

Price Outlook:

Indian Sugar market stood steady to firm by around Rs.10-30/q in Delhi, UP & Maharashtra 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 due to which the crushing is soon likely to end early than expected. We expect sugar prices may trade steady to weak in the next week as the allotted sales quota of 22 LT is higher than previous month's quota of 21.5LT. As per the Agriwatch estimate, Indian sugar prices may trade in range of 3200 to 3550 Rs/q in coming days.

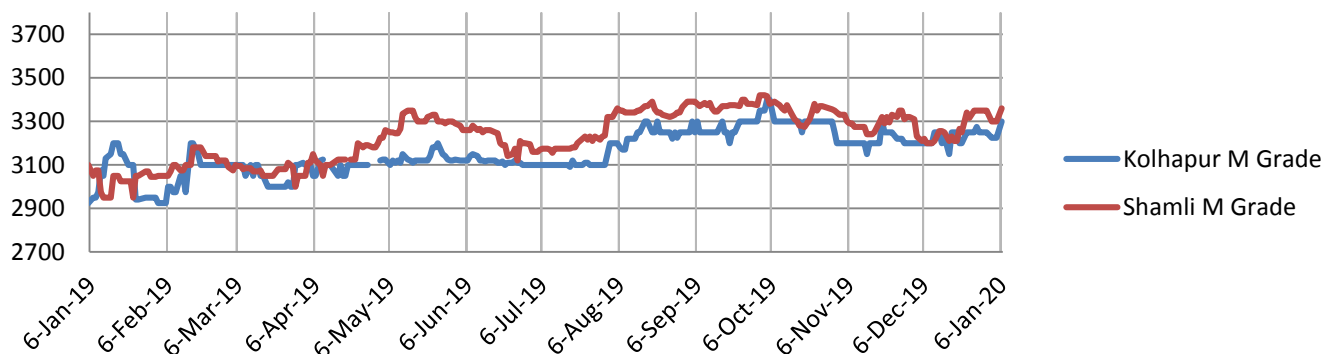
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3150 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled firm at Rs. 3250 per quintal, while spot sugar prices for the same grade in Shamli district stood firmer Rs. 3340 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:

