



## Domestic Sugar Market Technical Analysis (Future Market)

Commodity: Sugar

Exchange: NCDEX

Contract: Sugar 1 M Con (Dec)



Strategy: Wait

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
<b>Sugar</b>	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
<b>Sugar</b>	NCDEX	Dec	Wait				

\* Do not carry-forward the position next day

## Technical Commentary:

- There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.
- In the daily chart the prices has gained but there is no bullish reversal pattern has evolved.
- Seems that the prices are to consolidate in the range with good probability of touching the recent lows again.
- RSI showing some strength with prices remaining below 9 and 18 days EMA.

## Sugar Domestic Balance Sheet

SUGAR BALNCE SHEET 2019-20(LT)								
SUGAR BALNCE SHEET 2018-19(LT)	2016-17	2017-18	2018-19*	2019-20*	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Carry in stock	77	34.1	82.67	116.17	116.17	117.05	178.32	129.01
Estimated sugar production	202.85	321.96	330	271.07	81.03	132.49	40.04	17.51
Imports	4.46	2.85	0	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	412.67	387.24	197.20	249.54	218.37	146.52
Exports	4.6	16.24	40	55.00	5.50	18.33	12.83	18.33
Availability for domestic consumption (D - E)	279.71	342.67	372.67	332.24	191.70	231.20	205.53	128.19
Estimates sugar consumption	245.61	260	256.5	259.00	74.65	52.88	76.52	54.95
Carry out stock (F - G)	34.10	82.67	116.17	73.24	117.05	178.32	129.01	73.24

Source: Agriwatch and ISMA

- **Note:** Indian sugar marketing year begins from October – September.
- As per the Agriwatch latest estimate, India's sugar production is expected to reach upto 330 LT in 2018/19 whereas the new season expects to decline by around 16% at 271.07 LT in 2019-20.
- On the other hand, sugar domestic consumption is expected to decline to 256.5 lakh tonnes in 2018-19 (01<sup>st</sup> October, 2018 – 30<sup>th</sup> September, 2019) whereas the consumption is estimated to increase to 259 LT in 2019-20.
- Although the production is estimated to decline, with an ending stock lower than the previous year at 73.24 LT in 2019-20.
- India exported around 40 LT against export target of 5 mln tonnes in 2018-19 but to clear the mounting sugar stocks from 2018-19, government has released the sugar export incentives for 60LT target which could help clear the stock as well as the arrears of cane farmers.

## International Market Highlights

Recent Updates:

- **Mar NY world sugar #11 (SBH20) on Friday closed up +0.15 (+1.17%).** Sugar prices were already in rally mode this week after Unica reported that Brazil's Center-South sugar mills produced 786,000 MT of sugar in the first half of this month, below expectations of 820,000 MT. Total Center-South 2019/20 sugar production through mid-Nov is 26.009 MMT, up +2.79% y/y.
- **USDA in its latest report has reported that the global sugar production is estimated to decline by 6 million tonnes at 174 million tonnes of sugar in the year 2019-20.** Major decline is forecasted due to the reduction of sugar production in India in sugar season 2019-2020 which is estimated around 26.5 to 27 million tonnes. The sugar decline is also followed by Thailand where this year in 2019-20 sugar season, the country expects

to produce 13.9 million tonnes a decline of 2% from the previous year (2018-19). Whereas the total exports in the country likely to increase to 11.9 million tonnes in 2019-20 from 11.5 million tonnes in 2018-29.

- **U.S. sugar production have declined significantly due to adverse weather in both sugar beet and sugarcane regions.** In the November 2019 WASDE Report, the U.S. sugar production projection declined by 524,000 short tons raw value to 13.55 STRV from the previous month, while ongoing weather concerns threaten further reductions. USDA intends to make an announcement between November 18 and December 10 as to quantity, type and source of additional sugar needed to ensure an adequate supply for the domestic market.

