

Price Outlook:

Indian Sugar market showed mixed trend. The market showed moderate demand across India. The sugarcane crushing is likely to finish early as expected in Maharashtra and Karnataka. The crushing in UP is progressing at faster pace whereas Maharashtra has gained the recovery rate in January. We expect sugar prices may trade steady 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 3600 Rs/q in coming days.

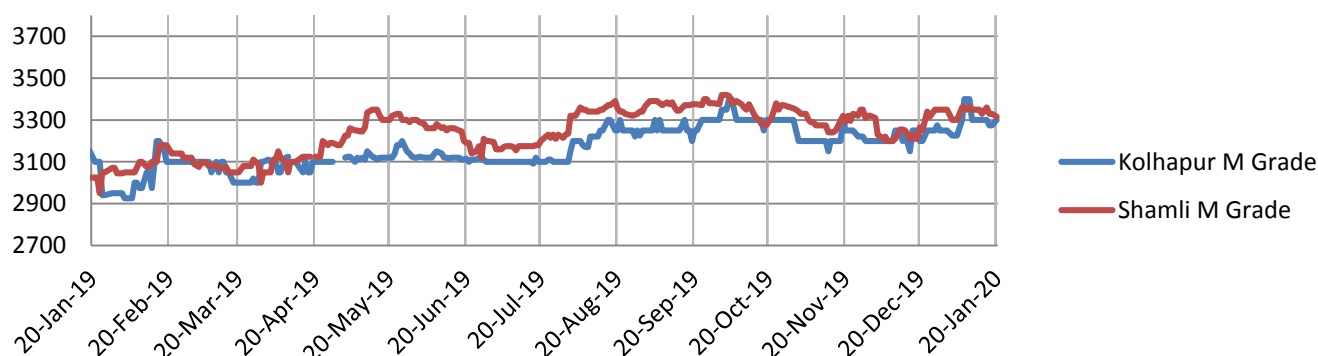
Price Projection for the Next week

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 steady at Rs. 3300 per quintal, while spot sugar prices for the same grade in Shamli district stood steady Rs. 3347 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 15th Jan'20, total sugar production across reached around 108.85 LT by 440 mills so far this season which is around 26% less than the previous year.** In 2018-19 during the same period, the country produced about 147.4 LT of sugar by around 511 mills. Uttar Pradesh, the largest sugar producing state in India have produced 43.78 LT of sugar with an average sugar recovery of 10.83% whereas the recovery was 10.97% and producing 41.93 LT of sugar higher compared to the same period in last year. In Maharashtra, 139 sugar mills were in operation producing 25.52 LT of sugar lower by 55% that produced 57.25 LT in the last year. In Karnataka, 63 sugar mills are in operation on 15th January'20, who have produced 21.9 LT of sugar, as compared to 26.76 LT produced by 65 sugar mills in 2018-19 sugar season on 15th January'19. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 3.72 LT of sugar till 15th January'20 lower compared to 5.42 LT in the same period last year.
- **Few months earlier, Indonesia has announced to reduce down the import duties for raw sugar to import raw sugar from India** against the deal that India will give priority to import palm oil from Indonesia. The sugar industry is waiting since last year for Indonesia to take action on relaxing norms for sugar import from India. But the sugar mills in India have commence refining the raw sugar and it is already late to export raw sugar now. Also, according to the norms the imported raw sugar should have ICUMSA 1200 and above but India produces better quality of sugar of ICUMSA 400-800. Indonesia accepted and bought down the import duty but still haven't made changes in the quality norms. Therefore, exports to Indonesia in the current year becomes difficult while it will be a good opportunity to export sugar from India in the coming season.
- **According to the trade sources, India has exported around 2,57,000 tonnes of refined sugar from Indian ports (Kakinada & Kandla)** in the month of December'19. Out of the total, 75,000 tonnes of sugar have been exported from Kakinada port while 1,82,600 tonnes of refined sugar have been exported through Kandla port. The major importing countries were Iran, Bangladesh, Somalia and Sri Lanka.