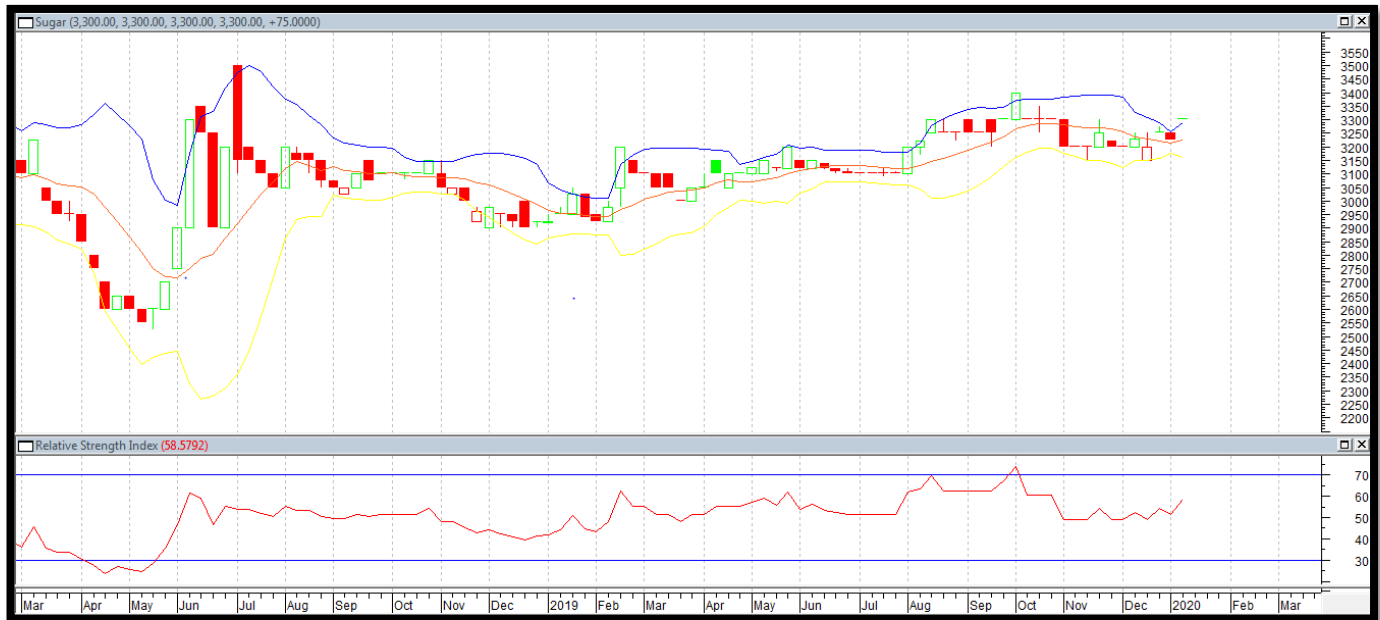
- **Monthly sales quota released by the government issued on 31st Dec'19 is 22 LT for January month.** The quota allotted to each of 537 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota of January 2019 is 3.5 LMT higher than the preceding year's January month quota that stood at 18.5 LMT. The quota is 0.5 LT higher quota compared to the last month's Sugar quota of December 2019 which stood at 21.5 LMT. 5 sugar mills were issued Show Cause Notices (SCNs) for violating stock holding order for the month of August'19. The excess quantity sold by the said 5 sugar mills have been deducted from the proposed allocation in the month of January 2020.
- **As on 31st Dec, total sugar production across reached around 77.95 LT by 437 mills so far this season which is around 30% less** than the previous year. In 2018-19 during the same period, the country produced about 111LT of sugar by around 507 mills. In Karnataka, 63 sugar mills are in operation on 31st December'19, who have produced 16.33 LT of sugar, as compared to 21.03 LT produced by 65 sugar mills in 2018-19 sugar season on 31st December'18. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 2.65 lac tons of sugar till 31st December'19 lower compared to 4.29 LT in the same period last year.
- **As on 1st Jan'20, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills** during the correspond period previous year. So far, UP has crushed 21.01% more sugarcane around 316.6 LT against 261.63 LT in the previous year and produced 33.91 LT of sugar which is 20.12% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 0.74% to 10.71% from 10.79% in the same time previous year from the start of the season in Oct till 1st of January.
- **In Kolhapur, the demand for Kolhapuri jaggery has not increased as traders are buying gur from Karnataka.** Currently the jaggery prices are hovering around Rs.3200-3800/q which has not increased with lower arrivals. The quality declined because of floods and untimely rainfall occurred in the district due to which prices are not rising. From 9th April'19 to 23rd Dec'19, total around 7 Lakh quintals have arrived in the market. During December, only 15 thousand quintals were being sent to Market committee while 25 thousand quintals were sent in the same period last year.
- **According to the trade sources, India exported around 1.11 LT in the month of November this year lower compared to the Oct'19 month.** It was reported that the sugar mills have contracted most the shipments for December and January as the crushing was delayed this season. India exported largest quantity to Iran of around 40,081 tonnes in November at an average FOB \$334.28/MT followed by Sri Lanka importing 24,307 tonnes at \$324.07/MT. Refined sugar exports to Sudan, Somlaia and Afghanistan also increased to 11,843 tonnes, 10,470 tonnes, and 8,577 tonnes. The export to Afghanistan was at the cheapest price \$316.28/MT followed by Sudan (\$331.21/MT) and Somalia (\$332.01/MT).

Previous Updates

- **As on 27th Dec'19, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills** during the correspond period previous year. So far, UP has crushed 7.9% more sugarcane around 282.5 LT against 261.63 LT in the previous year and produced 30 LT of sugar which is 6.5% higher due to the favourable conditions in the state this year. Whereas, the recovery declined slightly by around 1.3% to 10.65% from 10.79% in the same time previous year from the start of the season in Oct till 27th of December.
- **Although the sugar glut prevailed in last three years in India, this year the output is likely to set back and supporting the prices.** Brazil, one of the major producers in previous years have blamed India for causing a global sugar glut which has led to around 20% decline in prices. The major producing countries have lodged complaint against India's new export subsidy incentives to WTO. The WTO is unlikely to be able to resolve the issue quickly, and India is likely to export significant amounts again to reach the target of 6 million tonnes this sugar season.
- **In the global sugar deficit this year, India has good opportunity to clear off the 3 year glut situation.** India has contracted sugar exports of around 20 lakh tonnes which has raised the hopes of achieving the target of 6 million tonnes. The international market may require 3-3.5 million tonnes of sugar from India. There is also fresh demand of 7-8 lakh tonnes from Iran. This year, millers are expecting demand from Indonesia, which has shown interest in buying Indian sugar in lieu of promoting its palm oil exports to India.
- **Due to good rainfall this year many farmers in Gujarat has shifted their crop to sugarcane in the beginning of the monsoon.** But the extended rains till November has deteriorated the sugar quality and reduced the sugar recovery by producing only 1.52 lakh tonnes of sugar till 15th of December by 15 operational sugar mills as compared to 3.10 lakh tonne in the same period last year. Sugar production in Gujarat was 10.90 lakh tonne in 2018-19 but now it is expected to be lower by 15-20% this season.

