

Price Outlook:

Indian Sugar market showed mixed trend. Prices reported to be down in Delhi while the same showed firm in UP & Maharashtra market. New sugar is being traded in the market since last week due to which the prices rose and the export demand has increased since Dec'19 from Iran, Bangladesh and other countries. 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 3250 to 3650 Rs/q in coming days.

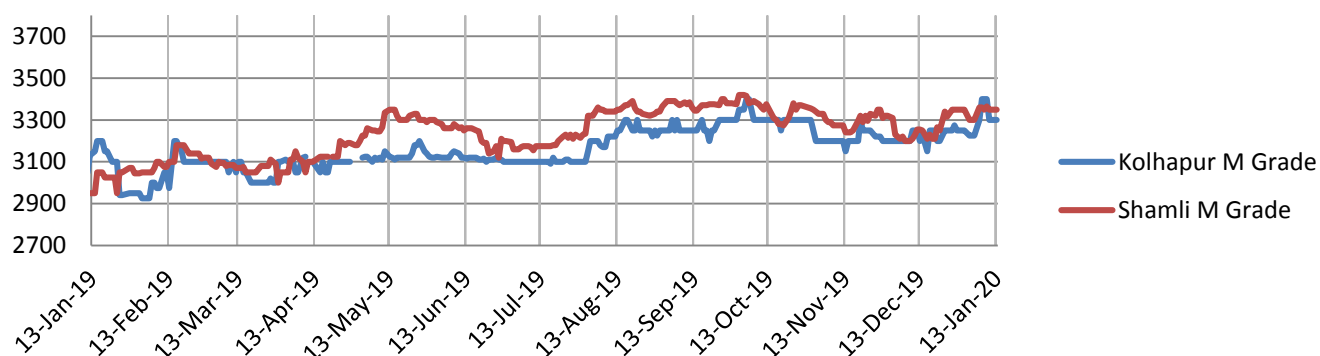
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3250 -3350 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settled firm at Rs. 3325 per quintal, while spot sugar prices for the same grade in Shamli district stood unchanged 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:

- **Maharashtra has produced only 194.03 lakh quintals of sugar with an average recovery of 10.17% till the first week of January.** The untimely and heavy rains in the state and droughts in other parts of the states have hit severely on the sugar recovery rate. Kolhapur division where the recovery rate used to be around 12% at this period of time but this year the average sugar recovery stood at 11.21%. Recoveries have slightly increased to 10.39% in Pune division, 9.12% in Solapur, 9.29% in Ahmednagar, and 8.74% in Aurangabad and the impact can be seen on the sugar production. While the average recovery in Nanded stood slightly higher at 9.68% compared to Solapur, Ahmednagar and Aurangabad. As estimated earlier, the sugar recovery slightly improved due to cold weather in the coming days in January.
- **As on 7th 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 7.73% more sugarcane around 355.94 LT against 330.41 LT in the previous year and produced 38.34 LT of sugar which is 6.38% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.28% to 10.77% against 10.91% in the same time previous year from the start of the season in Oct till 7th of January.
- **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).
- **Two sugar mills in Maharashtra from Aurangabad and Ahmedabad district have closed the crushing operations earlier due to unavailability of cane in the area as well as labour.** Both the areas were effected with flood and drought, thereby, crushing around 1,790 tonne to 2,660 tonne of cane. It is expected that most of the mills will finish crushing by January end this year. According to the trade sources, in Kolhapur, the average recovery has improved and hovering around 11.3-11.6 as the weather is getting colder. From the start of crushing in November till 31st December, the average sugar recovery % in the State stood at 10% as against 10.5% in the same time last year.
- **Three sugar vessels named Behdokht, Dignity, and Jairan of 30,000 tonnes, 17,000 tonnes and 20,000 tonnes respectively** have been loaded for export from Kandla and Jaigad port in the first week of January. While vessels naming Best Adventure, Best Trader M, Capt Khaldoun and ABK Tiger are waiting at berth for loading at Kandla and Kakinada port of around 1 lakh tonnes of sugar which is likely to be exported soon from the ports.

