

**Price Outlook:**

**Indian Sugar market stood weaker by around Rs.40-50/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 availability of cane for crushing and lower sugar production resulted in hike in prices 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 3100 to 3450 Rs/q in coming days.

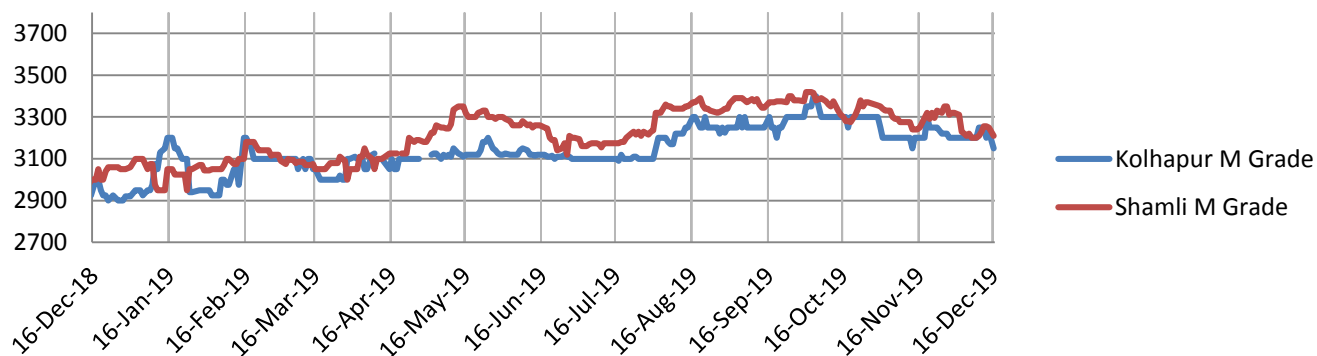
**Price Projection for the Next week**

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. 3225 per quintal due to steady demand, while spot sugar prices for the same grade in Shamli district stood firmer Rs. 3219 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:

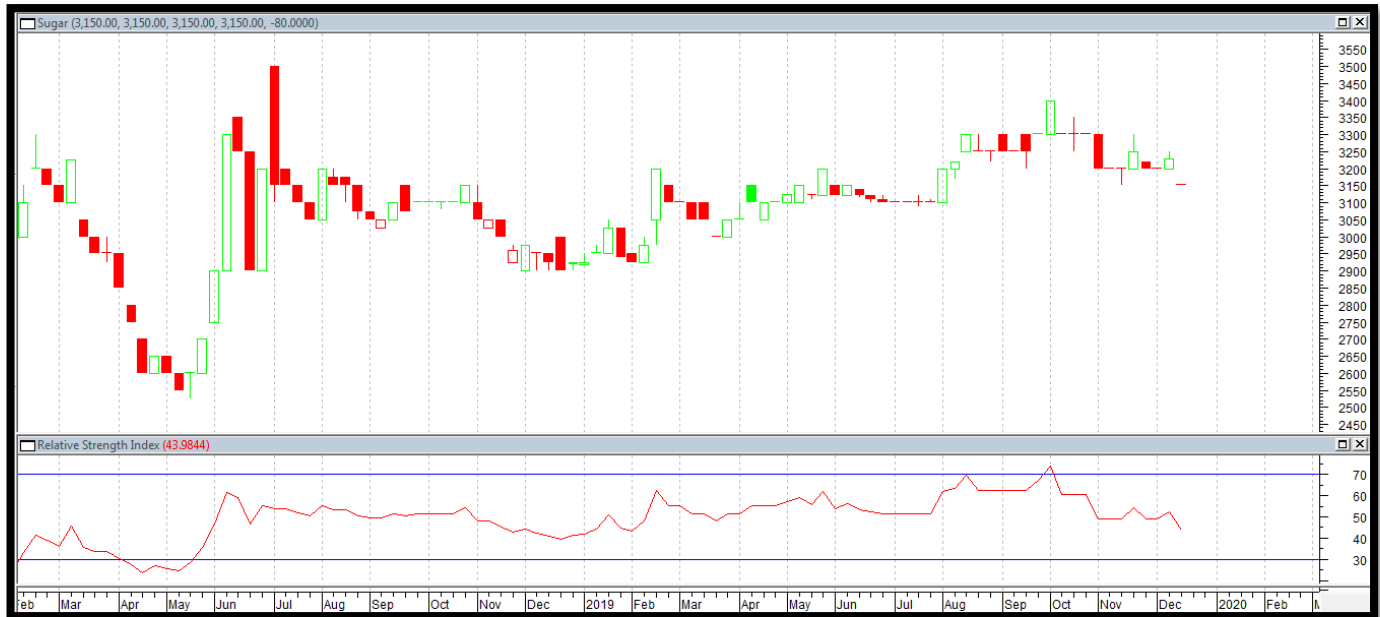
- **As on 13th Dec'19, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 116 mills during the correspond period previous year.** So far, UP has crushed 13.59% more sugarcane around 189.2 LT against 166.57 LT in the previous year and produced 19.74 LT of sugar which is 12.22% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.23% to 10.43% from 10.56% in the same time previous year from the start of the season in Oct till 13th of December.
- **The lower availability of cane in southern states of India is affecting the production of jaggery in the market.** The jaggery prices in Karnataka is prevailing higher around Rs.3450 to 3500/q up by Rs.100 to 200 during the same period last year. Some of the jaggery making units in Tamil Nadu said that by crushing one tonne of cane, they were able to get 80 kg of jaggery which was 100 kg earlier.
- **The sugarcane growers claims that the cost of sugarcane is increased, therefore, farmers wanted the state government to hike SAP to around Rs.35-36/kg.** But the state government has announced that there has been no increase in cane price for the second consecutive year. In a circular issued by the cane development department, the state government announced SAP (State Advisory Price) of sugarcane at Rs. 315/q (for normal variety of sugarcane). Likewise, SAP for low and high grades cane price are at Rs. 305 and Rs. 325/q, respectively.
- **According to the latest crushing report of the Maharashtra Sugar Commissionerate, in sugar season 2019-20, 110 sugar mills (62 cooperative mills and 48 private mills) have commenced sugarcane crushing in the state and by crushing 63.04 LMT sugarcane produced 57.14 lakh quintals of sugar with a recovery rate of 9.06 per cent as on 11th December 2019.** The state is picking up the pace gradually after a late start and it is expected that the recovery rate would be lower compared to the previous year.
- **In the recent meeting of sugar millers held in Kolhapur, mills decided to pay one-time FRP to the farmers this year instead of paying in installments.** As expected that the millers are in a position to earn profit as there is less sugarcane available this year and they can pay the farmers the additional amount of Rs.200 along with FRP which can be paid later on as per the farmer's demand. This decision has been taken with the expectation that the state government will announce the loan waiver to farmers by December end.