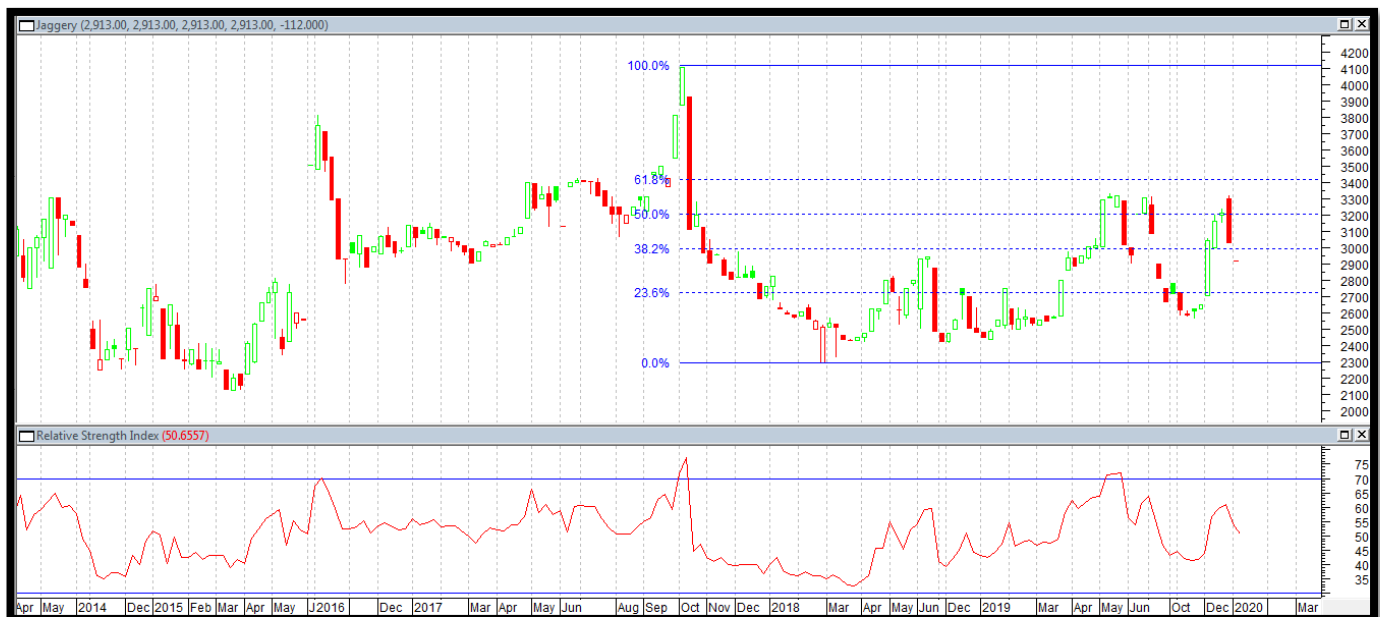
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3300 quintal this week.
- Next resistance and support level for the January 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 lower at Rs.2913/q against Rs. 3213/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	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 (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 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 up +0.42 (+3.16%).** Sugar prices on Monday rallied sharply to 14-month highs on a surge on crude prices. Crude oil rallied to a new 8-month high Monday on Middle East tensions after the U.S. State Department today warned of "heightened risk" of missile attacks near military bases in Saudi Arabia. The surge in crude prices benefits ethanol prices and may encourage Brazil's sugar mills to divert more cane crushing to ethanol production rather than sugar production, thus curbing sugar supplies.
- **Bangladesh decided to open its borders for India which would make easier to import Indian sugar.** Bangladesh needs around 27 LT of sugar and India could have the opportunity to meet its demand and help in ending the piled stocks. According to the National Sugar Federation, exports can be exported to Bangladesh via road instead of by ship. As under the current export subsidy, the central government

subsidizes the export of sugar by ship and now the government is trying to provide subsidy to export sugar by other means of transport.