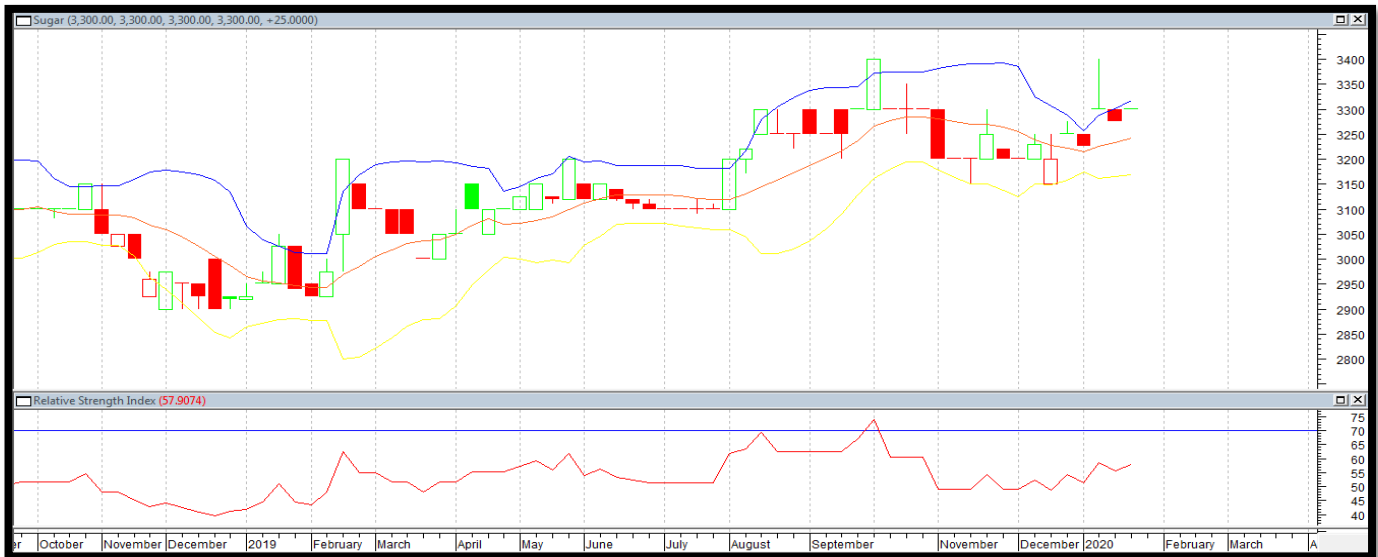
Previous Updates

- **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.

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

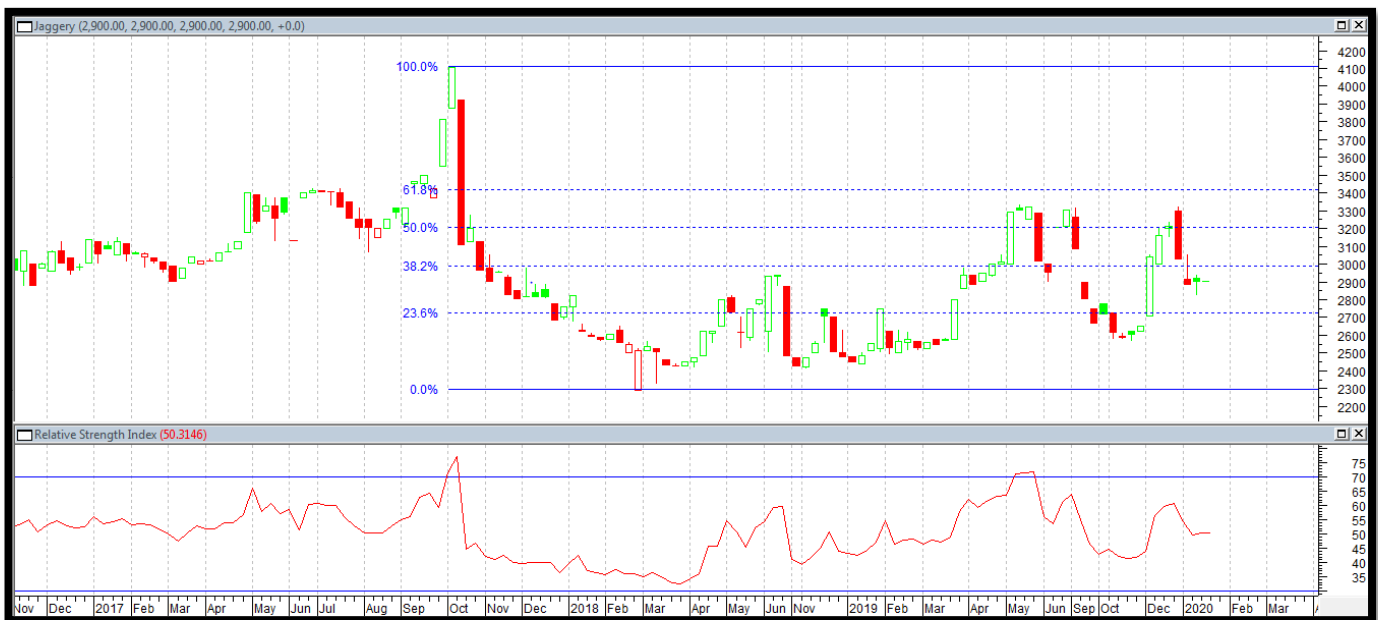
- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3300 quintal this week.
- Next resistance and support level for the January month is expected at Rs.3350 and Rs.3200 per quintal respectively.
- RSI is in the neutral region.



