



INDIAN SUGAR REPORT

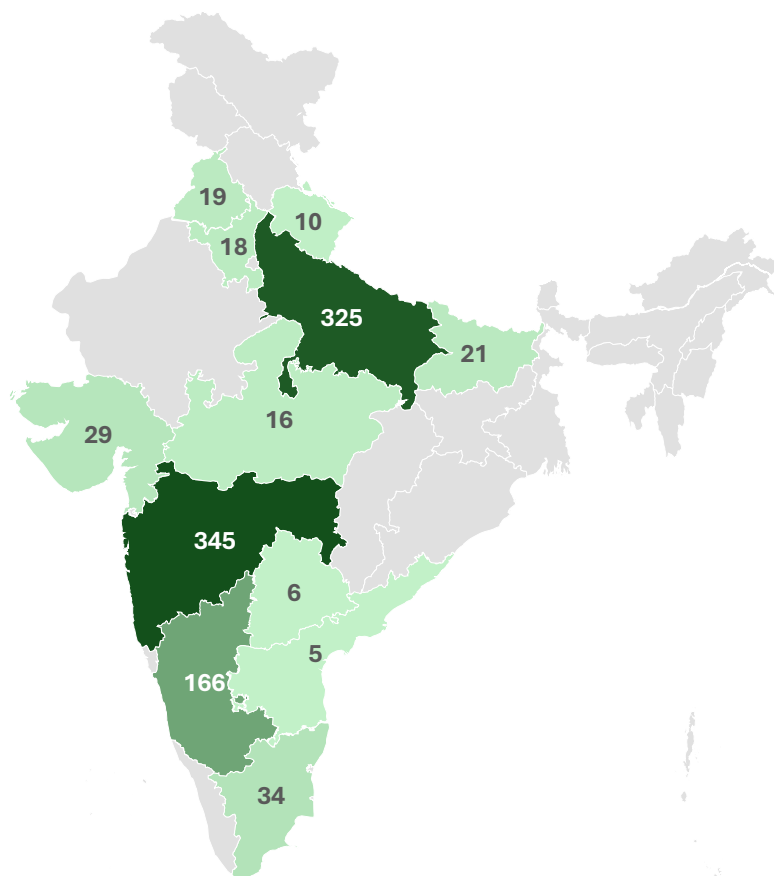
20 JAN 25





INDIAN SUGAR EXPECTED STATE WISE EXPORT QUOTA

| State | Quota in KMT |
|----------------|--------------|
| Uttar Pradesh | 325 |
| Maharashtra | 345 |
| Karnataka | 166 |
| Gujarat | 29 |
| Andhra Pradesh | 5 |
| Bihar | 21 |
| Haryana | 18 |
| Madhya Pradesh | 16 |
| Punjab | 19 |
| Tamil Nadu | 34 |
| Telangana | 6 |
| Uttarakhand | 10 |
| Others | 5 |
| TOTAL | 1000 |



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- Indian Sugar Exports of 1 MMT seems to have got the desired nod from the corridors of power and it looks like it shall be notified soon. (May be today itself)
- The twitter and renowned news daily has also made it public that the Govt has in principle allowed the export of 1 MMT of sugar from India for the season 2024-25.
- The news as we have mentioned in the past is a very BOLD step from the Govt looking at the production scenario in the current season.
- But it seems to be good days of the Sugar Industry
 - Lower production
 - Decent consumption (offtake shall increase on account of stock building up in pipeline due to expected bullish sentiment in the domestic market)
 - 4+ MMT of sucrose diversion for Ethanol
 - EXPORTS OF 1 MMT
 - Lower End stocks
- Industry could not have asked for a better time than this season as the prices in the domestic market should rally and new record high in the current season.
- With the stocks expected to be super tight in the Q3 of the year, the period when the demand for sugar in the Indian market is at its peak, the sugar prices should peak to their highest level.
- In such scenario, how the Govt is going to control the prices need to be seen.
- Will they resort to their old methods of Stock Limits (a nightmare of the past for the sugar traders) or will they have something new in their box to control prices.
- As Sugar availability for extra release shall also be limited with tight end stocks and the new season will be still away which shall bring fresh supplies in the market.
- TIME SHALL TELL.

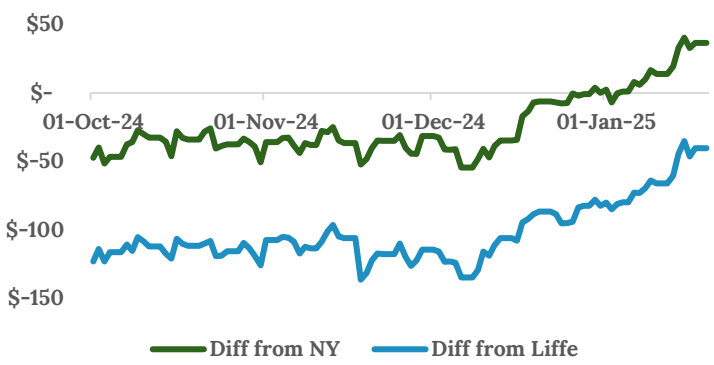


INDIAN SUGAR STATE WISE STOCK CHANGE

| FIG IN MMT | Production | Dom Demand | Exports | End Stocks |
|------------|------------|------------|---------|------------|
| UP | 9.4 | 9.5 | 0.10 | -0.2 |
| Maha | 8.2 | 9.1 | 0.57 | -1.5 |
| Kar | 3.95 | 4.1 | 0.17 | -0.3 |
| Others | 5.55 | 6 | 0.16 | -1.0 |
| ALL INDIA | 27.1 | 29.0 | 1.00 | -2.9 |

