



INDUSTRY UPDATE

PONNI SUGARS (ERODE) LIMITED

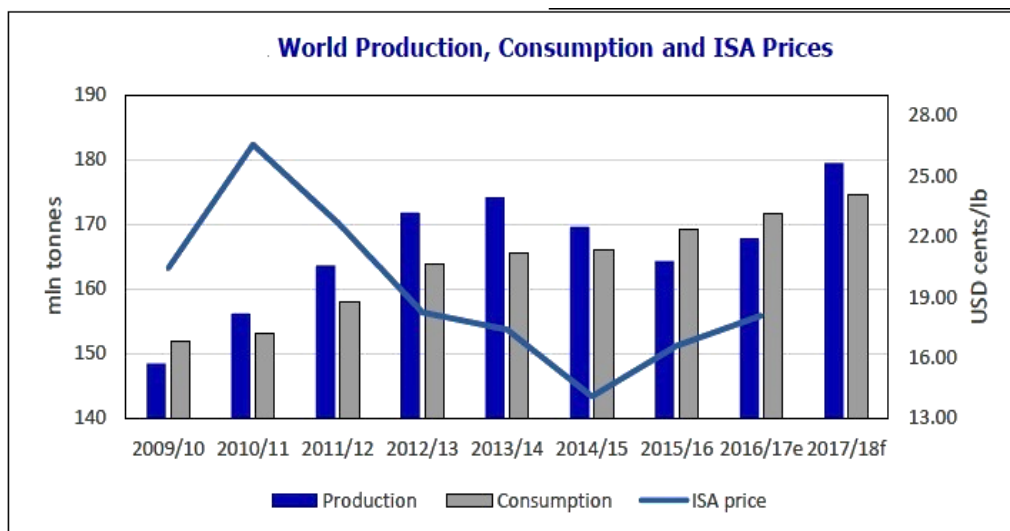


1. World Sugar

1.1 World Sugar Scenario

International Sugar Organization (ISO) in its Quarterly Market Outlook Aug'17 has made its third revision of global sugar balance for 2017-18 that underpins the following:

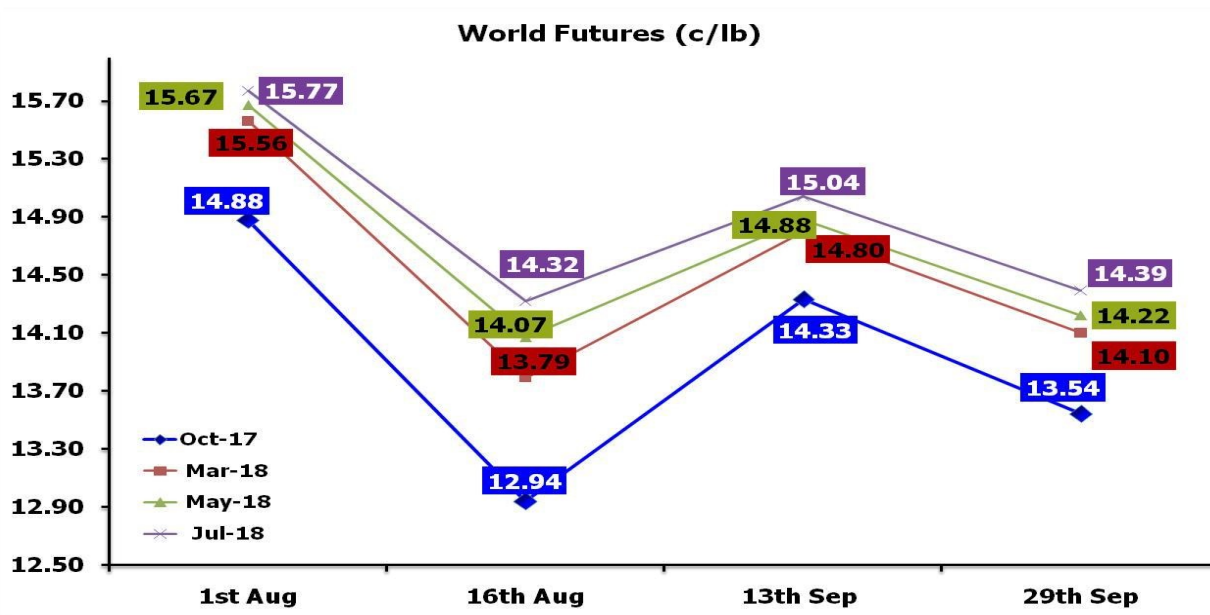
- World market in surplus in 2017/18
- A record world sugar production
- Global use to grow by 1.8%
- Export availability exceeds import demand
- World market values under downward pressure
- Hedge funds net-short in New York since May