Previous Updates

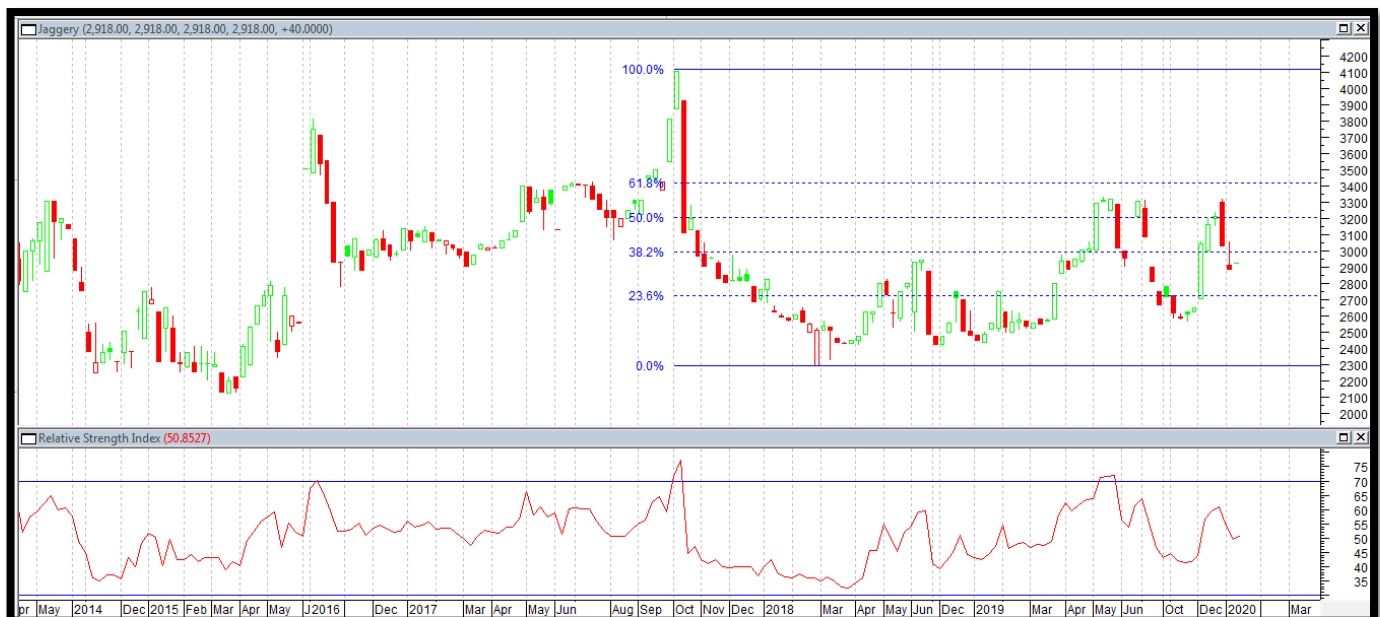
- **Monthly sales quota released by the government issued on 31st Dec'19 is 22 LT for January month.** The quota allotted to each of 537 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota of January 2019 is 3.5 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, Somalia 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).

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 steady at Rs.2918/q against Rs. 2913/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 +0.09 (+0.64%).** Sugar prices on Monday rallied for a third session and posted a 14-1/2 month high on the outlook for global sugar deficit. Citigroup last Friday raised its global 2019/20 sugar deficit estimate to -7.6 MMT from a previous estimate of -7.0 MMT as sugar crop risks persist in India and Thailand. WASDE report was also supportive for sugar prices after the USDA in its WASDE report cut its U.S. 2019/20 sugar production estimate by -1.5% to 8.158 MMT from a Dec estimate of 8.280 MMT.
- **Brazil has produced around 31,954 million liters above 6.77% compared to the last year's production during the same time till 2nd week of December.** It is expected that the available stock ethanol would not be enough to fulfill the demands. The monthly ethanol sales in Center-South area crossed 2 billion liters in

October for the first time. The average realization for ethanol is more compared to sugar exports, therefore, Brazil is focusing on converting more into ethanol instead of producing sugar.

- **In 2019-20 season, the Philippines expects to produce 2.096 million MT of sugar. Sugar Regulatory Administration (SRA)** reported that the local raw sugar production in the first week of December declined by 27 per cent to 311,617 metric tons. The production is expected to improve till the season ends. The season starts every September and ends in August. The sugar production in 2018 was 4,29,680 MT.

Previous 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.