Previous Updates

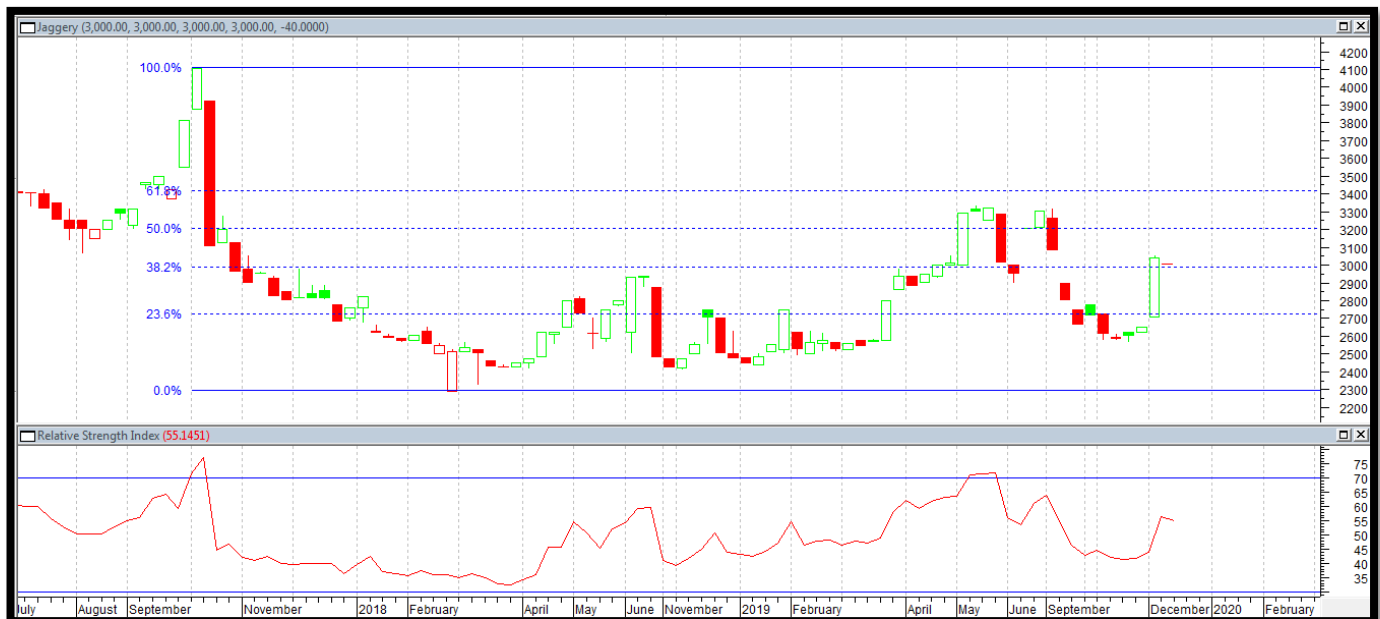
- **According to the trade sources, India exported around 3.27 LT in the month of October this year.** It was reported that the sugar mills have exported all the old stock of the previous season. India exported largest quantity to Iran of around 1,01,586 tonnes in October at an average FOB \$338.03/MT 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 22<sup>nd</sup> Nov'19 has produced only 67,000 tonnes of sugar** against 18.89 lakh tonnes in the previous year as on 30<sup>th</sup> Nov. Similarly, Karnataka is lagging behind by around 3 lakh tonnes producing 5.21 lakh tonnes as on 30<sup>th</sup> Nov'19 against 8.4 lakh tonnes till 30<sup>th</sup> 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 it's 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.

