

Price Outlook:

Indian Sugar market stood weaker by around Rs.70-90/q in Delhi and UP market as soon as the cane crushing and sugar production increased compared to last year. Whereas, Maharashtra is facing shortage of cane due to unfavorable weather conditions prevailed this year but because of lower demand the prices remained weaker by Rs.20-30/q. 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.

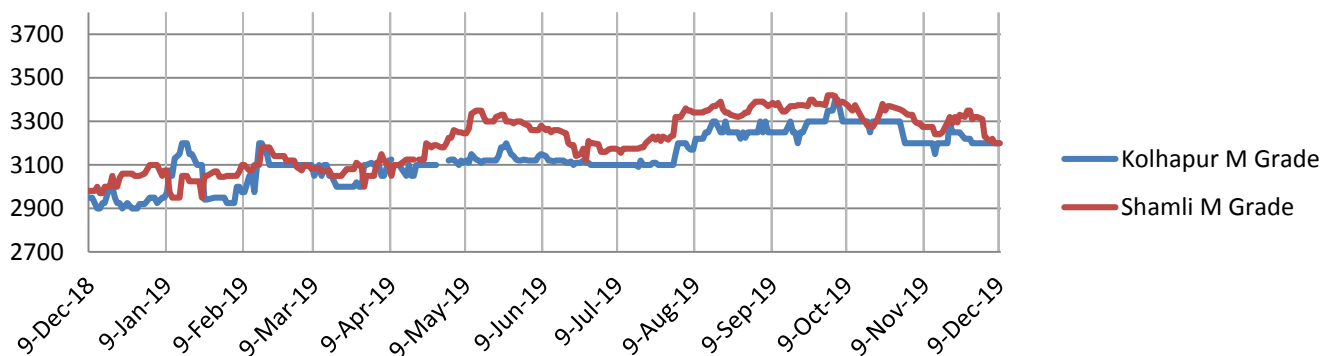
Price Projection for the Next week

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:

- **According to the trade sources, India exported around 3.27 LT in the month of October this year.** It was reported that the sugar mills have exported all the old stock of the previous season. India exported largest quantity to Iran of around 1,01,586 tonnes in October at an average FOB \$338.03/MT followed by Somalia importing 1,00,322 tonnes at \$331.76/MT. Refined sugar exports to Sri Lanka, Sudan and Afghanistan also increased to 47,154 tonnes, 14,337 tonnes, and 11,124 tonnes. The export to Sri Lanka was at the cheapest price \$320.05/MT followed by Afghanistan (\$333.36/MT) and Sudan (\$339/MT).
- **Maharashtra as started the crushing very late on 22nd Nov'19 has produced only 67,000 tonnes of sugar** against 18.89 lakh tonnes in the previous year as on 30th Nov. Similarly, Karnataka is lagging behind by around 3 lakh tonnes producing 5.21 lakh tonnes as on 30th Nov'19 against 8.4 lakh tonnes till 30th Nov'18. Whereas, UP is leading in the sugar production this year by producing 10.81 lakh tonnes so far against 9.14 lakh tonnes during the same period in the previous year. Also, this year the number of sugar mills crushing the cane increased to 111 compared to 105 sugar mills in last year.
- **Recently, the government estimated the sugar production to decline by 18% to 273 lakh tonnes in the sugar season 2019-20.** The total availability of sugar in the country is estimated to be about 413 Lakh MT as against the total domestic consumption of 260 LT including the carry over stock of 140LT of the last sugar season. In contrast, ICRA has revised its production estimates further down by 7.8% to 26 MMT from the earlier preliminary estimate of 28.2 MMT. The expected exports of 3.5 MMT in 2019-2020 as likely to improve the demand-supply situation in the domestic market, thus supporting the sugar prices in the near term due to lower production in India as well as globally.
- **According to the latest data released by ISMA, the sugar production reached 18.85 LT so far till 30th Nov'19 as against 40.69 LT in 2018-19 sugar season.** 418 sugar factories were crushing sugarcane last year on 30th Nov'18, whereas only 279 sugar mills are crushing sugarcane on 30th Nov'19 this year. As per trade and market sources, about 15 lac tons of sugar have been contracted for exports, which includes contracts made with port based refiners by sugar mills. Major destinations for sugar exports are Iran, Sri Lanka, Afghanistan, and African countries.
- **Maharashtra started crushing at sluggish pace with 43 sugar mills so far has started crushing compared to 15 mills last week.** So far, the state crushed 9.04 LMT sugarcane produced 6.67 lakh quintals of sugar with a recovery rate of 7.38%. The state is expected to produce around 56-60LT this season damage done due to floods and droughts occurred during Aug and September.