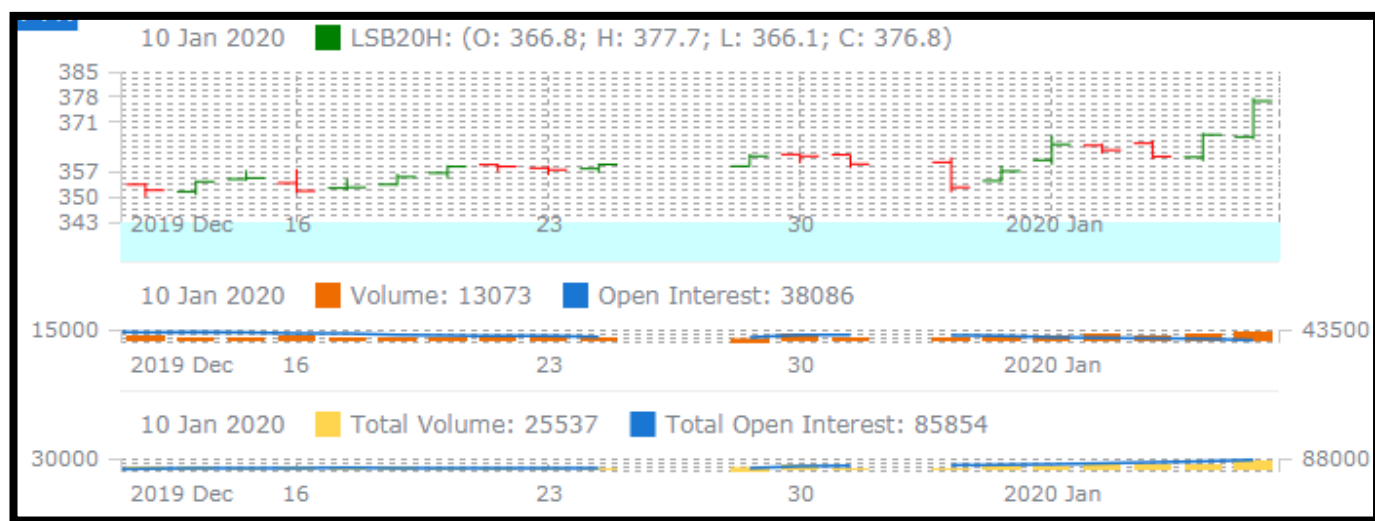
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

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 weak.
- Total volume and open interest increased over a week.
- Strategy: Sell at level 375, T1 382

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	376.1	360-380



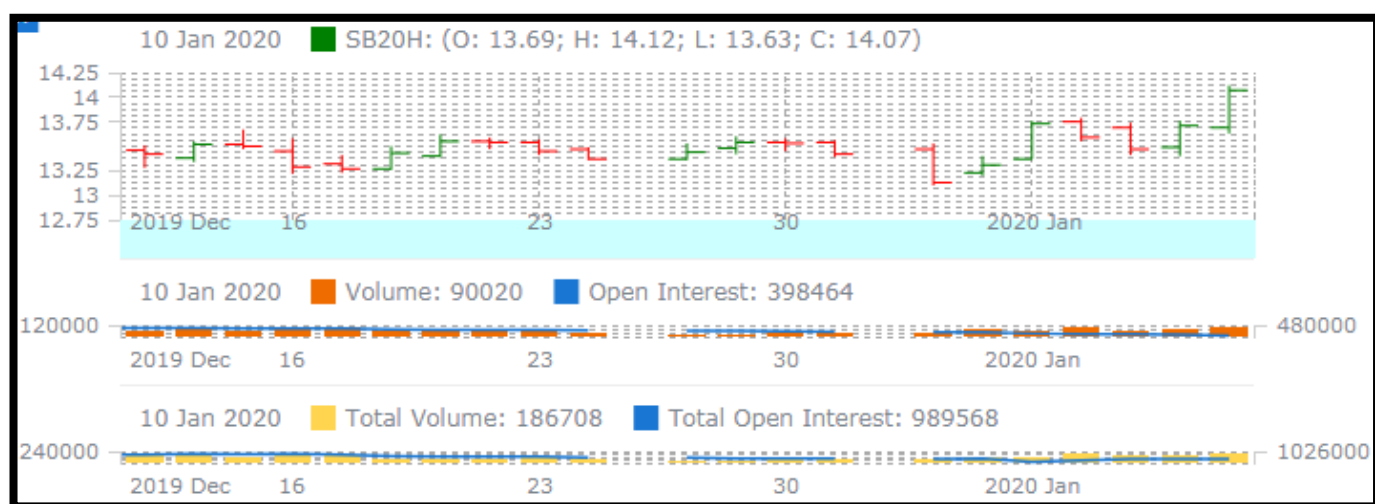
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Total volume increased while open interest decreased.
- Strategy: Buy at rate 14 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	14.07	13-21