Source: ISO QMO-Aug'17

1.2 World sugar prices

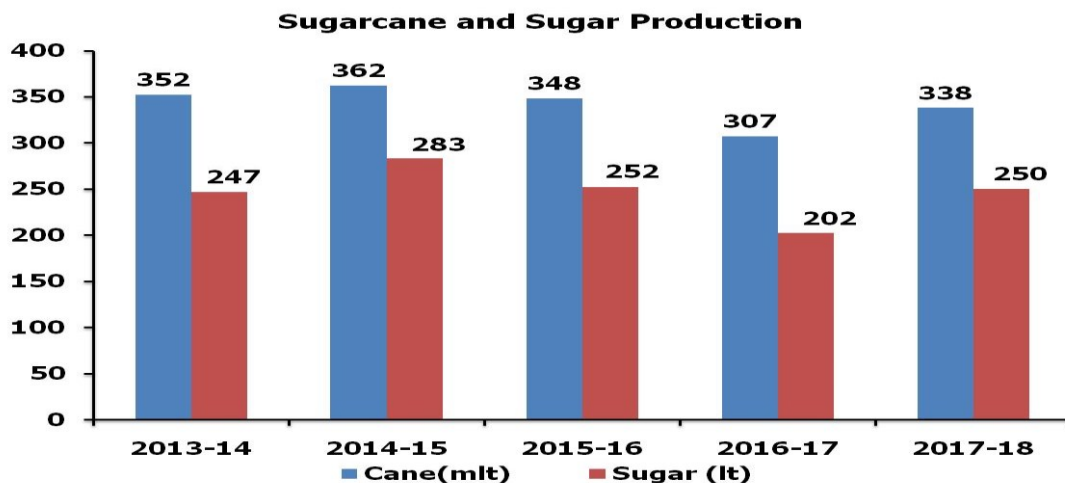
NY March 2018 raw sugar futures contract began in 2016/17 at levels above 20 c/lb. This has now dipped below 14 c/lb in Sep'17, after failing on several occasions over the last three months to sustain itself above 15 c/lb. Any support for prices arising from more Indian exports or hurricane damage to crops in Florida and the Caribbean appears to have been offset by the possibility of increased exports from Pakistan, a big EU crop, reduced imports by China and an upward revision to Brazilian output.



Source: ISO

2. Indian Sugar

2.1 Sugar production



Source: ISMA

2.2 Sugar prices in domestic market



2.3 Sugar Futures

No trading happened in Commodity Exchange since the introduction of stock holding limit.

2.4 Stockholding Limit

Central Government to rein in sugar prices during festival season has come out with an order dated 28th Aug'17. By this it has imposed stock holding limits at 21% of total sugar available by end Sep'17. This shall further be brought down by 8% by end Oct'17.

2.5 Jute packing

Ministry of Textiles by Notification dated 01.09.2017 has further extended the mandate of jute packing for sugar at 20% till 30th December 2017.

2.6 Weather forecast

Indian Meteorological Department has recently announced that its operational forecast for the 2017 North-East monsoon season (Oct-Dec'17) rainfall over South Peninsula is most likely to be normal (89% -111% of LPA).