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 lower at Rs.2887/q against Rs. 3023/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:

- **Sugar prices finished mixed on Friday as prices consolidated just below Thursday's 2-year highs.** Sugar prices have rallied sharply this week on the outlook for smaller global sugar supplies. Sugar prices found support on smaller sugar output in India, the world's second-largest sugar producer, after Friday's data from India's Sugar Mills Association showed India sugar production from Oct 1-Jan 15 dropped -26% y/y to 10.89 MMT.
- 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-November dipped 4.62% (92.72LT) in the current year, while raw sugar exports fell by 4.8% 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.

- **According to the USDA report, USA revised its sugar production estimates to 8.158 MMT from 8.28 MMT in 2019-20** sugar season, however, the production is estimated around 9% lower compared to the previous year's production. Subsequently, the estimates for imports have increased to 3.881MMT in January estimates from the Dec'19 estimates of 3.860 MMT and also higher compared to the previous year's imports of 3.070 MMT in 2018-19 sugar season.

Previous 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.

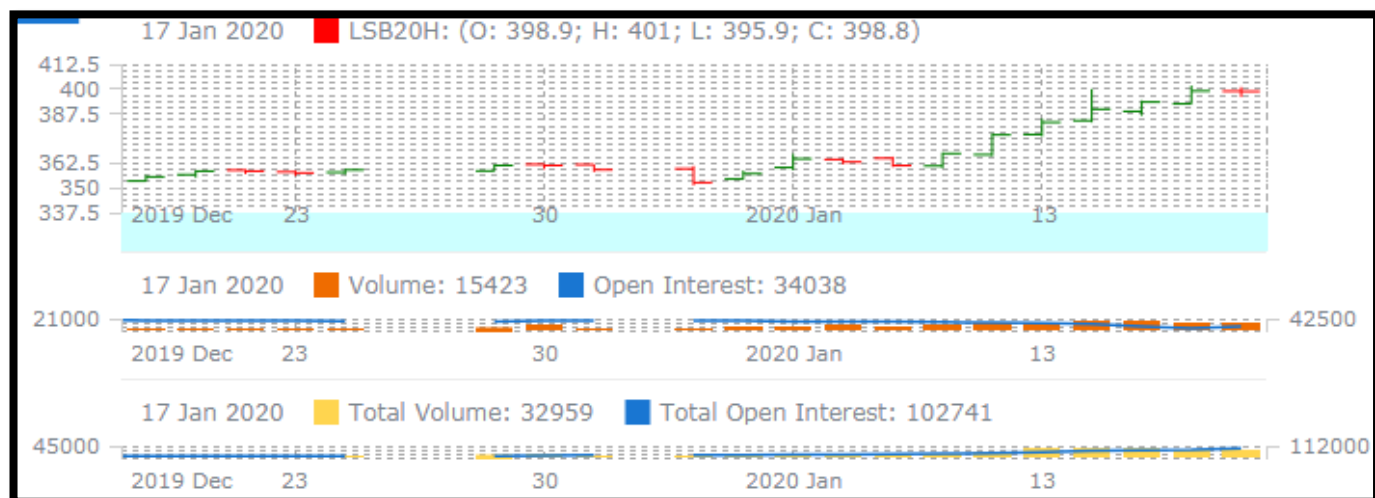
International Sugar Market Summary:**Bullish and Bearish factors for International sugar**