- **Sugarcane crush this year in Centre south region of Brazil has been increased by around 3.77%** so far and total sugar produced around 26.4 million tonnes above 0.67% (from Apr'19 till mid Dec'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 6.77%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.51 and 65.49 percent, respectively, compared to 35.53 and 64.47 percent for MY 2018-19. Also, the lower world sugar prices against the domestic prices, therefore, the overall ethanol exports of in Brazil have increased by around 8% till end of Nov'19.

Previous Updates

- **Mar NY world sugar #11 (SBH20) on Friday closed up +0.10 (+0.74%).** Sugar prices moved higher Friday with NY sugar at a 1-week high and London sugar climbing to a 13-3/4 month high on the prospects for tighter future sugar supplies. Conab cut its Brazil 2019/20 sugar production estimate by -5.3% to 30.1 MMT from an Aug estimate of 31.8 MMT. Also, Unica reported Brazil Center-South sugar production in the first half of December plunged -92.4% y/y to 33,000 MT versus 432,000 MT in the same period last year.
- **Thailand sugarcane production is expected to be lower down by 22% compared with the previous season due to bad weather conditions in 2109-20 season.** The drought and weak monsoon in Thailand's major cane producing regions during the crucial growing season would also lead to slower cane development and a reduction in sugar yield. The cane crushing usually starts between mid and end of November but delayed to the start of December this year. White and refined sugar exports for January-October dipped 9.2% on the year, while raw sugar exports fell by 4.5% due to the China's enforcement on cross-border movement of sugar from Taiwan and Myanmar. But Thailand is likely to gain support by the increasing demand from Indonesia after the government announced that industrial raw sugar import permits for 2019 would be reduced by 22% from the previous year to 2.8 MMT.
- **Nepal fixed the sugarcane prices unchanged at Rs. 536.56/q for the 2019-20 sugar season.** The price is with including a subsidy of Rs 65.28 per quintal. The cabinet ministry took a decision on sugarcane price after considering minimum production cost of farmers, transportation fares, profits and the subsidy announced by the government. Also, the decision was taken after consulting sugarcane farmers and sugar mills.
- **As per reports, beginning 1st Jan'2020 in Saudi Arabia and UAE, 50% tax will be levied on soft drinks with added sugar,** in the form of a liquid, concentrate, powders, extracts or any product that may be converted into a drink. Many countries, like the United Kingdom, Thailand, France, Ireland, Saudi Arabia, Portugal, and as well some US states, have introduced a tax on sugary drinks over the past few years. The

government aims to introduce it in a bid to reduce sugar consumption and to promote a better and healthy life. With the initiation of a sugar tax, it may impact on sugar usage in the country.

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

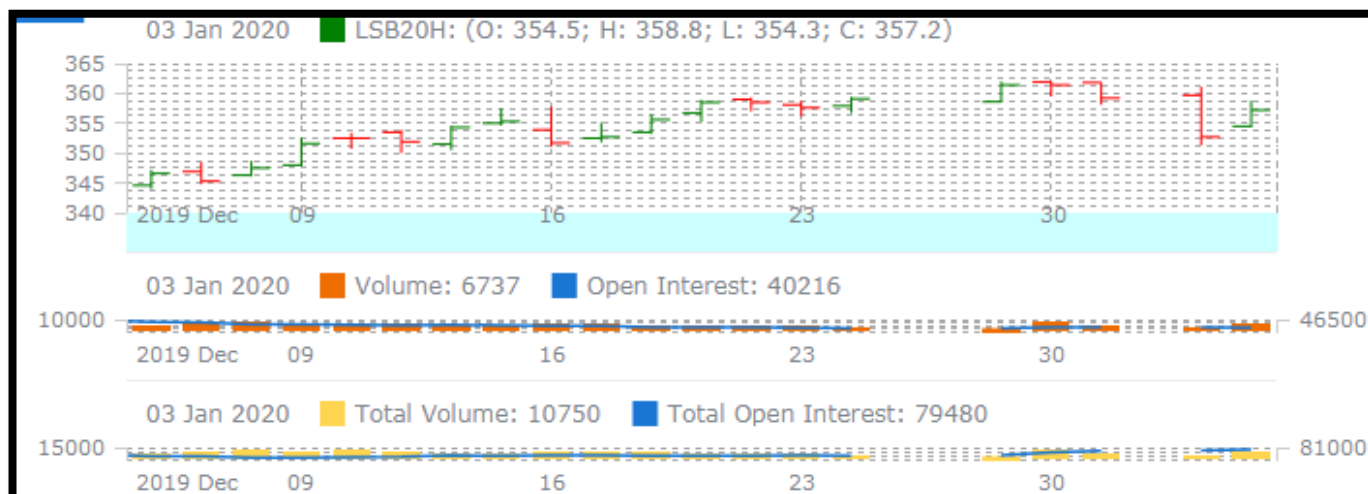
International Sugar Futures Price Projection