#### Previous Updates

- **Mar NY world sugar #11 (SBH20) on Friday closed up +0.22 (+1.74%).** Sugar prices rallied to a 1-week high on Friday after the USDA's sugar forecast that global 2019-20 sugar production will drop -3.2% to 174.1 MMT and that global 2019-20 sugar ending stocks will fall -9.9% to 49.58 MMT compared to previous year. The USDA projects that global 2019-20 sugar consumption will climb +0.8% to 174.684 MMT.
- **Brazil so far has produce around 408.54 billion litres of ethanol out of which around 1.19 billion litres have been exported till October'19** since start of the season in April'19 at an average price of 516 US\$/m<sup>3</sup>, the exports increased by around 17% compared to the previous year. Brazil's ethanol stocks reached 11.42 billion litres by 31<sup>st</sup> Oct'19, up 3.9 % from the same time last year and 4% more than on 15<sup>th</sup> Oct'19 this year. By 31<sup>st</sup> Oct last year, ethanol stocks in the country were at 10.99 billion litres. The monthly average price increased by 11% at 529 US\$/m<sup>3</sup> which encouraged the exports.
- **As per the latest estimate of USDA, sugar production is projected at 8.6 million tons, decrease by 572,000 ton from the previous month's prediction.** The poor growing weather and forecasts for smaller beet and sugar cane crops have affected sugar production in the US. The US is planning to allow more imports of sugar so as to fulfil the demands from bakers, candy makers, and food manufacturers. The sugar is likely to be imported from Mexico, which has surplus sugar at present. The decision in this regard will be taken in December. India with export incentives this could get opportunity to export to US on subsidized prices.
- **U.S. sugar production have declined significantly due to adverse weather in both sugar beet and sugarcane regions.** In the November 2019 WASDE Report, the U.S. sugar production projection declined by 524,000 short tons raw value to 13.55 STRV from the previous month, while ongoing weather concerns threaten further reductions. USDA intends to make an announcement between November 18 and December 10 as to quantity, type and source of additional sugar needed to ensure an adequate supply for the domestic market.

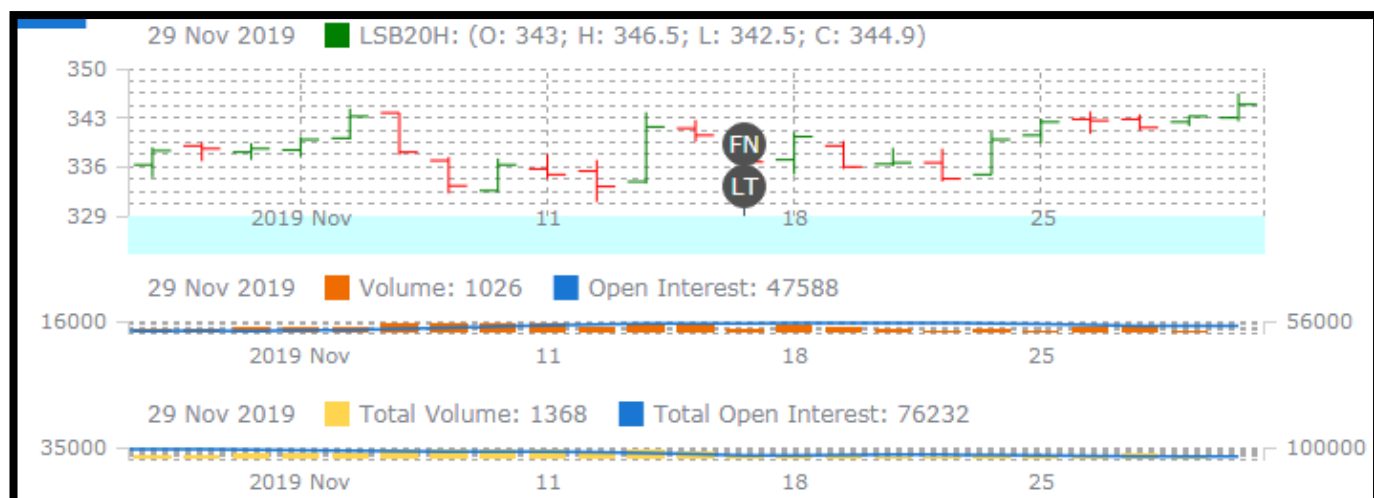
**International Sugar Market Summary:****Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	<b>Bearish</b>
Global 2019/20 sugar production will drop -3.2% y/y to 174.1 MMT (USDA) in 2019/20	<b>Bearish</b>
Platts estimates a global sugar surplus will return as global 2020/21 sugar production climbs +5.2% y/y to 186.0 MMT on higher expected output in India, Brazil, EU and Russia.	<b>Bullish</b>
ISO's forecast to raise its global 2019/20 sugar deficit estimate to -6.1 MMT from a September projection of -4.8 MMT	<b>Bullish</b>

