

Price Outlook:

Indian Sugar market was overall showed steady to low trend this week. Good export demand has been witnessed while S-30 is not available for much trades due to major stocks traded for exports. The sugarcane crushing is likely to finish early as expected in Maharashtra and Karnataka. The crushing in UP is progressing at faster pace because of which the prices stood weaker whereas Maharashtra is producing sugar in sluggish mode. The prices in Vijayawada stood firm at Rs.3660/q and Rs.3300/q in Kolhapur bench market whereas the prices in UP stood at Rs.3290/q.

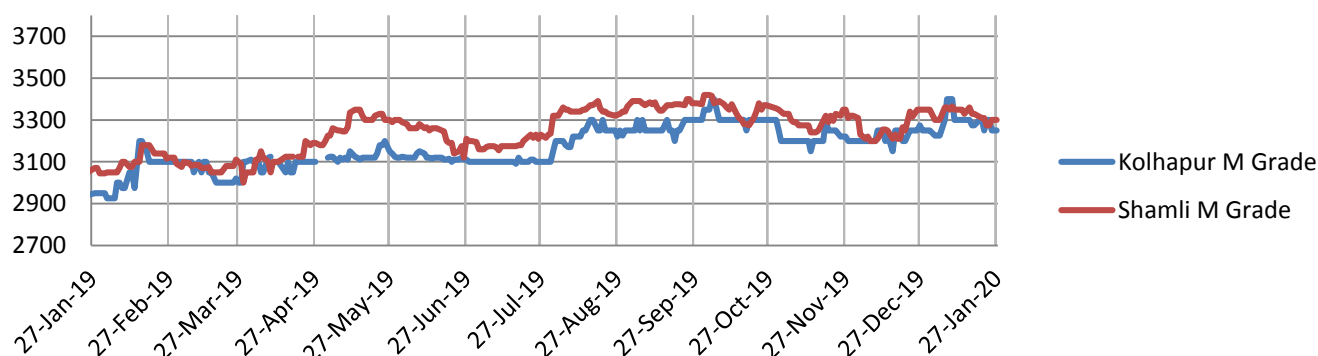
Price Projection for the Next week

As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range higher next week between Rs.3200 -3320 per quintal for next week.

Domestic Sugar Market Summary

Average price for sugar 'M' grade in key Kolhapur market settle slightly higher at Rs. 3311 per quintal, while spot sugar prices for the same grade in Shamli district stood slightly lower Rs. 3283 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 4 LT of sugar in December month.** The Indian mills have started exporting the sugar produced in the new season (2019-20) due to which the prices reported are slightly higher compared to the previous month November. Out of the total exports, largest quantity of refined sugar has been exported to Iran exporting 84,084 tonnes at an average FOB of \$365.73/MT followed by Afghanistan of 67,792 tonnes at an average FOB \$321.75/MT. Refined sugar has been exported to Middle Eastern countries including Somalia (57,816 tonnes at an average FOB \$323/MT), Sudan (38,554 tonnes at an average FOB \$329.57/MT), Saudi Arabia (22,309 tonnes at an average FOB \$343.85/MT). The export to Sri Lanka was at the cheapest price at an average \$323.03/MT (36,789 tonnes).
- **Only 139 sugar mills operating in Maharashtra has produced sugar lower by around 50%.** Two sugar mills from Jalgaon and Nandurbar districts of Khandesh are suffering from sugarcane scarcity due to which the mills in the district are purchasing cane from Madhya Pradesh. Three sugar mills from Nandurbar including two cooperatives and one private mill have crushed 4,39,356 metric tonnes of sugarcane and produced around 4,16,577 quintal of sugar with a recovery rate of 9.48 per cent till January 17. Only one sugar mill from Jalgaon district has operated in this season and crushed 1,00,990 metric tonnes of sugarcane and has produced 99,140 quintal of sugar with the recovery rate of 9.82 per cent.
- **As on 24th 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 4.92% more sugarcane around 459.41 LT against 437.88 LT in the previous year and produced 49.91 LT of sugar which is 3.29% higher due to the favorable conditions in the state this year as the area increased. Whereas, the recovery declined slightly by around 1.54% to 10.86% against 11.03% in the same time previous year from the start of the season in Oct till 24th of January.