Factors	Impact
Conab projects that Brazil 2019/20 sugar production will decline to around 30 MMT against previous estimates of 31.8 MMT.	Bullish
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.
- Both total volume and open interest increased over a week.
- Strategy: Sell at level 395, T1 400

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	398.8	375-399



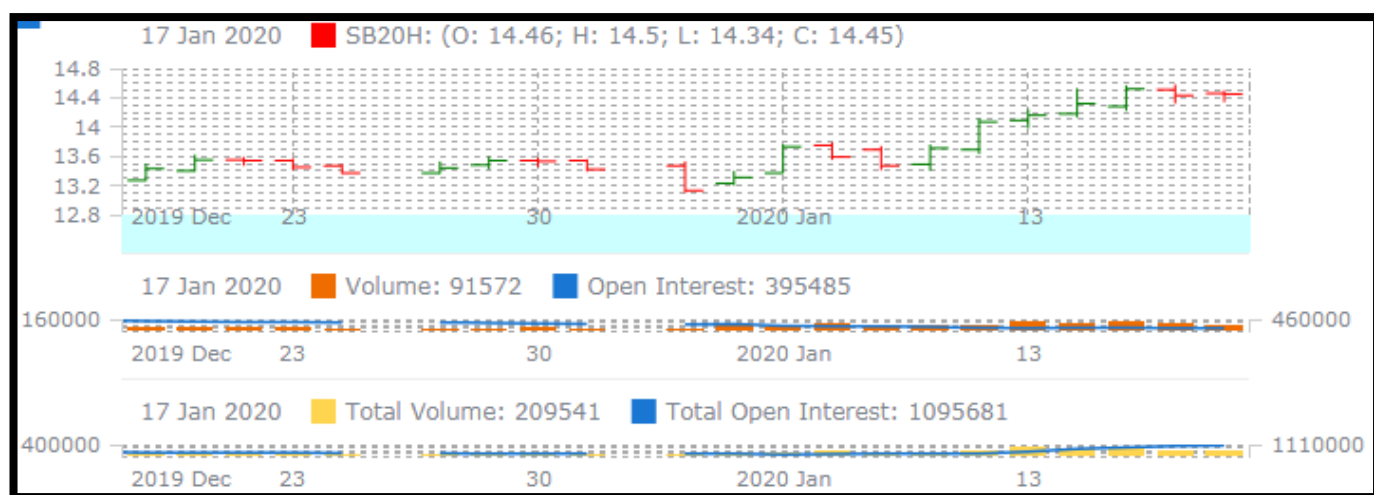
ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Both total volume and open interest increased.
- Strategy: Buy at rate 14 Targeting 15.5.

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			10th Jan'20 to 16th Jan'20	3rd Jan'20 to 9th Jan'20	
Delhi	Delhi	M-Grade	3336	3328	8
	Delhi	S-Grade	3316	3308	8
Uttar Pradesh	Khatauli	M-Grade	3355	3362	-7
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3302	3285	17
	Dhampur	S-Grade Ex-Mill	3282	3265	17
	Dhampur	L-Grade Ex-Mill	3352	3335	17
Maharashtra	Mumbai	M-Grade	3579	3570	9
	Mumbai	S-Grade	3367	3328	39
	Nagpur	M-Grade	3425	3450	-25
	Nagpur	S-Grade	3258	3283	-25
	Kolhapur	M-Grade	3300	3325	-25
	Kolhapur	S-Grade	3133	3158	-25
Assam	Guhawati	S-Grade	3444	3470	-25
Meghalaya	Shillong	S-Grade	3453	3478	-25
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3630	3657	-27
Tamil Nadu	Chennai	S-Grade	3610	3607	3
	Dindigul	M-Grade	3647	3610	37
	Coimbatore	M-Grade	3610	3607	3
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)			10th Jan'20 to 16th Jan'20	3rd Jan'20 to 9th Jan'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2887	3023	-137
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	35000	55000	-20000
	Muzaffarnagar	Khurpa (Fresh)	2817	2865	-48
	Muzaffarnagar	Laddoo (Fresh)	3283	3246	36
	Muzaffarnagar	Rascut (Fresh)	2376	2350	26
	Hapur	Chaurasa	2810	2770	40
	Hapur	Balti	2740	2783	-43