**International Sugar Futures Price Projection****LIFFE (White Sugar Exchange) Future Market Sugar Scenario (OCT 19 Contract)****Technical Commentary**

- LIFFE future market bearish for the weak.
- Both total volume and open interest decreased over a week.
- Strategy: Sell at level 344, T1 345

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	344.9	335-348





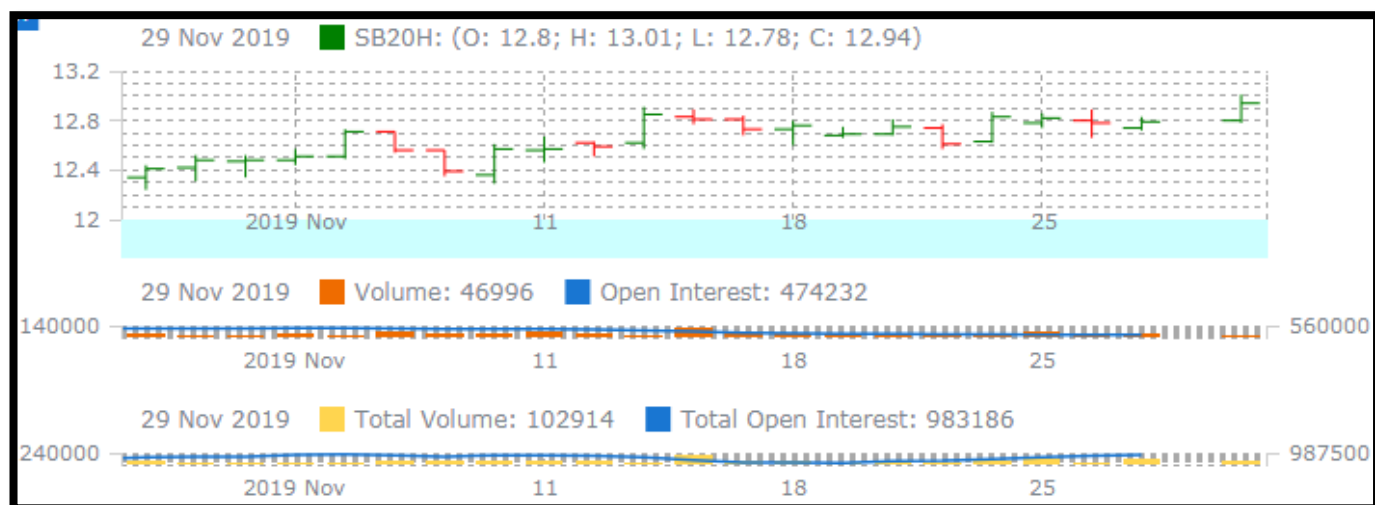
## ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

## Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Total volume decreased while open interest increased.
- Strategy: Buy at rate 12.5 Targeting 14.

## International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'2020	12.94	11.5-18



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			22nd Nov to 28th Nov 2019	15th Nov to 21st Nov 2019	
Delhi	Delhi	M-Grade	3388	3342	47
	Delhi	S-Grade	3368	3322	47
Uttar Pradesh	Khatauli	M-Grade	3425	3410	15
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3338	3300	38
	Dhampur	S-Grade Ex-Mill	3318	3280	38
	Dhampur	L-Grade Ex-Mill	3388	3350	38
Maharashtra	Mumbai	M-Grade	3612	3599	13
	Mumbai	S-Grade	3281	3282	-1
	Nagpur	M-Grade	3352	3358	-7
	Nagpur	S-Grade	3237	3228	8
	Kolhapur	M-Grade	3227	3233	-7
	Kolhapur	S-Grade	3112	3103	8
Assam	Guhawati	S-Grade	3422	3414	8
Meghalaya	Shillong	S-Grade	3432	3423	8
Andhra Pradesh	Vijayawada	M-Grade	3697	3700	-3
	Vijayawada	S-Grade	3637	3640	-3
West Bengal	Kolkata	M-Grade	3640	3642	-2
Tamil Nadu	Chennai	S-Grade	3667	3800	-133
	Dindigul	M-Grade	3600	3620	-20
	Coimbatore	M-Grade	3590	3590	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			22nd Nov to 28th Nov 2019	15th Nov to 21st Nov 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2590	2598	-8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	46000	51000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2330	2388	-57
	Muzaffarnagar	Laddoo (Fresh)	2648	2723	-75
	Muzaffarnagar	Rascut (Fresh)	2035	2058	-23
	Hapur	Chaurasa	2275	2313	-38
	Hapur	Balti	2278	2320	-43
Andhra Pradesh	Chittur	Gold	4833	4850	483
		White	4217	4350	-