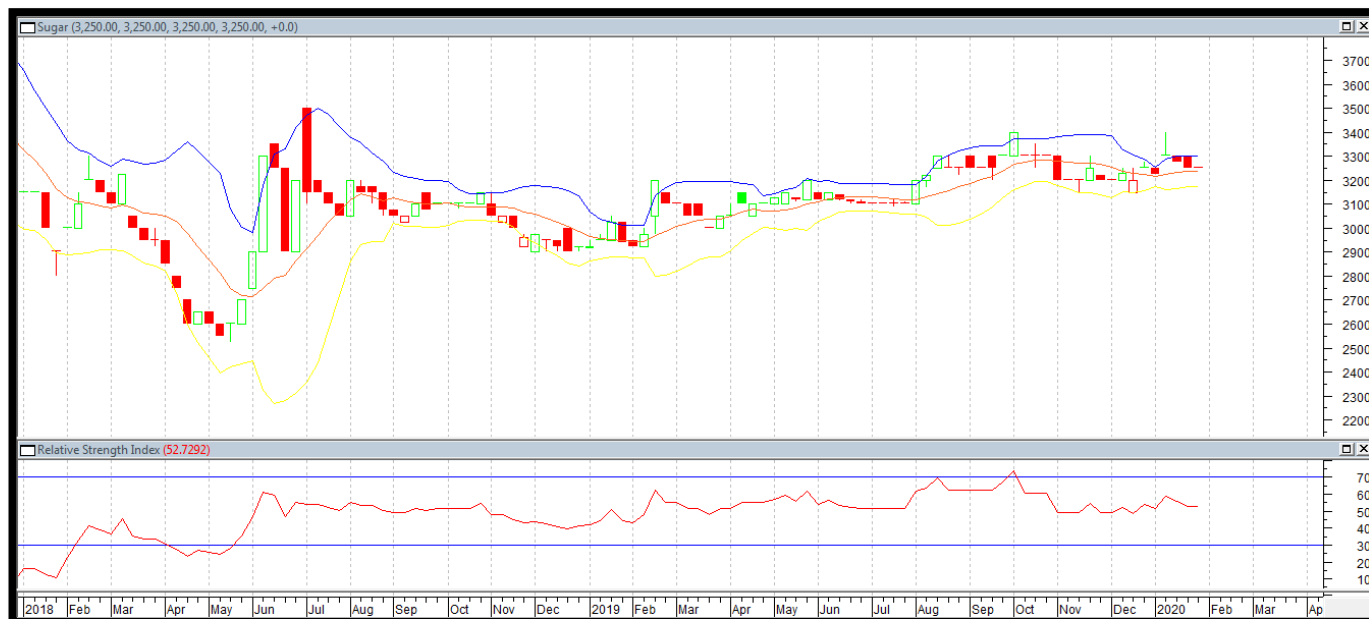
Previous Updates

- **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.

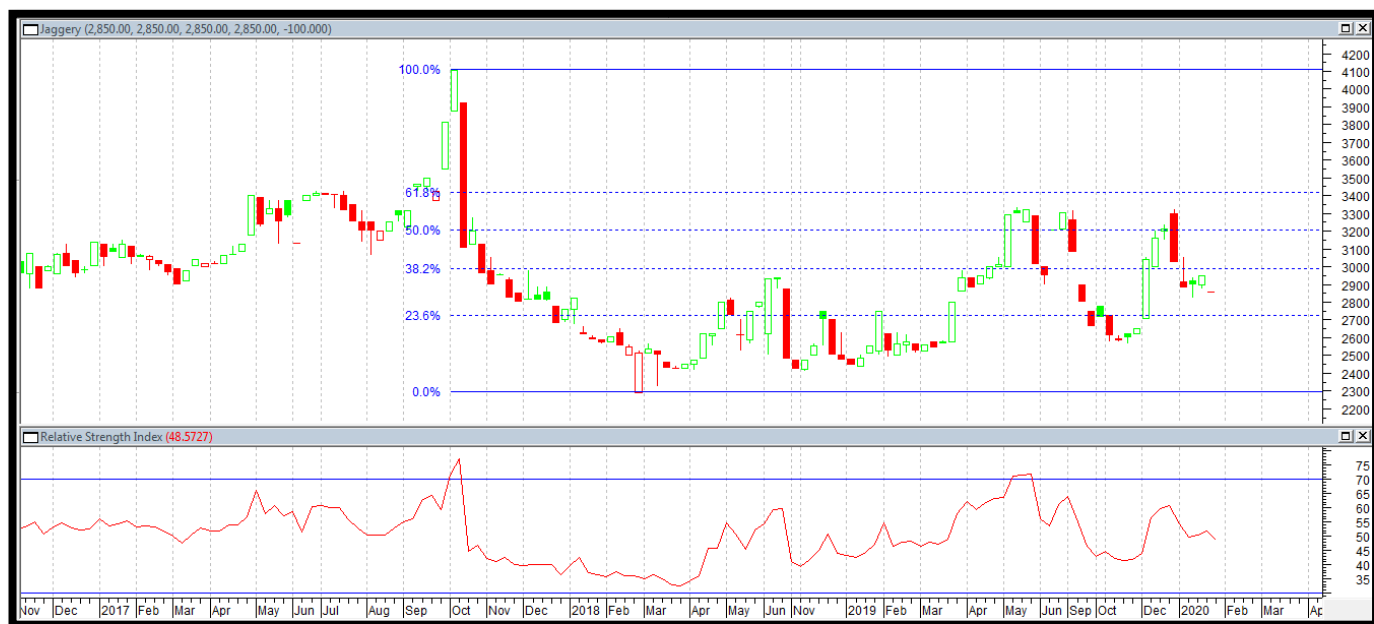
Technical Analysis - Sugar (M grade) Spot Market at Kolhapur market

