Sugar & Gur Domestic & International Fundamentals

Recent Update:

***Indian Sugar market remained unchanged compared to previous day** as the crushing started across India including Maharashtra this week. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood steady at Rs.3220/q and U.P's Khatauli market prices stood firm at Rs.3440/q.*

Weather Forecast:

During the next 24 hours, light to moderate rain and snow with one or two heavy spells is expected over Jammu and Kashmir, Ladakh, Himachal Pradesh, and Uttarakhand. Hailstorm activities are also possible in isolated pockets of Uttarakhand and Himachal Pradesh. Scattered spells are likely in parts of Punjab, Haryana, and Rajasthan, parts of Delhi and NCR and West Uttar Pradesh. Isolated light hailstorm activity is also expected in these areas. Down south, scattered light to moderate rain is possible in coastal Tamil Nadu.

Previous Updates:

***The sugar prices are expected to remain firm above minimum selling price of Rs.31/kg around Rs.34-35/kg in the coming months** on the back of lower sugar production this sugar season (2019-20). Also, the diversion towards ethanol has been encouraging to the sugar mills because of the increased demand from oil marketing companies. Therefore, many sugar mills are being aided to increase the installed capacity for the ethanol production. Under the current sugar sale quota mechanism, some relief was given to a few companies to sell higher volumes of sugar on account of higher sugar diversion to produce B-Heavy Ethanol and higher export of sugar.*

***The oil marketing companies (OMC's) placed tenders for 5.11 billion litres of ethanol in 2019-20.** The requirement by oil companies exceeds by 40% and so far 1.88 billion litres have been supplied in 2018-19 out of the contracted 2.45 billion litres in 2018-19. Ethanol delivery new season starts from December and ends in November. Uttar Pradesh, Maharashtra and Karnataka being the bulk sugarcane-based ethanol producer in India, having the total installed capacity for ethanol production is 3.55 billion litres in 2019-20 season. Therefore, government in the coming year expects significant quantities of ethanol to come from non-sugarcane sources like wheat and corn to fulfill the requirements.*

***USDA in its latest report has reported that the global sugar production is estimated to decline by 6 million tonnes at 174 million tonnes of sugar in the year 2019-20.** Major decline is forecasted due to the reduction of sugar production in India in sugar season 2019-2020 which is estimated around 26.5 to 27 million tonnes. The sugar decline is also followed by Thailand where this year in 2019-20 sugar season, the country expects to produce 13.9 million tonnes a decline of 2% from the previous year (2018-19). Whereas the total exports in the country likely to increase to 11.9 million tonnes in 2019-20 from 11.5 million tonnes in 2018-29.*

***U.S. sugar production have declined significantly due to adverse weather in both sugar beet and sugarcane regions.** In the November 2019 WASDE Report, the U.S. sugar production projection declined by 524,000 short tons raw value to 13.55 STRV from the previous month, while ongoing weather concerns threaten further reductions. USDA intends to make an announcement between November 18* *and December 10 as to quantity, type and source of additional sugar needed to ensure an adequate supply for the domestic market.*

***According to ISMA, as on 15th Nov'19, mills have crushed around 4.85 lakh tonnes in the current season 2019-20 sugar season** as compared to 13.38 lakh tonnes sugar produced in the last season. Only 100 mills were crushing compared to 310 mills last year. In UP, 69 sugar mills have started the crushing operations for this season and they have produced 2.93 lac tons of sugar by 15th Nov'19. Whereas, during the same period last year in the same period, they had produced 1.76 lac tons till 15th Nov'18. Maharashtra has recently started the crushing operations this week, therefore, one of the reasons for lower crushing so far this season.*

***Mills have so far crushed 3.56 mln tn of cane and produced 325,000 tn of sugar as against the reported numbers released by ISMA.** The average recovery of sugar has so far been 9.14%. According to the National Federation of Cooperative Sugar Factories Federation, so far, 74 mills in the country have started crushing cane this season. In Maharashtra, Of the total 195 mills in the state, only 105 mills have issued licences to crush cane so far. The lower can availability in the state also likely to reduce cane crushing duration to 70-80 days against the usual of 140-150 days.*

***Brazil so far has produce around 408.54 billion litres of ethanol out of which around 1.19 billion litres have been exported till October'19** since start of the season in April'19 at an average price of 516 US$/$m^3$, the exports increased by around 17% compared to the previous year. Brazil's ethanol stocks reached 11.42 billion litres by 31st Oct'19, up 3.9 % from the same time last year and 4% more than on 15th Oct'19 this year. By 31st Oct last year, ethanol stocks in the country were at 10.99 billion litres. The monthly average price increased by 11% at 529 US$/$m^3$ which encouraged the exports.*

