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Sugar Mills pic file

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A worker arranges sugar bags in a net to load them onto a cargo ship at the Deendayal Port in Kandla

A worker arranges sugar bags in a net to load them onto a cargo ship at the Deendayal Port in Kandla, in the western state of Gujarat, India, September 25, 2024. REUTERS/Amit Dave/File Photo Purchase Licensing Rights, opens new tab

MUMBAI/NEW DELHI, Jan 19 (Reuters) - India is set to allow exports of 1 million metric tons of sugar during the current season, government and industry sources said, to help mills export surplus stocks from the world's second biggest producer of the sweetener and help prop up local prices.

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U.S. stocks rallied on Friday with the S&P 500 and Dow notching their biggest weekly percentage gains since early November... and the Nasdaq registering its best week since early December.

The decision to allow exports, which had been speculated for the past few weeks, comes as a surprise to a section of traders, as this year's production is expected to fall below consumption for the first time in eight years.

Maharashtra, Karnataka, and Uttar Pradesh account for more than 80% of the country's total sugar production, with lower cane yields in these states prompting trade houses to reduce their output estimates for the current 2024-25 season.

The production could fall to around 27 million tons from last year's 32 million tons and below annual consumption of more than 29 million tons, according to leading trade houses.