- Sugar spot prices at benchmark Kolhapur market closed steady at Rs.3250 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.2850/q against Rs. 2887/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 down -0.18 (-1.25%).** Sugar prices moved lower Monday with NY sugar at a 2-week low and London sugar at a 1-week low. Sugar prices were undercut by a cut down in crude prices, weakness in the Brazilian real, and general weakness in commodity prices due to the spreading Chinese coronavirus. Weaker crude prices undercut ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing to sugar production rather than ethanol production, thus boosting sugar supplies.
- **The sugar prices have hiked by Rs.10/kg in Pakistan domestic market within one week from Rs.64/kg to Rs.74/kg.** The shortage of sugar led to the rise in prices and the government has demanded to stop exporting the sugar. As, the export of one million tons of sugar is the reason behind a shortage of sweetener. Similarly the exports in Ukraine also declined and exported around 2.3 lakh tonnes in 2019. As the production dropped by 19 per cent this season (2019-20) compared with last year to 1.48 million tonnes.
- **Malaysia's leading refined sugar producer, MSM Malaysia Holdings Berhad (MSM) has asked for around 1.3 LT of raw sugar worth nearly RM 200 million** in three shipments between January to February. Also the organization has announced that they have procured over 9 LT of raw sugar in 2019 from various producing countries including India. According to MSM, the acceptable quality and competitive freight cost of raw sugar produced from India, provides added-value and advantages for MSM to ensure a sustainable supply of best quality raw sugar stock for all of its refineries. Therefore, the India has the smooth way to export its sugar to one of the importers.

Previous 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.

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

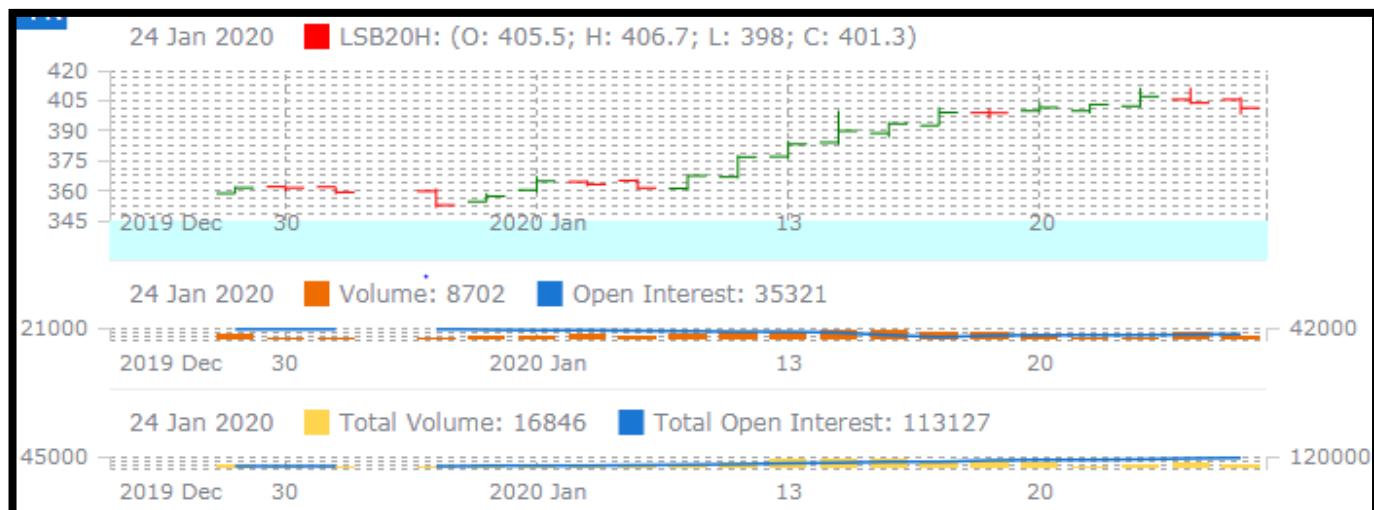
International Sugar Futures Price Projection