Previous Updates

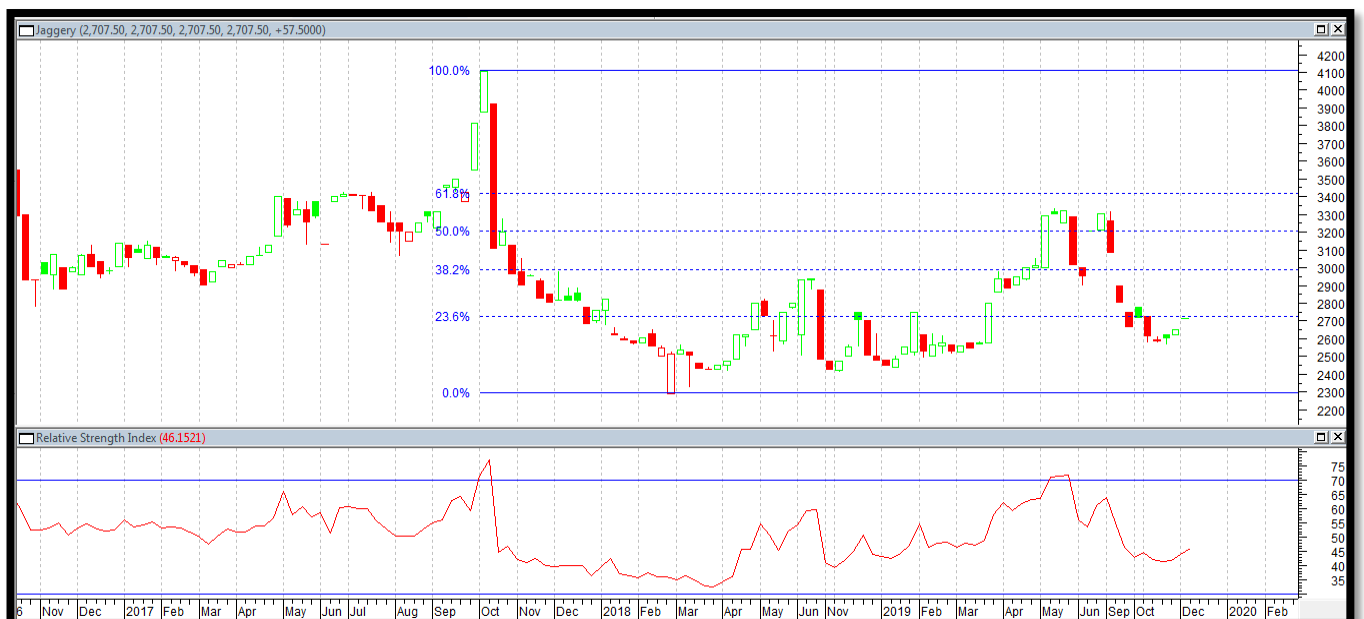
- **Monthly sales quota released by the government issued on 29th Nov'19 is 21.5 LT for December month.** The quota allotted to each of 535 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota of December 2019 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 22nd 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 27th 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 27th November.

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

- Sugar spot prices at benchmark Kolhapur market closed steady 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.2707/q against Rs. 2602/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
Sugar	NCDEX	Dec	2850	2900	2989	3200	3250
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	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 (01st October, 2018 – 30th 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 Monday closed up +0.20 (+1.52%).** The Indian Sugar Mills Association (ISMA) last Tuesday reported the India's sugar production during Oct 1-Nov 30 fell sharply by -54% y/y to 1.89 MMT. The ISMA on Nov 5 projected India 2019/20 sugar production will fall -19% y/y to 26.85 MMT. India is the world's second largest sugar producer.
- **Sugarcane crush this year in Centre south region of Brazil has been increased by around 6% so far and total sugar produced around 26 million tonnes above 3%** (from Apr'19 till 1st half of Nov'19) compared to the previous season due to the favourable weather conditions. Whereas most of the cane have been diverted to ethanol production (production increased by 8.4%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.84 and 65.16 percent, respectively, compared to 35.77:64.23 percent for MY 2018-19. Also, the lower world sugar prices

against the domestic prices, therefore, the overall ethanol exports of South-Central region have increased by around 12% till mid of Nov'19.