Andhra Pradesh	Chittur	Gold	5200	5267	533
		White	4433	4667	1533
		Black	4067	2900	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	2950	2917	33
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	3310	NA	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3360	2830	529
	Mandya	Achhu (Medium)	3104	3223	-119
	Mandya	Kurikatu (Medium)	2960	2900	60
	Mandya	Other (Medium)	2948	2950	-2
	Mandya	Yellow (Medium)	3226	3132	94
	Shimoga	Achhu (Average)	3500	3475	25

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			20-Jan-20	13-Jan-20	21-Dec-19	21-Jan-19
Delhi	Delhi	M-Grade	3290	3350	3300	3039
	Delhi	S-Grade	3270	3330	3280	3019
Uttar Pradesh	Khatauli	M-Grade	3310	3350	3340	3300
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3260	3300	3220	3050
	Dhampur	S-Grade Ex-Mill	3240	3280	3200	3030
	Dhampur	L-Grade Ex-Mill	3310	3350	3270	3100
Maharashtra	Mumbai	M-Grade	3580	3580	3556	3206
	Mumbai	S-Grade	3380	3360	3270	3092
	Nagpur	M-Grade	3425	3425	3325	3150
	Nagpur	S-Grade	3275	3275	3225	3050
	Kolhapur	M-Grade	3300	3300	3200	3025
	Kolhapur	S-Grade	3150	3150	3100	2925
Assam	Guhawati	S-Grade	3461	3461	3410	3233
Meghalaya	Shillong	S-Grade	3470	3470	3420	3245
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	3640	3440
	Vijayawada	S-Grade	3620	3620	3580	3400
West Bengal	Kolkata	M-Grade	3660	3620	3650	3530
Tamil Nadu	Chennai	S-Grade	3600	3600	3580	3150
	Dindigul	M-Grade	3680	3640	3600	3420
	Coimbatore	M-Grade	3640	3640	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)			20-Jan-20	13-Jan-20	21-Dec-19	21-Jan-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2900	2918	3163	2515
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	3000	7000	5000
	Muzaffarnagar	Khurpa	2875	2778	2953	2255
	Muzaffarnagar	Laddoo	3275	3288	3278	2513
	Muzaffarnagar	Rascut	2363	2375	2338	2038
	Hapur	Chaurasa	Closed	Closed	2900	Closed
	Hapur	Balti	Closed	Closed	2850	Closed
Andhra Pradesh	Chittur	Gold	5100	5200	5000	4000
		White	4400	4300	4600	3700
		Black	4300	4000	0	3100
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	4650	4650	4450	4150
	Belgaum	Mudde (Average)	NA	0	2900	3100
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2700
	Gulbarga	Other (Average)	NA	0	0	3055
	Mahalingapura	Penti (Average)	3330	3418	0	NA
	Mandya	Achhu (Medium)	3200	3150	2970	2700
	Mandya	Kurikatu (Medium)	3100	3000	2800	2600
	Mandya	Other (Medium)	3250	3000	2850	2600
	Mandya	Yellow (Medium)	3400	3250	3000	2800
	Shimoga	Achhu (Average)	3550	3500	0	NA

International Sugar Prices (Weekly)				
	Contract Month	10th Jan'20 to 16th Jan'20	3rd Jan'20 to 9th Jan'20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2271	2181	90.00
	20-May	2268	2192	76.00
	20-Jul	2265	2206	59.00
LIFFE Sugar (US \$/MT)	20-Mar	2754	2604	150.00
	20-May	2754	2604	150.00
	20-Aug	2751	2640	111.00

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