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

Technical Commentary

- LIFFE future market was firm for the weak.
- Total volume declined while open interest increased over a week.
- Strategy: Sell at level 395, T1 405

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Mar'20	401.3	380-403

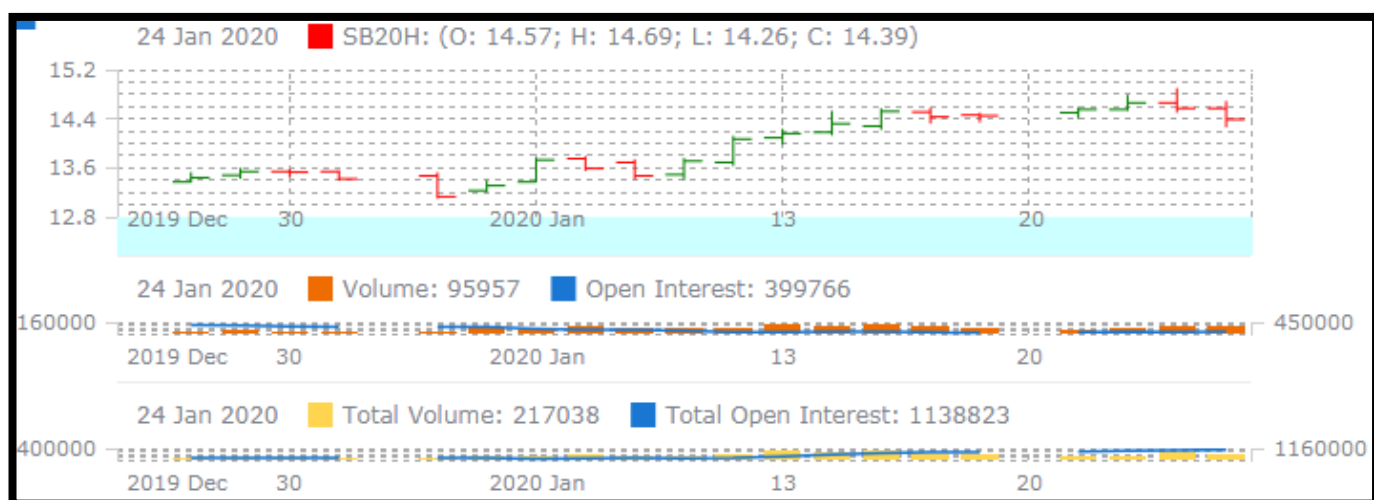


ICE (Raw Sugar Exchange) Future Market Scenario (Mar'20 Contract)

Technical Commentary:

- ICE raw sugar futures were firm in the weak.
- Both total volume and open interest decreased.
- 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	14.39	13-19



Spot Sugar Prices Scenario (Weekly) (Average)					
Commodity	Centre	Variety	Average Prices (Rs/Qtl)		Change
Sugar			17th Jan'20 to 23rd Jan'20	10th Jan'20 to 16th Jan'20	
Delhi	Delhi	M-Grade	3303	3336	-33
	Delhi	S-Grade	3283	3316	-33
Uttar Pradesh	Khatauli	M-Grade	3320	3355	-35
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3265	3302	-37
	Dhampur	S-Grade Ex-Mill	3245	3282	-37
	Dhampur	L-Grade Ex-Mill	3315	3352	-37
Maharashtra	Mumbai	M-Grade	3576	3579	-3
	Mumbai	S-Grade	3374	3367	8
	Nagpur	M-Grade	3408	3425	-17
	Nagpur	S-Grade	3263	3258	4
	Kolhapur	M-Grade	3283	3300	-17
	Kolhapur	S-Grade	3138	3133	4
Assam	Guhawati	S-Grade	3448	3444	4
Meghalaya	Shillong	S-Grade	3458	3453	4
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3668	3630	38
Tamil Nadu	Chennai	S-Grade	3600	3610	-10
	Dindigul	M-Grade	3680	3647	33
	Coimbatore	M-Grade	3640	3610	30
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)			17th Jan'20 to 23rd Jan'20	10th Jan'20 to 16th Jan'20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2891	2887	5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	29000	35000	-6000
	Muzaffarnagar	Khurpa (Fresh)	2874	2817	57
	Muzaffarnagar	Laddoo (Fresh)	3305	3283	22
	Muzaffarnagar	Rascut (Fresh)	2392	2376	16
	Hapur	Chaurasa	2858	2810	48
	Hapur	Balti	2765	2740	25
Andhra Pradesh	Chittur	Gold	5167	5200	733