- **Sugar prices in Pakistan shoot up in last few months as the country witnessed a sudden hike in sugar prices as in Ramzan it was available at Rs 54 per kg for the residents.** Pakistan will not export sugar. The sugar would now only be exported under the special conditions and not as a regular item on the export agenda. The government will consider exporting sugar after reviewing total production in this year and if sugar will be in surplus.
- **Brazil is more concentrating in producing ethanol because the mills got better financial returns.** Plants in the main Brazilian sugar belt produced 786,000 tonnes of the sweetener early in November, 11% less than in the same period a year earlier, while ethanol output rose 19% to 1.29 billion liters. Around 120 mills had finished cane processing for the season by 16th Nov'19 compared with only 86 at this time last season. Mills allocated only 28% of the cane in the first half of November to sugar production, compared with 34% at this time last season.
- **According to Australian Sugar report released by Australian sugar milling council, the monthly crush in Nov'19 fall by 19% compared to the previous month to 43.33 lakh tonnes** and the total crush reached 299.26 lakh tonnes (99.4%) total crush from the beginning of the season down by 7% in the same period last year as this year the country is facing from drought conditions. As a result, Australian sugar exports are also forecast to fall to 3.5 MMT in MY 2019-20, from 3.8 MMT in MY 2018-19.

Previous 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.

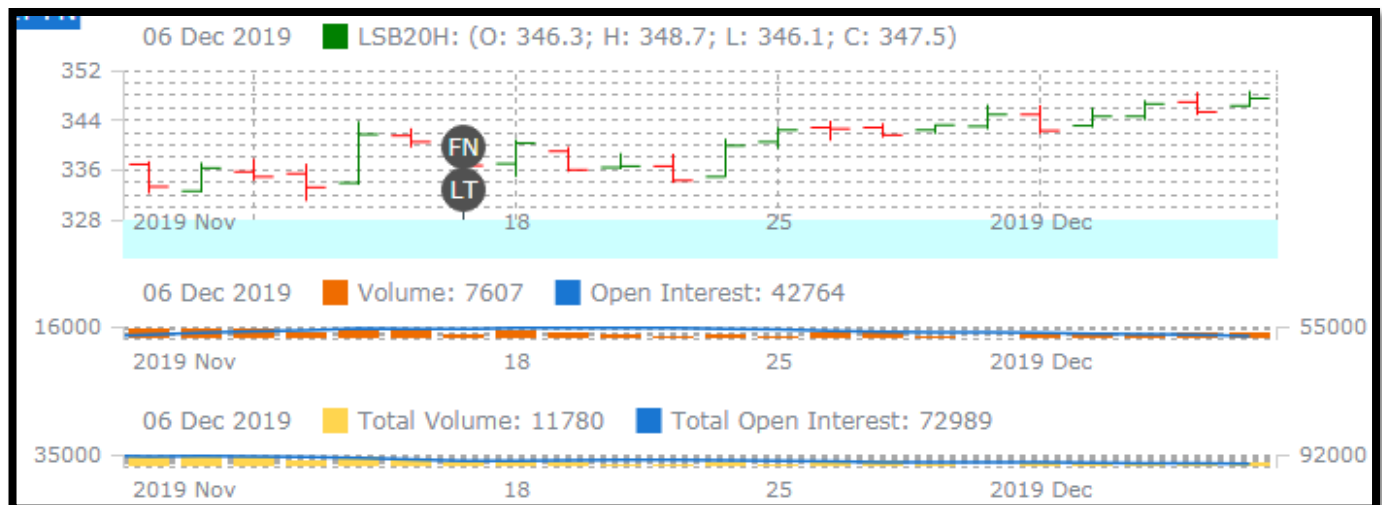
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will climb by +17.4% y/y to 34.1 MMT	Bearish
Global 2019/20 sugar production will drop -3.2% y/y to 174.1 MMT (USDA) in 2019/20	Bearish
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.	Bullish
ISO's forecast to raise its global 2019/20 sugar deficit estimate to -6.1 MMT from a September projection of -4.8 MMT	Bullish