LIFFE (White Sugar Exchange) Future Market Sugar Scenario (Mar 20 Contract)

Technical Commentary

- LIFFE future market was firm for the week.
- Total volume and open interest increased over a week.
- Strategy: Sell at level 357, T1 362

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	357.2	352-360

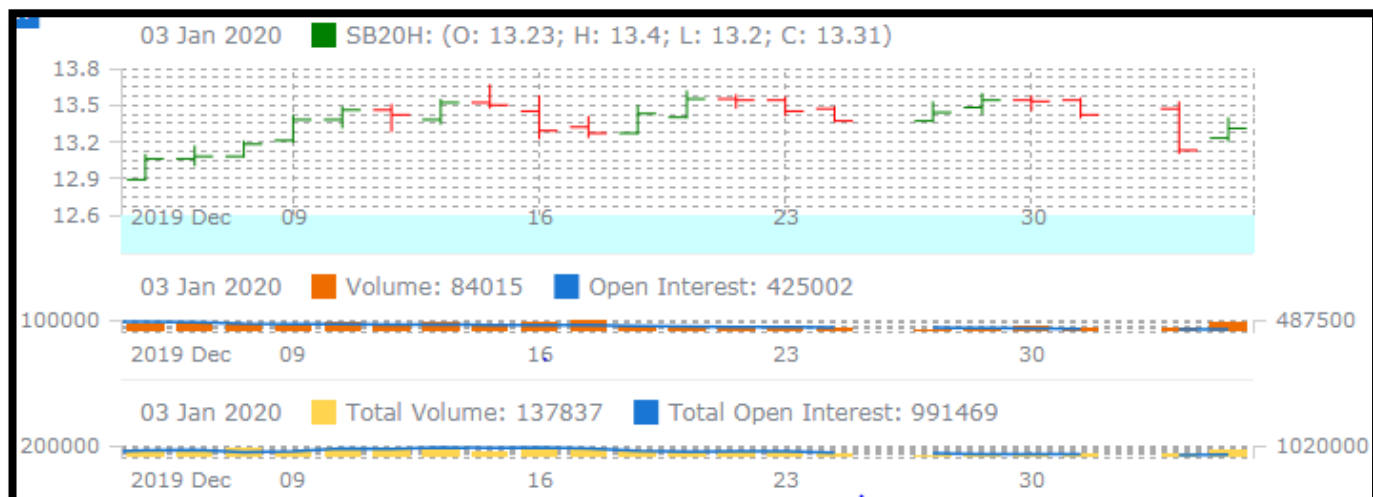


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)**Technical Commentary:**

- ICE raw sugar futures were firm in the weak.
- Total volume increased while open interest decreased.
- Strategy: Buy at rate 13.1 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	13.31	12-19



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			27th Dec to 2nd Jan 2020	20th Dec to 26th Dec 2019	
Delhi	Delhi	M-Grade	3338	3312	26
	Delhi	S-Grade	3318	3292	26
Uttar Pradesh	Khatauli	M-Grade	3396	3378	19
	Ramala	M-Grade	0	NA	-
	Dhampur	M-Grade Ex-Mill	3292	3276	16
	Dhampur	S-Grade Ex-Mill	3272	3213	60
	Dhampur	L-Grade Ex-Mill	3342	3326	16
Maharashtra	Mumbai	M-Grade	3559	3562	-3
	Mumbai	S-Grade	3296	3284	12
	Nagpur	M-Grade	3375	3363	13
	Nagpur	S-Grade	3230	3233	-3
	Kolhapur	M-Grade	3250	3238	13
	Kolhapur	S-Grade	3105	3108	-3
Assam	Guhawati	S-Grade	3415	3419	-3
Meghalaya	Shillong	S-Grade	3425	3428	-3
Andhra Pradesh	Vijayawada	M-Grade	3648	3640	8
	Vijayawada	S-Grade	3588	3580	8
West Bengal	Kolkata	M-Grade	3652	3627	25
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	Dindigul	M-Grade	3580	3590	-10
	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)			27th Dec to 2nd Jan 2020	20th Dec to 26th Dec 2019	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3264	3192	72
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	60000	44000	16000
	Muzaffarnagar	Khurpa (Fresh)	3150	2982	168
	Muzaffarnagar	Laddoo (Fresh)	3463	3245	218
	Muzaffarnagar	Rascut (Fresh)	2505	2346	159
	Hapur	Chaurasa	3128	2980	148
	Hapur	Balti	3266	3048	218
Andhra Pradesh	Chittur	Gold	5420	5050	753
		White	4800	4667	800
		Black	0	4000	-