***According to the trade sources, Indian sugar mills have so far contracted exports of around 10-12 LT sugar in 2019-20 sugar season since October'19.** In the October month, sugar mills have exported around 4-5 LT of old sugar stock and it is projected that around 6-8LT of sugar have been exported so far. Good demand have been reported from the following countries: Afghanistan, Iran, Sri Lanka, Somalia, Nepal, Kenya, Bangladesh, Saudi Arabia, & Qatar. Indian FOB is hovering around $323/tonne for refined sugar and $ 309/ tonne for raw sugar at present which is lower than LIFFE sugar which is hovering around $336/tonne (Refined sugar). The mills in the last season were ineligible to avail the incentives for exports due to partial fulfilment of export quota. Hence, on the request of the mills, the government has extended the last date to exhaust last year's export quota by December 31, 2019.*

***As per the latest estimate of USDA, sugar production is projected at 8.6 million tons, decrease by 572,000 ton from the previous month's prediction**. The poor growing weather and forecasts for smaller beet and sugar cane crops have affected sugar production in the US. The US is planning to allow more imports of sugar so as to fulfil the demands from bakers, candy makers, and food manufacturers. The sugar is likely to be imported from Mexico, which has surplus sugar at present. The decision in this regard will be taken in December. India with export incentives this could get opportunity to export to US on subsidized prices.*

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	Cont Dec(C1)						
Spot							

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume start.

Commodity		Change
Thai Sugar FOB 45 Icumsa	341.9	-

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191126	12.8	12.89	12.66	12.78	-0.04	70,207	480,360	-4,273
20-May	191126	12.89	12.95	12.74	12.86	-0.05	29,171	183,123	7,331
20-Jul	191126	12.95	13.02	12.82	12.92	-0.06	16,366	126,214	87
20-Oct	191126	13.15	13.2	13	13.09	-0.07	9,817	95,137	2,298
21-Mar	191126	13.67	13.71	13.52	13.61	-0.07	4,695	50,703	1,183
21-May	191126	13.68	13.68	13.46	13.54	-0.11	1,685	10,115	591
21-Jul	191126	13.62	13.62	13.39	13.48	-0.14	1,215	9,611	305
21-Oct	191126	13.75	13.75	13.45	13.54	-0.17	846	7,819	-468
Total Volume and Open Interest							134,887	967,816	7,357

International Sugar Futures LIFFE (US $/MT)

Daily Futures Price Listing Fri November 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191126	342.8	343.9	340.7	342.6	0.2	3,335	50,993	-927
20-May	191126	346.3	347.2	343.2	345.8	-0.4	1,455	13,446	70
20-Aug	191126	351.1	352.1	348.1	350.6	-0.9	479	8,139	124
20-Oct	191126	355.1	355.3	352.2	354.1	-1.2	121	3,448	0
20-Dec	191126	359.7	359.7	358.1	359.6	-1.2	76	2,023	51
Total Volume and Open Interest							5,469	79,300	-679

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			27-Nov-19	26-Nov-19	
Delhi	Delhi	M-Grade	3370	3390	-20
	Delhi	S-Grade	3350	3370	-20
Uttar Pradesh	Khatauli	M-Grade	3440	3440	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3350	3350	Unch
	Dhampur	S-Grade Ex-Mill	3330	3330	Unch
	Dhampur	L-Grade Ex-Mill	3400	3400	Unch
Maharashtra	Mumbai	M-Grade	3612	3612	Unch
	Mumbai	S-Grade	3280	3280	Unch
	Nagpur	M-Grade	3345	3345	Unch
	Nagpur	S-Grade	3245	3245	Unch
	Kolhapur	M-Grade	3220	3220	Unch
	Kolhapur	S-Grade	3120	3120	Unch
Assam	Guhawati	S-Grade	3431	3431	Unch
Meghalaya	Shillong	S-Grade	3440	3440	Unch
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch

	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3640	3640	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3600	3600	Unch
	Coimbatore	M-Grade	3590	3590	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			27-Nov-19	26-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2563	2590	-28
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	9000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2345	2325	20
	Muzaffarnagar	Laddoo (Fresh)	2628	2638	-10
	Muzaffarnagar	Rascut (Fresh)	2050	1980	70
	Hapur	Chaursa	2263	2250	13
	Hapur	Balti	2275	2263	13
Andhra Pradesh	Chittur	Gold	4800	4800	Unch
		White	4200	4200	Unch
		Black	3700	3700	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3560	NA	-
	Mahalingapura	Penti (Average)	3307	NA	-
	Mandya	Achhu (Medium)	2950	2900	50
	Mandya	Kurikatu (Medium)	3000	2850	150
	Mandya	Other (Medium)	2850	2850	Unch
	Mandya	Yellow (Medium)	2910	2900	10
	Shimoga/Shivamogga	Achhu (Average)	3400	NA	-