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 increased and open interest decreased over a week.
- Strategy: Sell at level 347, T1 348

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'19	347.5	343-350



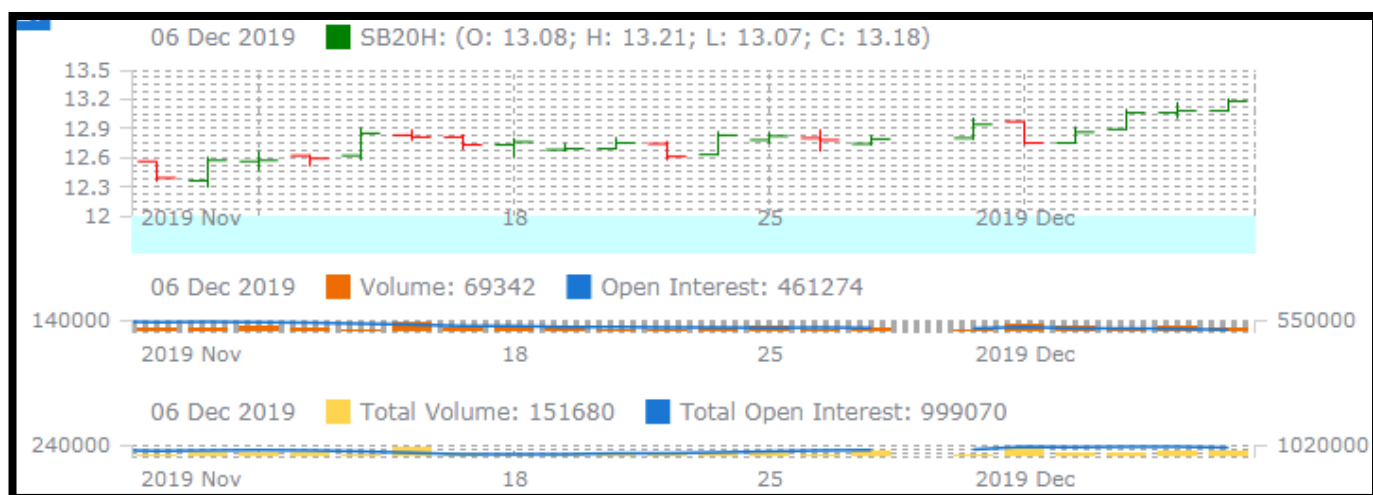
ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Both volume & open interest increased.
- Strategy: Buy at rate 13.5 Targeting 15.

International Sugar Futures Price Projection

	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'2020	13.18	12-19



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			29th Nov to 5th Nov 2019	22nd Nov to 28th Nov 2019	
Delhi	Delhi	M-Grade	3292	3388	-97
	Delhi	S-Grade	3272	3368	-97
Uttar Pradesh	Khatauli	M-Grade	3365	3425	-60
	Ramala	M-Grade	0	0	-
	Dhampur	M-Grade Ex-Mill	3267	3338	-71
	Dhampur	S-Grade Ex-Mill	3247	3318	-71
	Dhampur	L-Grade Ex-Mill	3317	3388	-71
Maharashtra	Mumbai	M-Grade	3597	3612	-15
	Mumbai	S-Grade	3275	3281	-6
	Nagpur	M-Grade	3325	3352	-27
	Nagpur	S-Grade	3227	3237	-10
	Kolhapur	M-Grade	3200	3227	-27
	Kolhapur	S-Grade	3102	3112	-10
Assam	Guhawati	S-Grade	3412	3422	-10
Meghalaya	Shillong	S-Grade	3422	3432	-10
Andhra Pradesh	Vijayawada	M-Grade	3670	3697	-27
	Vijayawada	S-Grade	3610	3637	-27
West Bengal	Kolkata	M-Grade	3645	3640	5
Tamil Nadu	Chennai	S-Grade	3593	3667	-73
	Dindigul	M-Grade	3577	3600	-23
	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)			29th Nov to 5th Nov 2019	22nd Nov to 28th Nov 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2610	2590	20
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	15000	46000	-31000
	Muzaffarnagar	Khurpa (Fresh)	2358	2330	27
	Muzaffarnagar	Laddoo (Fresh)	2707	2648	59
	Muzaffarnagar	Rascut (Fresh)	2063	2035	28
	Hapur	Chaurasa	2280	2275	5
	Hapur	Balti	2255	2278	-23
Andhra Pradesh	Chittur	Gold	4600	4833	383
		White	4167	4217	-