		White	4650	4433	583
		Black	4200	4067	-
Maharashtra	Latur	Lal Variety	NA	NA	-
Karnataka	Bangalore	Mudde (Average)	4642	4650	-8
	Belgaum	Mudde (Average)	3070	2950	120
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur	Achhu	NA	3310	-
	Gulbarga	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3366	3360	6
	Mandya	Achhu (Medium)	3190	3104	86
	Mandya	Kurikatu (Medium)	3180	2960	220
	Mandya	Other (Medium)	3204	2948	256
	Mandya	Yellow (Medium)	3356	3226	130
	Shimoga	Achhu (Average)	3542	3500	42

Spot Sugar Prices Scenario (Weekly)						
Commodity	Centre	Variety	Today	Week Ago	Month Ago	Year Ago
Sugar			27-Jan-20	20-Jan-20	28-Dec-19	28-Jan-19
Delhi	Delhi	M-Grade	3290	3290	3350	3150
	Delhi	S-Grade	3270	3270	3330	3130
Uttar Pradesh	Khatauli	M-Grade	3300	3310	3410	3255
	Ramala	M-Grade	NA	0	0	0
	Dhampur	M-Grade Ex-Mill	3250	3260	3300	3000
	Dhampur	S-Grade Ex-Mill	3230	3240	3280	2980
	Dhampur	L-Grade Ex-Mill	3300	3310	3350	3050
Maharashtra	Mumbai	M-Grade	3572	3580	3560	3226
	Mumbai	S-Grade	3356	3380	3296	3092
	Nagpur	M-Grade	3375	3425	3375	3075
	Nagpur	S-Grade	3225	3275	3225	3025
	Kolhapur	M-Grade	3250	3300	3250	2950
	Kolhapur	S-Grade	3100	3150	3100	2900
Assam	Guhawati	S-Grade	3410	3461	3410	3207
Meghalaya	Shillong	S-Grade	3420	3470	3420	3220
Andhra Pradesh	Vijayawada	M-Grade	3640	3680	3640	3440
	Vijayawada	S-Grade	3580	3620	3580	3400
West Bengal	Kolkata	M-Grade	3680	3660	3610	3450
Tamil Nadu	Chennai	S-Grade	3580	3600	3580	3060
	Dindigul	M-Grade	3680	3680	3580	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)			27-Jan-20	20-Jan-20	28-Dec-19	28-Jan-19
Uttar Pradesh	Muzaffarnagar	Chaku Sukha	2850	2900	3213	2525
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	4000	9000	6000
	Muzaffarnagar	Khurpa	2613	2875	3138	2263
	Muzaffarnagar	Laddoo	3013	3275	3388	2488
	Muzaffarnagar	Rascut	2250	2363	2500	2030
	Hapur	Chaurasa	Closed	Closed	3125	Closed
	Hapur	Balti	Closed	Closed	3350	Closed
Andhra Pradesh	Chittur	Gold	5200	5100	5500	3800
		White	4400	4400	4800	3400
		Black	4000	4300	0	2900
Maharashtra	Latur	Lal Variety	NR	0	0	0
Karnataka	Bangalore	Mudde (Average)	NA	4650	0	4150
	Belgaum	Mudde (Average)	NA	0	2900	3200
	Belthangadi	Yellow (Average)	NA	0	0	0
	Bijapur	Achhu	NA	0	0	2634
	Gulbarga	Other (Average)	NA	0	0	3120
	Mahalingapura	Penti (Average)	NA	3330	0	2986
	Mandya	Achhu (Medium)	NA	3200	2920	2550
	Mandya	Kurikatu (Medium)	NA	3100	2850	2500
	Mandya	Other (Medium)	NA	3250	2900	2500
	Mandya	Yellow (Medium)	NA	3400	3150	2700
	Shimoga	Achhu (Average)	NA	3550	0	NA

International Sugar Prices (Weekly)				
	Contract Month	17th Jan'20 to 23rd Jan'20	10th Jan'20 to 16th Jan'20	Change
ICE Sugar #11 (US Cent/lb)	20-Mar	2317	2271	46.00
	20-May	2306	2268	38.00
	20-Jul	2296	2265	31.00
LIFFE Sugar (US \$/MT)	20-Mar	2867	2754	113.00
	20-May	2867	2754	113.00
	20-Aug	2838	2751	87.00

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