Maharashtra	Latur	Lal Variety	0	NA	-4450
Karnataka	Bangalore	Mudde (Average)	3600	4450	-850
	Belgaum	Mudde (Average)	1160	2900	-1740
	Belthangadi	Yellow (Average)	0	NA	-
	Bijapur	Achhu	0	3050	-3050
	Gulbarga	Other (Average)	0	NA	-
	Mahalingapura	Penti (Average)	2594	3421	-828
	Mandya	Achhu (Medium)	2990	2930	60
	Mandya	Kurikatu (Medium)	2860	2817	43
	Mandya	Other (Medium)	2906	2883	23
	Mandya	Yellow (Medium)	3134	3092	42
	Shimoga	Achhu (Average)	2090	3563	-1473

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			6-Jan-20	30-Dec-19	7-Dec-19	7-Jan-19
Delhi	Delhi	M-Grade	3350	3350	3250	3110
	Delhi	S-Grade	3330	3330	3230	3090
Uttar Pradesh	Khatauli	M-Grade	3370	3410	3330	3260
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3280	3300	3215	3075
	Dhampur	S-Grade Ex-Mill	3260	3280	3195	3055
	Dhampur	L-Grade Ex-Mill	3330	3350	3265	3125
Maharashtra	Mumbai	M-Grade	3566	3560	3566	3240
	Mumbai	S-Grade	3306	3296	3266	3072
	Nagpur	M-Grade	3425	3375	3325	3075
	Nagpur	S-Grade	3275	3225	3225	3025
	Kolhapur	M-Grade	3300	3250	3200	2950
	Kolhapur	S-Grade	3150	3100	3100	2900
Assam	Guhawati	S-Grade	3461	3410	3410	3207
Meghalaya	Shillong	S-Grade	3470	3420	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3680	3640	3660	3460
	Vijayawada	S-Grade	3620	3580	3600	3420
West Bengal	Kolkata	M-Grade	3680	3680	3650	3440
Tamil Nadu	Chennai	S-Grade	3620	3580	3560	3100
	Dindigul	M-Grade	3620	3580	3560	3440
	Coimbatore	M-Grade	3590	3590	3590	3450
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	3600	3500

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)			6-Jan-20	30-Dec-19	7-Dec-19	7-Jan-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2913	3300	2650	2480
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	13000	8000	8000
	Muzaffarnagar	Khurpa	2700	3200	2370	2350
	Muzaffarnagar	Laddoo	3125	3550	2770	2638
	Muzaffarnagar	Rascut	2300	2550	2038	2063
	Hapur	Chaurasa	Closed	Closed	2350	Closed
	Hapur	Balti	Closed	Closed	2400	Closed
Andhra Pradesh	Chittur	Gold	5300	5500	4300	4300
		White	4600	4800	4000	3700
		Black	NA	0	3300	3000
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	4450	4450	4150
	Belgaum	Mudde (Average)	NA	0	0	3300
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2600
	Gulbarga	Other (Average)	NA	0	3700	NA
	Mahalingapura	Penti (Average)	0	3439	NA	3010
	Mandya	Achhu (Medium)	3380	2950	2910	3000
	Mandya	Kurikatu (Medium)	2900	2850	2780	2700
	Mandya	Other (Medium)	2950	2850	2650	2800
	Mandya	Yellow (Medium)	3100	3100	2800	3100
	Shimoga	Achhu (Average)	0	3500	NA	3200

International Sugar Prices (Weekly)				
	Contract Month	27th Dec to 2nd Jan 2020	20th Dec to 26th Dec 2019	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2142	2149	-7.00
	20-May	2159	2164	-5.00
	20-Jul	2177	2180	-3.00
LIFFE Sugar (US \$/MT)	20-Mar	2558	2656	-98.00
	20-May	2558	2558	Unch
	20-Aug	2595	2558	37.00



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