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			3rd Jan'20 to 9th Jan'20	27th Dec to 2nd Jan 2020	
Delhi	Delhi	M-Grade	3328	3338	-10
	Delhi	S-Grade	3308	3318	-10
Uttar Pradesh	Khatauli	M-Grade	3362	3396	-34
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3285	3292	-7
	Dhampur	S-Grade Ex-Mill	3265	3272	-7
	Dhampur	L-Grade Ex-Mill	3335	3342	-7
Maharashtra	Mumbai	M-Grade	3570	3559	11
	Mumbai	S-Grade	3328	3296	32
	Nagpur	M-Grade	3450	3375	75
	Nagpur	S-Grade	3283	3230	53
	Kolhapur	M-Grade	3325	3250	75
	Kolhapur	S-Grade	3158	3105	53
Assam	Guhawati	S-Grade	3470	3415	54
Meghalaya	Shillong	S-Grade	3478	3425	53
Andhra Pradesh	Vijayawada	M-Grade	3680	3648	32
	Vijayawada	S-Grade	3620	3588	32
West Bengal	Kolkata	M-Grade	3657	3652	5
Tamil Nadu	Chennai	S-Grade	3607	3580	27
	Dindigul	M-Grade	3610	3580	30
	Coimbatore	M-Grade	3607	3590	17
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)			3rd Jan'20 to 9th Jan'20	27th Dec to 2nd Jan 2020	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3023	3264	-241
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	55000	60000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2865	3150	-285
	Muzaffarnagar	Laddoo (Fresh)	3246	3463	-217
	Muzaffarnagar	Rascut (Fresh)	2350	2505	-155
	Hapur	Chaurasa	2770	3128	-358
	Hapur	Balti	2783	3266	-483
Andhra Pradesh	Chittur	Gold	5267	5420	467
		White	4667	4800	4667

		Black	2900	0	2900
Maharashtra	Latur	Lal Variety	0	0	-3600
Karnataka	Bangalore	Mudde (Average)	4650	3600	1050
	Belgaum	Mudde (Average)	2917	1160	1757
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur	Achhu	0	0	Unch
	Gulbarga	Other (Average)	0	0	Unch
	Mahalingapura	Penti (Average)	2830	2594	237
	Mandya	Achhu (Medium)	3223	2990	233
	Mandya	Kurikatu (Medium)	2900	2860	40
	Mandya	Other (Medium)	2950	2906	44
	Mandya	Yellow (Medium)	3132	3134	-2
	Shimoga	Achhu (Average)	3475	2090	1385

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			13-Jan-20	6-Jan-20	14-Dec-19	14-Jan-19
Delhi	Delhi	M-Grade	3350	3350	3230	3087
	Delhi	S-Grade	3330	3330	3210	3067
Uttar Pradesh	Khatauli	M-Grade	3350	3370	3330	3360
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3300	3280	3210	3100
	Dhampur	S-Grade Ex-Mill	3280	3260	3190	3080
	Dhampur	L-Grade Ex-Mill	3350	3330	3260	3150
Maharashtra	Mumbai	M-Grade	3580	3566	3596	3180
	Mumbai	S-Grade	3360	3306	3270	3076
	Nagpur	M-Grade	3425	3425	3355	3075
	Nagpur	S-Grade	3275	3275	3225	3025
	Kolhapur	M-Grade	3300	3300	3230	2950
	Kolhapur	S-Grade	3150	3150	3100	2900
Assam	Guhawati	S-Grade	3461	3461	3410	3207
Meghalaya	Shillong	S-Grade	3470	3470	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	3640	3440
	Vijayawada	S-Grade	3620	3620	3560	3400
West Bengal	Kolkata	M-Grade	3620	3680	3620	3500
Tamil Nadu	Chennai	S-Grade	3600	3620	3560	3100
	Dindigul	M-Grade	3640	3620	3560	3450
	Coimbatore	M-Grade	3640	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)			13-Jan-20	6-Jan-20	14-Dec-19	14-Jan-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2918	2913	3040	2438
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	10000	3000	8000
	Muzaffarnagar	Khurpa	2778	2700	2688	2303
	Muzaffarnagar	Laddoo	3288	3125	3100	2553
	Muzaffarnagar	Rascut	2375	2300	2225	2053
	Hapur	Chaurasa	Closed	Closed	2625	Closed
	Hapur	Balti	Closed	Closed	2638	Closed
Andhra Pradesh	Chittur	Gold	5200	5300	4300	Closed
		White	4300	4600	4200	Closed
		Black	4000	NA	0	Closed
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	4650	NA	4150
	Belgaum	Mudde (Average)	NA	2900	2900	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2720
	Gulbarga	Other (Average)	NA	0	3750	NA
	Mahalingapura	Penti (Average)	NA	3410	0	3052
	Mandya	Achhu (Medium)	3150	3380	0	2800
	Mandya	Kurikatu (Medium)	3000	2900	0	2750
	Mandya	Other (Medium)	3000	2950	0	2650
	Mandya	Yellow (Medium)	3250	3100	0	3000
	Shimoga	Achhu (Average)	NA	3500	NA	3200

International Sugar Prices (Weekly)				
	Contract Month	3rd Jan'20 to 9th Jan'20	27th Dec to 2nd Jan 2020	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2181	2142	39.00
	20-May	2192	2159	33.00
	20-Jul	2206	2177	29.00
LIFFE Sugar (US \$/MT)	20-Mar	2604	2558	46.00
	20-May	2604	2558	46.00
	20-Aug	2640	2595	45.00

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.