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

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3150 quintal this week.
- Next resistance and support level for the November month is expected at Rs.3350 and Rs.3100 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.3000/q against Rs. 2707/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	119.78	119.78	120.96	183.23	134.62
Estimated sugar production	202.85	321.96	331.61	271.07	81.03	132.49	40.04	17.51
Imports	4.46	2.85	0.00	0.00	0.00	0.00	0.00	0.00
Estimated sugar availability (A + B + C)	284.31	358.91	414.28	390.85	200.81	253.45	223.28	152.13
Exports	4.6	16.24	38.00	52.00	5.20	17.33	12.13	17.33
Availability for domestic consumption (D - E)	279.71	342.67	376.28	338.85	195.61	236.11	211.14	134.80
Estimates sugar consumption	245.61	260	256.50	259.00	74.65	52.88	76.52	54.95
Carry out stock (F - G)	34.10	82.67	119.78	79.85	120.96	183.23	134.62	79.85

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 331.61 LT in 2018/19 whereas the new season expects to decline by around 18% 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 79.85 LT in 2019-20.
- India exported around 38 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 down -0.21 (-1.56%).** Last Tuesday's data from Unica showed that Brazil's Center-South sugar production in the second-half of Nov tumbled -36.7% y/y to 337,000 MT as ethanol output the second-half of Nov rose +2.9% y/y to 770 million liters. However, total Brazil Center-South 2019/20 sugar output through Nov was mildly higher by +2.22% y/y at 26.409 MMT.
- **Sugarcane crush this year in Centre south region of Brazil has been increased by around 5.16%** so far and total sugar produced around 26.4 million tonnes above 2.22% (from Apr'19 till 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 8.56%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.61 and 65.39 percent, respectively, compared to 35.67 and 64.33 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 end 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 16<sup>th</sup> 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.

#### Previous 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.
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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.

### 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

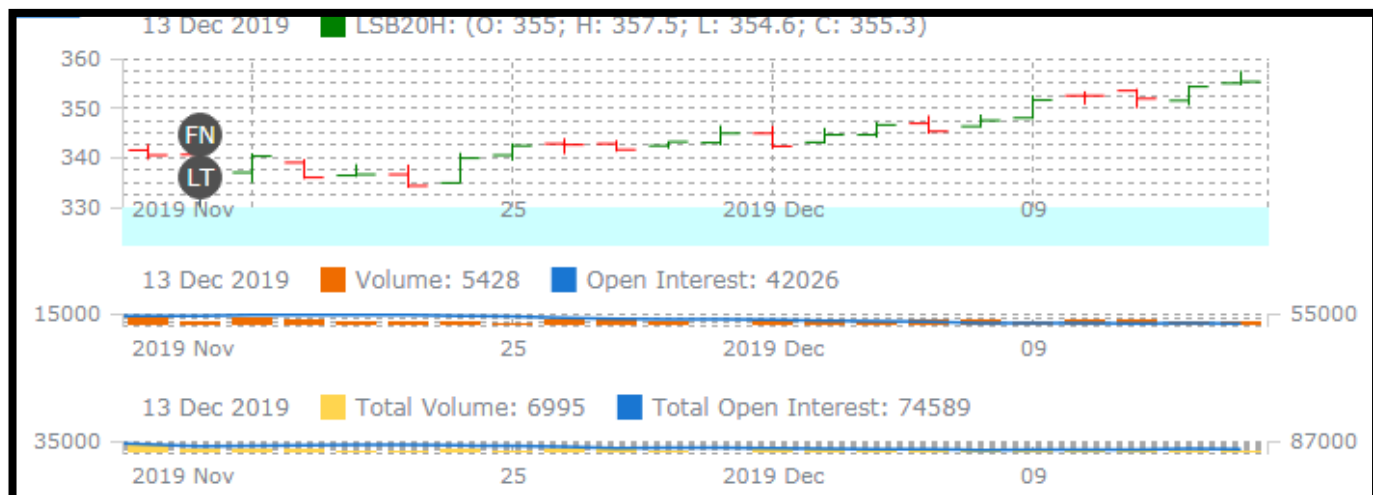
#### LIFFE (White Sugar Exchange) Future Market Sugar Scenario (OCT 19 Contract)