- In the above table, we have just tried to work out the state wise stock change at the end of the 24/25 season considering Domestic Demand (as per quota release) and Exports of 1 MMT.
- For the state of UP, we have considered only 100 KMT of sugar moving out for the exports as the prices in UP are high and mills do not gain much out of exports for they have to compete with the export prices from Maharashtra and Karnataka, which are much lower
- Thus it will be prudent for UP to sell their EXPORT Quota in lieu of domestic quota which shall help them meet the domestic demand and continue to take advantage of their price spread as compared to Western states.
- The change in end stocks in UP, thus comes out to be 200 KMT from last year.
- Maharashtra and Karnataka on the other hand will be losing almost 1.8 MMT from their current stocks and with the declining production in the region, the stocks reduction should have a greater impact on the domestic prices going forward into the season (esp during peak consumption period).
- Others, if they export their sugar as per given quota will be reducing their stocks by 1 MMT.
- **THE CATCH HERE IS THAT THE EXPORT QUOTA OF OTHERS WILL BE BOUGHT BY MAHARASHTRA AND KARNATAKA MILLS, REDUCING THEIR STOCKS FURTHER BY 160 KMT AND GIVING OUT MORE DOMESTIC QUOTA FOR SALE TO MILLS IN UP AND OTHER STATES.**
- **THUS, MAHARASHTRA AND KARNATAKA ARE EXPECTED TO FURTHER REDUCE THEIR END STOCKS FOR THEY SHALL BE THE MAJOR EXPORTER AND WILL LOOK TO BUY MAJORITY OF THE EXPORT QUOTA FROM THE MARKET.**

PREM / DISC OF INDIAN LQW VS NY 11 & REF SUGAR (\$/MT) - BASIS CURRENT DOM MARKET



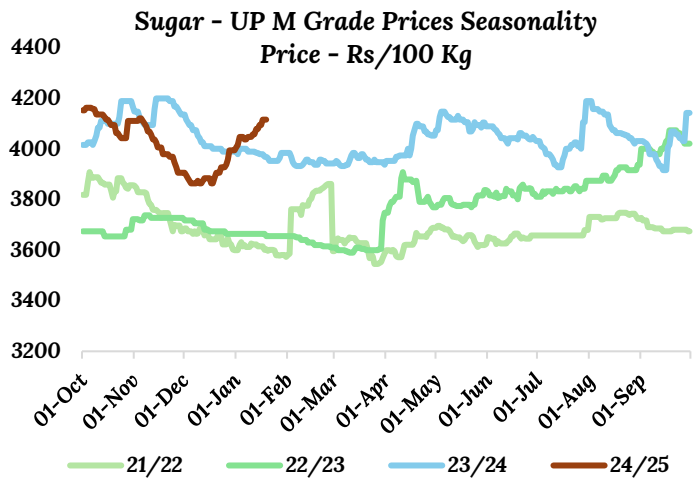
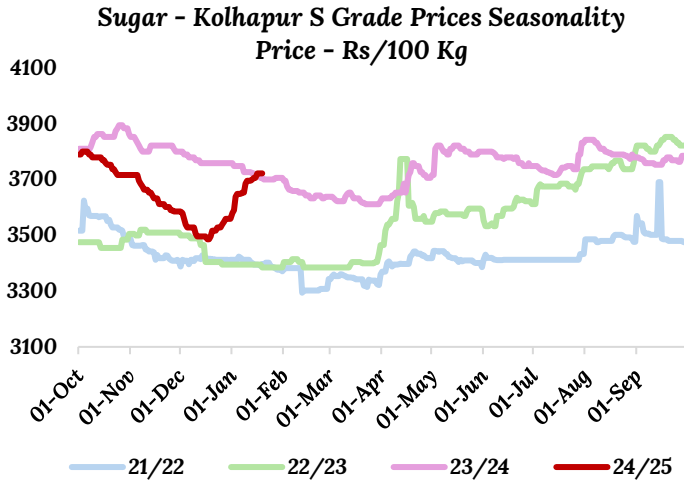
The Export market is getting active and the merchant exporters starting to quote Indian sugar for exports subject to Govt notification.

The prices quoted for LQW is USD 490 per mt FOB Indian port which is USD 12 PMT above Sugar No 5 and USD 88 PMT above NY 11.

The above prices as per GreenLeaf are subject to revision when the notification is out.



INDIAN DOMESTIC MARKET UPDATE



- The Indian sugar prices have been on the rise since the start of Jan 2025 and was expected for the prices during OND period were too low and had to correct.
- The reason of correction in prices was due to the lowering of the Indian sugar production which would have tightened the domestic supplies.
- But since last week, things have changed, as we have EXPORTS news pushing the domestic prices further up.
- The stocks as mentioned are expected to get further tight which shall push the market up and take the prices to record high this season as per GreenLeaf.
- The pain of the high prices shall be felt on all sectors where sugar is used as raw material pushing the cost of production of majority of the sweets and soft drinks, pulling out more rupees from the pockets of the consumers.
- How the Govt is going to tackle the news of high prices in the coming month need to be seen as Sugar do make Headlines in case of price rise.