		Black	3700	4167	-467
<b>Maharashtra</b>	Latur	Lal Variety	0	0	Unch
<b>Karnataka</b>	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	967	0	967
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	1636	2270	-634
	Gulbarga	Other (Average)	3557	2600	957
	Mahalingapura	Penti (Average)	3310	2235	1075
	Mandya	Achhu (Medium)	2980	3318	-338
	Mandya	Kurikatu (Medium)	2942	3000	-58
	Mandya	Other (Medium)	2933	3060	-127
	Mandya	Yellow (Medium)	2942	3298	-356
	Shimoga	Achhu (Average)	3600	2800	800

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			30-Nov-19	23-Nov-19	31-Oct-19	30-Nov-18
<b>Delhi</b>	Delhi	M-Grade	3350	3390	3325	2897
	Delhi	S-Grade	3330	3370	3305	2877
<b>Uttar Pradesh</b>	Khatauli	M-Grade	3390	3450	3470	3165
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3320	3340	3380	3050
	Dhampur	S-Grade Ex-Mill	3300	3320	3360	3030
	Dhampur	L-Grade Ex-Mill	3370	3390	3430	3100
<b>Maharashtra</b>	Mumbai	M-Grade	3626	3612	3596	3256
	Mumbai	S-Grade	3276	3280	3342	3082
	Nagpur	M-Grade	3325	3375	3375	3075
	Nagpur	S-Grade	3225	3225	3225	3025
	Kolhapur	M-Grade	3200	3250	3250	2950
	Kolhapur	S-Grade	3100	3100	3100	2900
<b>Assam</b>	Guhawati	S-Grade	3410	3410	3410	3207
<b>Meghalaya</b>	Shillong	S-Grade	3420	3420	3420	3220
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3680	3700	3720	3520
	Vijayawada	S-Grade	3620	3640	3660	3460
<b>West Bengal</b>	Kolkata	M-Grade	3650	3640	3700	3480
<b>Tamil Nadu</b>	Chennai	S-Grade	3600	3800	3860	3025
	Dindigul	M-Grade	3580	3600	3580	3420
	Coimbatore	M-Grade	3590	3590	3700	3450
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3600

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Spot Jaggery(Gur) Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Jaggery(Gur)			30-Nov-19	23-Nov-19	31-Oct-19	30-Nov-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2603	2590	2678	2450
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	10000	6000	8000
	Muzaffarnagar	Khurpa	2375	2325	2513	2313
	Muzaffarnagar	Laddoo	2725	2668	2825	2588
	Muzaffarnagar	Rascut	2063	2063	2150	2038
	Hapur	Chaurasa	2300	2288	2525	2213
	Hapur	Balti	2250	2300	2550	2150
Andhra Pradesh	Chittur	Gold	4600	4800	4300	4000
		White	4200	4100	0	3800
		Black	3500	3700	0	3600
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	NA	4650	4250
	Belgaum	Mudde (Average)	NA	2900	0	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2600
	Gulbarga	Other (Average)	NA	NA	0	3700
	Mahalingapura	Penti (Average)	NA	NA	3430	NA
	Mandya	Achhu (Medium)	2780	3100	3550	2900
	Mandya	Kurikatu (Medium)	2800	3000	3200	2850
	Mandya	Other (Medium)	2900	2900	3250	2750
	Mandya	Yellow (Medium)	2840	3050	3450	2950
	Shimoga	Achhu (Average)	NA	NA	3950	3250

International Sugar Prices (Weekly)				
	Contract Month	22nd Nov to 28th Nov 2019	15th Nov to 21st Nov 2019	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2105.00	2116.00	-11.00
	19-Mar	2053.00	2044.00	9.00
	19-May	2065.00	2064.00	1.00
LIFFE Sugar (US \$/MT)	19-Oct	2511.00	2512.00	-1.00
	19-Dec	2578.00	2531.00	47.00
	19-Mar	2447.00	2418.00	29.00

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