##### Technical Commentary

- LIFFE future market was firm for the week.
- Total volume decreased while open interest increased over a week.
- Strategy: Sell at level 355, T1 360

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	355.3	343-350

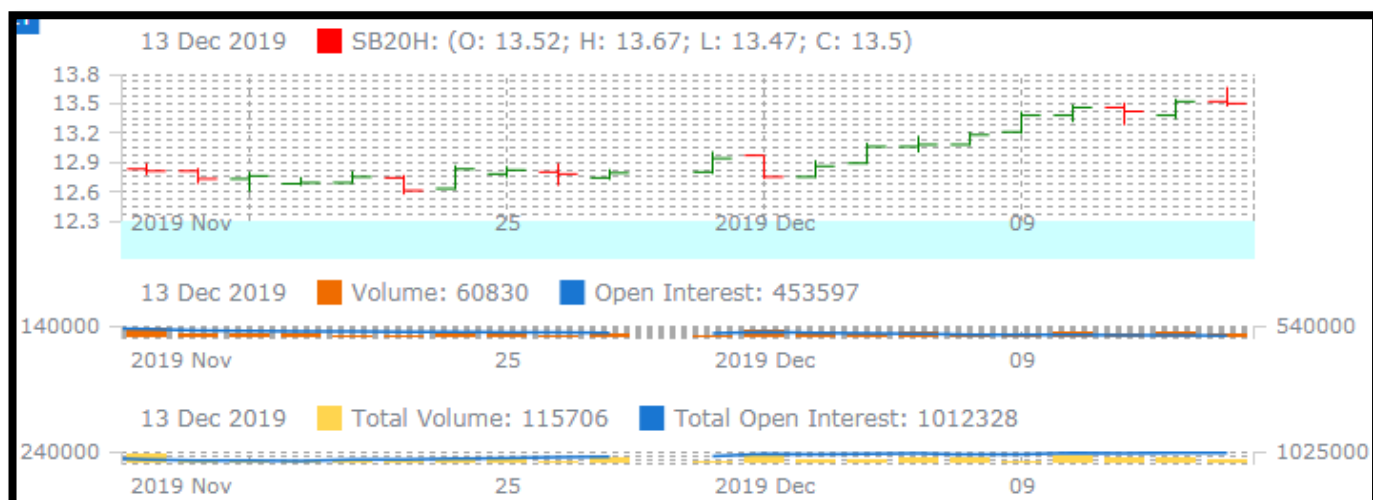




### ICE (Raw Sugar Exchange) Future Market Scenario (Oct'19 Contract) Technical Commentary:

- 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	13.5	12-19



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			6th Dec to 12th Dec 2019	29th Nov to 5th Dec 2019	
Delhi	Delhi	M-Grade	3251	3292	-41
	Delhi	S-Grade	3231	3272	-41
Uttar Pradesh	Khatauli	M-Grade	3327	3365	-39
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3212	3267	-55
	Dhampur	S-Grade Ex-Mill	3192	3247	-55
	Dhampur	L-Grade Ex-Mill	3262	3317	-55
Maharashtra	Mumbai	M-Grade	3571	3597	-25
	Mumbai	S-Grade	3267	3275	-7
	Nagpur	M-Grade	3350	3325	25
	Nagpur	S-Grade	3225	3227	-2
	Kolhapur	M-Grade	3225	3200	25
	Kolhapur	S-Grade	3100	3102	-2
Assam	Guhawati	S-Grade	3410	3412	-2
Meghalaya	Shillong	S-Grade	3420	3422	-2
Andhra Pradesh	Vijayawada	M-Grade	3647	3670	-23
	Vijayawada	S-Grade	3587	3610	-23
West Bengal	Kolkata	M-Grade	3635	3645	-10
Tamil Nadu	Chennai	S-Grade	3563	3593	-30
	Dindigul	M-Grade	3560	3577	-17
	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)			6th Dec to 12th Dec 2019	29th Nov to 5th Dec 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2803	2610	193
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	44000	15000	29000
	Muzaffarnagar	Khurpa (Fresh)	2497	2358	139
	Muzaffarnagar	Laddoo (Fresh)	2829	2707	123
	Muzaffarnagar	Rascut (Fresh)	2100	2063	38
	Hapur	Chaurasa	2433	2280	153
	Hapur	Balti	2430	2255	175
Andhra Pradesh	Chittur	Gold	4367	4600	200
		White	4117	4167	-

