

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

Indian Sugar market remained weaker compared to previous day. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood steady at Rs.3200/q and U.P's Khatauli market prices stood firm at Rs.3380/q.

Maharashtra has commenced the crushing operation since 22nd Nov'19 but with only 15 mills working.

Around 132 mills have got the crushing licenses in this season out the 162 mills that had applied for the license so far against 195 mills in the previous year. So far, around 3600 quintals of sugar has been produced by Pune district by crushing 7,969 tonnes of sugarcane with an average recovery of only 8.5% by only 4 mills. Most of the mills in the districts of Kolhapur and Sangli are, however, yet to start their operations, as a final decision on cane pricing is yet to be arrived here. It is expected that the average recovery of the state might increase to around 10-11% when all the mills in Kolhapur and Sangli starts crushing.

As on 27th Nov'19, total 104 sugar mills has started sugarcane crushing in Uttar Pradesh against 103 mills during the correspond period previous year. So far, UP has crushed 27% more sugarcane around 95.91 LT against 75.04 LT in the previous year and produced 9.58 LT of sugar which is 25% higher due to the favorable conditions in the state this year. Whereas, the recovery declined by around 1.6% to 9.99% from 10.16% in the previous year from the start of the season in Oct till 27th November.

Weather Forecast:

Light to moderate rains with one or two heavy spells is expected over Coastal Tamil Nadu, South coastal Andhra Pradesh. Scattered light to moderate rain was seen over interior Tamil Nadu and isolated over Kerala, Rayalaseema and South Interior Karnataka. Similarly, weather activities over Punjab, Haryana, Delhi, East Rajasthan, and West Uttar Pradesh will also subside by tomorrow afternoon. Till then scattered rain and thundershowers with isolated hailstorms are possible.

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 cane 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\$/m³, 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\$/m³ 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.

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	343.6	-1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191127	12.74	12.83	12.72	12.79	0.01	43,947	482,656	2,296
20-May	191127	12.82	12.89	12.81	12.86	unch	14,875	183,919	796
20-Jul	191127	12.88	12.95	12.85	12.92	unch	9,290	127,096	882
20-Oct	191127	13.06	13.12	13.01	13.09	unch	7,339	95,738	601
21-Mar	191127	13.57	13.64	13.52	13.6	-0.01	4,141	52,083	1,380
21-May	191127	13.47	13.58	13.47	13.54	unch	755	10,268	153
21-Jul	191127	13.52	13.52	13.41	13.48	unch	644	9,891	280
21-Oct	191127	13.58	13.58	13.46	13.54	unch	385	7,909	90
Total Volume and Open Interest							82,290	975,024	7,208

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191127	342.8	343.5	341.2	341.6	-1	8,722	49,319	-1,674
20-May	191127	344.9	346.2	343.8	344.2	-1.6	3,772	13,497	51
20-Aug	191127	349.6	350.8	348.8	349.1	-1.5	908	8,306	167
20-Oct	191127	354.5	354.5	352.6	352.7	-1.4	93	3,425	-23
20-Dec	191127	359.7	359.7	358.5	358.5	-1.1	15	2,028	5
Total Volume and Open Interest							13,553	77,828	-1,472

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Nov-19	27-Nov-19	
Delhi	Delhi	M-Grade	3380	3370	10
	Delhi	S-Grade	3360	3350	10
Uttar Pradesh	Khatauli	M-Grade	3380	3440	-60
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3325	3350	-25
	Dhampur	S-Grade Ex-Mill	3305	3330	-25
	Dhampur	L-Grade Ex-Mill	3375	3400	-25
Maharashtra	Mumbai	M-Grade	3612	3612	Unch
	Mumbai	S-Grade	3280	3280	Unch
	Nagpur	M-Grade	3325	3345	-20
	Nagpur	S-Grade	3235	3245	-10
	Kolhapur	M-Grade	3200	3220	-20
	Kolhapur	S-Grade	3110	3120	-10
Assam	Guhawati	S-Grade	3421	3431	-10
Meghalaya	Shillong	S-Grade	3430	3440	-10
Andhra Pradesh	Vijayawada	M-Grade	3680	3700	-20
	Vijayawada	S-Grade	3620	3640	-20

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)			28-Nov-19	27-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2600	2563	38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	8000	-7000
	Muzaffarnagar	Khurpa (Fresh)	2350	2345	5
	Muzaffarnagar	Laddoo (Fresh)	2653	2628	25
	Muzaffarnagar	Rascut (Fresh)	2075	2050	25
	Hapur	Chaurasa	2288	2263	25
	Hapur	Balti	2250	2275	-25
Andhra Pradesh	Chittur	Gold	4900	4800	100
		White	4300	4200	100
		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	3100	0	3100
	Gulbarga/Kalaburgi	Other (Average)	NA	3560	-
	Mahalingapura	Penti (Average)	NA	3307	-
	Mandya	Achhu (Medium)	2780	2950	-170
	Mandya	Kurikatu (Medium)	2800	3000	-200
	Mandya	Other (Medium)	2900	2850	50
	Mandya	Yellow (Medium)	2840	2910	-70
	Shimoga/Shivamogga	Achhu (Average)	NA	3400	-

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