		Black	1783	3700	-1917
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4530	4650	-120
	Belgaum	Mudde (Average)	483	967	-483
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	567	1636	-1069
	Gulbarga	Other (Average)	3047	3557	-510
	Mahalingapura	Penti (Average)	3309	3310	-1
	Mandya	Achhu (Medium)	2840	2980	-140
	Mandya	Kurikatu (Medium)	2787	2942	-155
	Mandya	Other (Medium)	2817	2933	-117
	Mandya	Yellow (Medium)	2813	2942	-128
	Shimoga	Achhu (Average)	2275	3600	-1325

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			9-Dec-19	2-Dec-19	9-Nov-19	9-Dec-18
Delhi	Delhi	M-Grade	3250	3300	3285	NA
	Delhi	S-Grade	3230	3280	3265	NA
Uttar Pradesh	Khatauli	M-Grade	3325	3375	3400	NA
	Ramala	M-Grade	NA	0	0	NA
	Dhampur	M-Grade Ex-Mill	3205	3300	3350	NA
	Dhampur	S-Grade Ex-Mill	3185	3280	3330	NA
	Dhampur	L-Grade Ex-Mill	3255	3350	3400	NA
Maharashtra	Mumbai	M-Grade	3570	3650	3582	NA
	Mumbai	S-Grade	3266	3276	3310	NA
	Nagpur	M-Grade	3325	3325	3325	NA
	Nagpur	S-Grade	3225	3225	3225	NA
	Kolhapur	M-Grade	3200	3200	3200	NA
	Kolhapur	S-Grade	3100	3100	3100	NA
Assam	Guhawati	S-Grade	3410	3410	3410	NA
Meghalaya	Shillong	S-Grade	3420	3420	3420	NA
Andhra Pradesh	Vijayawada	M-Grade	3640	3680	3700	NA
	Vijayawada	S-Grade	3580	3620	3640	NA
West Bengal	Kolkata	M-Grade	3650	3650	3700	NA
Tamil Nadu	Chennai	S-Grade	3560	3600	3830	NA
	Dindigul	M-Grade	3560	3580	3600	NA
	Coimbatore	M-Grade	3590	3590	3590	NA
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	NA

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)			9-Dec-19	2-Dec-19	9-Nov-19	9-Dec-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2708	Closed	2713	NA
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	Closed	8000	NA
	Muzaffarnagar	Khurpa	2463	Closed	2563	NA
	Muzaffarnagar	Laddoo	2803	Closed	2778	NA
	Muzaffarnagar	Rascut	2063	Closed	2088	NA
	Hapur	Chaurasa	Closed	Closed	2513	NA
	Hapur	Balti	Closed	Closed	2475	NA
Andhra Pradesh	Chittur	Gold	4400	4600	4600	NA
		White	4200	4200	4200	NA
		Black	3450	3500	0	NA
Maharashtra	Latur	Lal Variety	NR	0	0	NA
Karnataka	Bangalore	Mudde (Average)	4450	4450	NA	NA
	Belgaum	Mudde (Average)	NA	0	0	NA
	Belthangadi	Yellow (Average)	NA	0	0	NA
	Bijapur	Achhu	NA	0	0	NA
	Gulbarga	Other (Average)	NA	3600	3375	NA
	Mahalingapura	Penti (Average)	3355	3281	0	NA
	Mandya	Achhu (Medium)	NA	2850	NA	NA
	Mandya	Kurikatu (Medium)	NA	2800	NA	NA
	Mandya	Other (Medium)	NA	2850	NA	NA
	Mandya	Yellow (Medium)	NA	2900	NA	NA
	Shimoga	Achhu (Average)	NA	3350	0	NA

International Sugar Prices (Weekly)				
	Contract Month	29th Nov to 5th Nov 2019	22nd Nov to 28th Nov 2019	Change
ICE Sugar #11 (US Cent/lb)	19-Oct	2124.00	2105.00	19.00
	19-Mar	2077.00	2053.00	24.00
	19-May	2085.00	2065.00	20.00
LIFFE Sugar (US \$/MT)	19-Oct	2531.00	2511.00	20.00
	19-Dec	2589.00	2578.00	11.00
	19-Mar	2470.00	2447.00	23.00



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