



INDIAN SUGAR REPORT

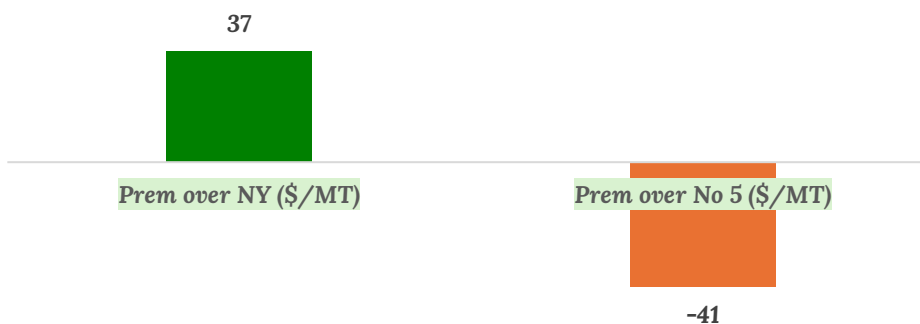
14 JAN 25





INDIAN SUGAR MARKET UPDATE

Prem of Indian Sugar over Raw Sugar No 11 & Refined Sugar No 5 (\$/MT)



- Indian Sugar exports RUMOR has been driving the markets for the last 2 days.
- Industry has been demanding
 - Increase in MSP of sugar
 - Increase in Ethanol prices for season 24/25
 - Exports of 1 MMT of sugar from India
- World market has been lost sizable value since the start of the week, though nothing has been finalised as of now.
- Market tend to do its job and that's what is trying to do and come closer to the Indian Sugar export parity.
- Above chart shows the price of LQW sugar against Sugar No 11 and Sugar No 5.
- The Indian sugar is cheaper than the International market as it is competitively prices against other origins today
- There is margin to be made if exports are allowed from India.
- BUT should export be allowed ?

EXPORT OF SUGAR OUT OF INDIA

- Basis production estimates coming out from analysts, the production seems to be going further down.
- ISMA has been trading @ 33.3 MMT gross sucrose production, diversion of 4 MMT towards Ethanol, leaving sugar equivalent to sugar consumption.
- With higher than market opening stocks in ISMA balance sheet, the case of Exports has been pushed.
- Sugar production on the other hand is in the range of 30-31.4 MMT of Sucrose with diversion towards Ethanol between 4-4.3 MMT, leaving 26-27.1 MMT of sugar for domestic market.
- This shall lead to reduction of end stocks (Stock numbers are also lower than what ISMA has been taking in their balance sheet)
- Interestingly, 1 MMT of sugar exports shall be divided among 500 sugar mills in the country, giving small quantity of sugar to smaller mills.
- Allowing transfer of quota from one mill to other itself shall be a challenging exercise.
- Major issue shall be, when the Govt realise that the production is short, will it rise up again to ban the export of sugar mid way leading to chaos in the domestic and world market, impacting the performance of the exporters out of India or again resort back to banning transfer of Sugarcane Juice and B Heavy Molasses for Ethanol program.
- Ethanol program shall be hit only when the realisation of lower crop is during the crushing season as after mill closure, the ethanol story will be done.