		Black	1688	1783	-96
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	4400	4530	-130
	Belgaum	Mudde (Average)	1933	483	1450
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	567	-567
	Gulbarga	Other (Average)	3736	3047	689
	Mahalingapura	Penti (Average)	3396	3309	88
	Mandya	Achhu (Medium)	2866	2840	26
	Mandya	Kurikatu (Medium)	2748	2787	-39
	Mandya	Other (Medium)	2666	2817	-151
	Mandya	Yellow (Medium)	2804	2813	-9
	Shimoga	Achhu (Average)	3520	2275	1245

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			16-Dec-19	9-Dec-19	16-Nov-19	17-Dec-18
Delhi	Delhi	M-Grade	3250	3250	3300	3075
	Delhi	S-Grade	3230	3230	3280	3055
Uttar Pradesh	Khatauli	M-Grade	3325	3325	3370	3200
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3195	3205	3260	3050
	Dhampur	S-Grade Ex-Mill	3175	3185	3240	3030
	Dhampur	L-Grade Ex-Mill	3245	3255	3310	3100
Maharashtra	Mumbai	M-Grade	3596	3570	3596	3242
	Mumbai	S-Grade	3260	3266	3286	3060
	Nagpur	M-Grade	3275	3325	3325	3125
	Nagpur	S-Grade	3225	3225	3225	3075
	Kolhapur	M-Grade	3150	3200	3200	3000
	Kolhapur	S-Grade	3100	3100	3100	2950
Assam	Guhawati	S-Grade	3410	3410	3410	3258
Meghalaya	Shillong	S-Grade	3420	3420	3420	3270
Andhra Pradesh	Vijayawada	M-Grade	3640	3640	3700	3400
	Vijayawada	S-Grade	3580	3580	3640	3360
West Bengal	Kolkata	M-Grade	3650	3650	3640	3450
Tamil Nadu	Chennai	S-Grade	3560	3560	3800	3100
	Dindigul	M-Grade	3560	3560	3640	3380
	Coimbatore	M-Grade	3590	3590	3590	3450
Chattisgarh	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)			16-Dec-19	9-Dec-19	16-Nov-19	17-Dec-18
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	3000	2708	2613	2750
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	8000	8000	10000
	Muzaffarnagar	Khurpa	2750	2463	2325	2273
	Muzaffarnagar	Laddoo	3088	2803	2725	2720
	Muzaffarnagar	Rascut	2238	2063	2050	2030
	Hapur	Chaurasa	Closed	Closed	2263	Closed
	Hapur	Balti	Closed	Closed	2288	Closed
Andhra Pradesh	Chittur	Gold	4600	4400	4700	3800
		White	4300	4200	4400	3700
		Black	NA	3450	4200	3400
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4450	4450	4650	4150
	Belgaum	Mudde (Average)	NA	0	0	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	NA
	Gulbarga	Other (Average)	NA	3750	3400	3200
	Mahalingapura	Penti (Average)	NA	3355	0	3033
	Mandya	Achhu (Medium)	NA	NA	3530	2700
	Mandya	Kurikatu (Medium)	NA	NA	3000	2550
	Mandya	Other (Medium)	NA	NA	3300	2550
	Mandya	Yellow (Medium)	NA	NA	3370	2700
	Shimoga	Achhu (Average)	NA	3550	0	3100

International Sugar Prices (Weekly)				
	Contract Month	6th Dec to 12th Dec 2019	29th Nov to 5th Dec 2019	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2128.00	2077.00	51.00
	20-May	2138.00	2085.00	53.00
	20-Jul	2146.00	2095.00	51.00
LIFFE Sugar (US \$/MT)	19-Dec	2613.00	2589.00	24.00
	20-Mar	2494.00	2470.00	24.00
	20-May	2494.00	2470.00	24.00

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