

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

Indian Sugar market remained mixed compared to previous day as the crushing has been started across India producing fresh sugar. The higher production of sugar in UP also lead the prices down. 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.3390/q.

Recently the notification issued by DFPD in Sugarcane (Control) Amendment Order, 2019, allowing India's sugar producing mills to convert surplus stocks into ethanol to be blended with petrol comes as an additional support measure for the industry. However, UP is not interested in converting the old sugar stocks to ethanol as it might not be wise decision financially. Mill incur a cost of Rs 6-7/kg to convert sugar into ethanol, which the government will buy at Rs 59.48/litre, and their realization will be equivalent to the prevailing sugar price of Rs 31.50/kg. Similarly, Maharashtra has already lower sugarcane available to fulfill the ethanol quota allocated by oil marketing companies.

Weather Forecast:

During the next 24 hours, scattered rains and thundershowers along with snowfall at higher reaches is expected to continue over the Himalayas. Light rains are a possibility over foothills of Punjab, Haryana and parts of West Uttar Pradesh. Isolated rains and snow are likely over Arunachal Pradesh. Light to moderate rains along with a few heavy spells are possible over Tamil Nadu. Isolated rains are likely over South Interior Karnataka, Rayalaseema and South coast of Andhra Pradesh.

Previous Updates:

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.

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.

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 | 345.2 | 1.6 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Fri November 28, 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 28, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-Mar | 191128 | 342.4 | 343.3 | 341.8 | 343.2 | 1.6 | 8,439 | 47,827 | -1,492 |
| 20-May | 191128 | 345.1 | 345.8 | 344.5 | 345.7 | 1.5 | 4,869 | 12,944 | -553 |
| 20-Aug | 191128 | 350 | 350.5 | 349.9 | 350.5 | 1.4 | 1,309 | 8,434 | 128 |
| 20-Oct | 191128 | 353.5 | 354.4 | 353.5 | 354.1 | 1.4 | 189 | 3,462 | 37 |
| 20-Dec | 191128 | 359.9 | 359.9 | 359.9 | 359.9 | 1.4 | 56 | 2,041 | 13 |
| Total Volume and Open Interest | | | | | | | 15,015 | 76,052 | -1,776 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|-----------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 29-Nov-19 | 28-Nov-19 | |
| Delhi | Delhi | M-Grade | 3370 | 3380 | -10 |
| | Delhi | S-Grade | 3350 | 3360 | -10 |
| Uttar Pradesh | Khatauli | M-Grade | 3390 | 3380 | 10 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3320 | 3325 | -5 |
| | Dhampur | S-Grade Ex-Mill | 3300 | 3305 | -5 |
| | Dhampur | L-Grade Ex-Mill | 3370 | 3375 | -5 |
| Maharashtra | Mumbai | M-Grade | 3626 | 3612 | 14 |
| | Mumbai | S-Grade | 3280 | 3280 | Unch |
| | Nagpur | M-Grade | 3325 | 3325 | Unch |
| | Nagpur | S-Grade | 3235 | 3235 | Unch |
| | Kolhapur | M-Grade | 3200 | 3200 | Unch |
| | Kolhapur | S-Grade | 3110 | 3110 | Unch |
| Assam | Guhawati | S-Grade | 3421 | 3421 | Unch |
| Meghalaya | Shillong | S-Grade | 3430 | 3430 | Unch |
| Andhra Pradesh | Vijayawada | M-Grade | 3680 | 3680 | Unch |
| | Vijayawada | S-Grade | 3620 | 3620 | 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) | | | 29-Nov-19 | 28-Nov-19 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2603 | 2600 | 3 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 3000 | 1000 | 2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2363 | 2350 | 13 |
| | Muzaffarnagar | Laddoo (Fresh) | 2720 | 2653 | 68 |
| | Muzaffarnagar | Rascut (Fresh) | 2075 | 2075 | Unch |
| | Hapur | Chaurasa | 2300 | 2288 | 13 |
| | Hapur | Balti | 2250 | 2250 | Unch |
| Andhra Pradesh | Chittur | Gold | 4900 | 4900 | Unch |
| | | White | 4300 | 4300 | 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 | 3100 | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | 3560 | - |
| | Mahalingapura | Penti (Average) | 3314 | 3302 | 12 |
| | Mandya | Achhu (Medium) | 2780 | 2780 | Unch |
| | Mandya | Kurikatu (Medium) | 2800 | 2800 | Unch |
| | Mandya | Other (Medium) | 2900 | 2900 | Unch |
| | Mandya | Yellow (Medium) | 2840 | 2840 | Unch |
| | Shimoga/Shivamogga | Achhu (Average) | 3400 | NA | - |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to

time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> ©
2019 Indian Agribusiness Systems Ltd.