

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

Indian Sugar market remained steady to weak compared to previous day as the sales quota released by the government stood higher against the previous month pressuring the prices. 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 weak at Rs.3360/q.

Recently, the government estimated the sugar production to decline by 18% to 273 lakh tonnes in the sugar season 2019-20. The total availability of sugar in the country is estimated to be about 413 Lakh MT as against the total domestic consumption of 260 LT including the carry over stock of 140LT of the last sugar season. In contrast, ICRA has revised it's production estimates further down by 7.8% to 26 MMT from the earlier preliminary estimate of 28.2 MMT. The expected exports of 3.5 MMT in 2019-2020 as likely to improve the demand-supply situation in the domestic market, thus supporting the sugar prices in the near term due to lower production in India as well as globally.

According to the latest data released by ISMA, the sugar production reached 18.85 LT so far till 30th Nov'19 as against 40.69 LT in 2018-19 sugar season. 418 sugar factories were crushing sugarcane last year on 30th Nov'18, whereas only 279 sugar mills are crushing sugarcane on 30th Nov'19 this year. As per trade and market sources, about 15 lac tons of sugar have been contracted for exports, which includes contracts made with port based refiners by sugar mills. Major destinations for sugar exports are Iran, Sri Lanka, Afghanistan, and African countries.

Weather Forecast:

During the next 24 hours, rain and thundershower activities will continue in parts of Kerala, South Karnataka and Lakshadweep area with moderate spells and strong gusty winds along with few heavy spells cannot be ruled out. The activity over North Tamil Nadu and South Andhra Pradesh is likely to reduce. Scattered light to moderate rain and thundershowers will be seen over North Karnataka, Andhra Pradesh, Telangana, South Madhya Maharashtra, and adjoining coast.

Previous Updates:

ISO forecasts the global sugar deficit increases to 6.12 million tonnes from the earlier estimates of 4.76 million tonnes in September. The global sugar production is expected to total 170.4 million tonnes, down 3.12 per cent in 2019-20 compared to the prior season with the consumption might reach to 176.52 million tonnes, up 1.32 per cent. Sugar production by Brazil, the world's largest sugar producer, in 2019-20 will climb by +17.4% to 34.1 MMT, after production in 2018-19 (Apr-Mar) fell -17.2% to an 11-year low of 31.4 MMT.

Maharashtra started crushing at sluggish pace with 43 sugar mills so far has started crushing compared to 15 mills last week. So far, the state crushed 9.04 LMT sugarcane produced 6.67 lakh quintals of sugar with a recovery rate of 7.38%. The state is expected to produce around 56-60LT this season damage done due to floods and droughts occurred during Aug and September.

Monthly sales quota released by the government issued on 29th Nov'19 is 21.5 LT for December month. The quota allotted to each of 535 mills in India along with added incentivized quota to those mills who

have completed their export targets under MIEQ Quota. The allocated quota of December 2019 is 2 LMT higher than the preceding year's December month quota that stood at 19.50 LMT. The quota is 4.88% higher quota compared to the last month's Sugar quota of November 2019 which stood at 20.5 LMT.

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.

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.

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	344.9	-0.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri December 2, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191202	12.97	12.97	12.73	12.75	-0.19	46,996	474,232	-4,822
20-May	191202	13.01	13.02	12.79	12.82	-0.16	23,286	186,860	3,069
20-Jul	191202	13.06	13.06	12.87	12.9	-0.13	14,583	128,861	1,624
20-Oct	191202	13.24	13.24	13.05	13.1	-0.1	7,821	100,717	2,185
21-Mar	191202	13.7	13.74	13.56	13.62	-0.07	5,006	53,032	714
21-May	191202	13.62	13.66	13.52	13.58	-0.04	1,900	10,485	13
21-Jul	191202	13.54	13.59	13.5	13.53	-0.01	1,682	11,011	423
21-Oct	191202	13.58	13.65	13.58	13.6	0.01	1,104	10,204	829
Total Volume and Open Interest							102,914	983,186	4,433

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri December 2, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191202	344.9	346.4	341.8	342.3	-2.6	1,026	47,588	-7
20-May	191202	348.4	349.4	345.1	345.5	-2.3	270	13,397	20
20-Aug	191202	352.8	354.1	350.1	350.4	-2.1	56	8,403	3
20-Oct	191202	357.1	357.9	354	354.2	-2.1	14	3,444	-10
20-Dec	191202	360.5	360.7	358.9	358.9	-2.4	2	2,038	-2
Total Volume and Open Interest							1,368	76,232	4

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Dec-19	2-Dec-19	
Delhi	Delhi	M-Grade	3230	3300	-70
	Delhi	S-Grade	3210	3280	-70
Uttar Pradesh	Khatauli	M-Grade	3360	3375	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3300	-50
	Dhampur	S-Grade Ex-Mill	3230	3280	-50
	Dhampur	L-Grade Ex-Mill	3300	3350	-50
Maharashtra	Mumbai	M-Grade	3556	3650	-94
	Mumbai	S-Grade	3276	3276	Unch
	Nagpur	M-Grade	3325	3325	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3200	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3660	3680	-20
	Vijayawada	S-Grade	3600	3620	-20
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3580	3580	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)			3-Dec-19	2-Dec-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	Closed	-

	Muzaffarnagar	Rascut (Fresh)	Closed	Closed	-
	Hapur	Chaursa	2250	Closed	-
	Hapur	Balti	2250	Closed	-
Andhra Pradesh	Chittur	Gold	4500	4600	-100
		White	4200	4200	Unch
		Black	NA	3500	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3600	-
	Mahalingapura	Penti (Average)	3258	3281	-23
	Mandya	Achhu (Medium)	2850	2850	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2850	-50
	Mandya	Yellow (Medium)	2800	2900	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	3350	-

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