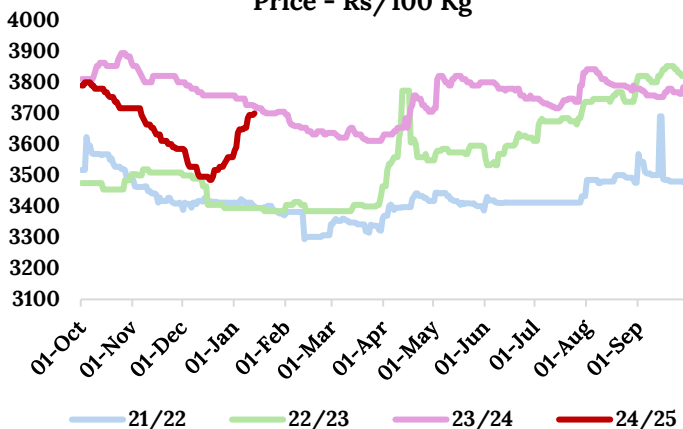


INDIAN SUGAR MARKET UPDATE

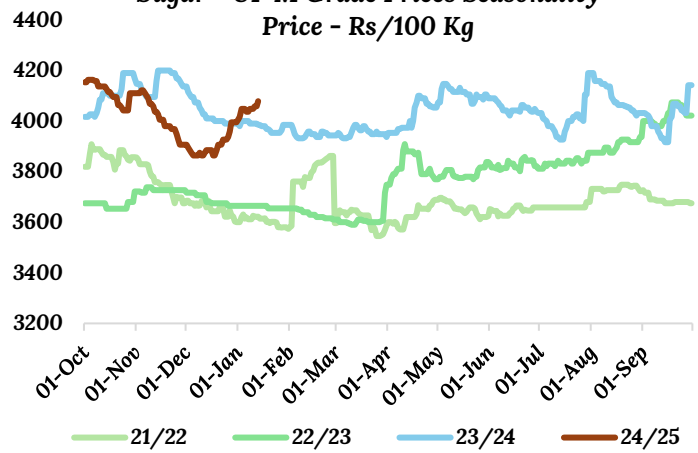
IND SUG PRICES (Rs/Qtl)	LAST	PREV CL	ABS CNHG	LAST WK	WoW	PREV MNTH	MoM
KOLHAPUR S	3525	3520	↑ 5.0	3475	↑ 1.4%	3330	↑ 5.9%
DELHI M	3920	3900	↑ 20.0	3880	↑ 1.0%	3740	↑ 4.8%
MUZZ M	3885	3865	↑ 20.0	3845	↑ 1.0%	3700	↑ 5.0%
KANPUR M	3890	3870	↑ 20.0	3850	↑ 1.0%	3705	↑ 5.0%
KOLKATA M	3950	3930	↑ 20.0	3900	↑ 1.3%	3750	↑ 5.3%
AHMEDABAD	3730	3720	↑ 10.0	3700	↑ 0.8%	3570	↑ 4.5%
BANGALORE	3780	3770	↑ 10.0	3750	↑ 0.8%	3620	↑ 4.4%
CHENNAI	3920	3900	↑ 20.0	3870	↑ 1.3%	3730	↑ 5.1%

- Even before the Export RUMOUR started to make news, the Indian domestic sugar market has been moving up.
- As can be seen from the above table, the Sugar market has moved up by 5% across different regions.
- Over the week itself, the market has gained 1%.
- Indian market will be trading higher as the sugar production is being revised lower every passing day and millers will like to sell cautiously to take advantage of the lower supplies.
- Millers shall be looking for the Export news confirmation as it shall give further boost to the sugar prices in the domestic market.
- The high prices shall bridge the gap between the domestic sugar market and International market, but confirmation of Export news shall be required for immediate upward movement of sugar prices in domestic market.
- The interstate disparity in production of Sugar and stock distribution shall also drive the prices of sugar in coming months,
- Especially during the close of the current season (Jul/Aug/Sep) when the demand of sugar picks up, the price movement is expected to trade the state wise stock disparity.
- Will we witness the price movement of domestic sugar prices the same way we saw the price movement inf 22/23 season ??
- UP as per GreenLeaf shall take lead in pushing the prices higher supported by Western mills.

Sugar - Kolhapur S Grade Prices Seasonality
Price - Rs/100 Kg



Sugar - UP M Grade Prices Seasonality
Price - Rs/100 Kg





World Market meltdown

- The World market has been trading lower since the start of the month with the funds going short in Sugar.
- It has been a SELL in majority of the commodities and equities across the globe with the news of another Virus impacting normal life.
- Trump taking office is also one factor which people shall watch closely as his speeches regarding dealing with different economies to promote US economy is already creating panic in markets.
- Currencies of the developing countries has lost its value against the US, making commodities cheaper for exporting nations.
- In case of sugar, the deficit of the current year 24/25 seems to be over with the eyes now on the upcoming Brazilian harvest.
- The Ethanol parity in Brazil is still low and support Sugar production in the southern nation, thus we should see decent supplies from the region when the harvest starts.
- The freight rates are also coming down which is reducing the White Premium requirement for the refineries to operate, a good thing for the Raw sugar from Brazil shall continue to find homes.
- Market need fresh legs, in terms of Bullish news which shall push the values higher otherwise, its surrounded by the Bearish factors today.
- In case the Indian exports are allowed, the World market might lose further value, might impact export flow from India for mills will like to see positive gain through exports.
- WEATHER remains the biggest UNKNOWN which can move the market either ways.
- Thus, watching Weather for Brazilian harvest and next crops in Indian sub continent and Northern regions shall be the key.
- DEMAND from global buyers can also give support to the market. But Demand is always pushed further in case of Bearish markets.
- We are at a juncture from where further downside looks limited (Indian parity in near term) from where markets can rebound.
- But if bearish is to take over the markets, Brazilian Ethanol parity @ sub 14.5-15 c/lb is the next stop. SCARY !!!

