

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

*Indian Sugar market showed mixed trend 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.3345/q.*

*Maharashtra as started the crushing very late on 22<sup>nd</sup> Nov'19 has produced only 67,000 tonnes of sugar against 18.89 lakh tonnes in the previous year as on 30<sup>th</sup> Nov. Similarly, Karnataka is lagging behind by around 3 lakh tonnes producing 5.21 lakh tonnes as on 30<sup>th</sup> Nov'19 against 8.4 lakh tonnes till 30<sup>th</sup> Nov'18. Whereas, UP is leading in the sugar production this year by producing 10.81 lakh tonnes so far against 9.14 lakh tonnes during the same period in the previous year. Also, this year the number of sugar mills crushing the cane increased to 111 compared to 105 sugar mills in last year.*

*Sugarcane crush this year in Centre south region of Brazil has been increased by around 6% so far and total sugar produced around 26 million tonnes above 3% (from Apr'19 till 1st half of Nov'19) compared to the previous season due to the favourable weather conditions. Whereas most of the cane have been diverted to ethanol production (production increased by 8.4%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.84 and 65.16 percent, respectively, compared to 35.77:64.23 percent for MY 2018-19. Also, the lower world sugar prices against the domestic prices, therefore, the overall ethanol exports of South-Central region have increased by around 12% till mid of Nov'19.*

**Weather Forecast:**

*During the next 24 hours, light to moderate rains is possible over Tamil Nadu, Kerala, and Karnataka. Coastal Karnataka may receive one or two intense spells of rain. Light rain is expected over south coastal Andhra Pradesh, Rayalaseema, South Telangana. Scattered light rains will be seen over Konkan and Goa, Madhya Maharashtra with isolated over Marathwada. Mumbai and South Gujarat along with parts of Northeast India may also receive isolated light rains.*

**Previous Updates:**

*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 30<sup>th</sup> Nov'19 as against 40.69 LT in 2018-19 sugar season. 418 sugar factories were crushing sugarcane last year on 30<sup>th</sup> Nov'18, whereas only 279 sugar mills are crushing sugarcane on 30<sup>th</sup> 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.

**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 29<sup>th</sup> 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.

## 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 Icmsa	346.6	2.3

## International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri December 3, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Mar</a>	191203	12.75	12.92	12.74	12.86	0.11	96,217	486,340	12,108
<a href="#">20-May</a>	191203	12.81	12.97	12.81	12.92	0.1	45,458	193,983	7,123
<a href="#">20-Jul</a>	191203	12.92	13.03	12.9	12.99	0.09	18,738	129,780	919
<a href="#">20-Oct</a>	191203	13.1	13.22	13.09	13.18	0.08	7,962	101,479	762
<a href="#">21-Mar</a>	191203	13.64	13.72	13.62	13.69	0.07	3,709	53,621	589
<a href="#">21-May</a>	191203	13.6	13.65	13.57	13.63	0.05	1,419	10,727	242
<a href="#">21-Jul</a>	191203	13.55	13.59	13.51	13.56	0.03	1,193	11,204	193
<a href="#">21-Oct</a>	191203	13.61	13.65	13.57	13.61	0.01	687	10,301	97
Total Volume and Open Interest							175,564	1,005,354	22,168

## International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri December 3, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Mar</a>	191203	343.1	346	342.8	344.6	2.3	7,758	46,892	-696
<a href="#">20-May</a>	191203	346.6	349.4	346.5	348.5	3	2,692	14,042	645
<a href="#">20-Aug</a>	191203	351.5	353.9	351.5	353.2	2.8	702	8,372	-31
<a href="#">20-Oct</a>	191203	355.6	357.5	355.1	356.9	2.7	94	3,424	-20
<a href="#">20-Dec</a>	191203	359.7	361.3	359.7	361.2	2.3	15	2,032	-6
Total Volume and Open Interest							11,261	76,124	-108

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Dec-19	3-Dec-19	
Delhi	Delhi	M-Grade	3250	3230	20
	Delhi	S-Grade	3230	3210	20
Uttar Pradesh	Khatauli	M-Grade	3345	3360	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3250	-50
	Dhampur	S-Grade Ex-Mill	3180	3230	-50
	Dhampur	L-Grade Ex-Mill	3250	3300	-50
Maharashtra	Mumbai	M-Grade	3560	3556	4
	Mumbai	S-Grade	3270	3276	-6
	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	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3640	3650	-10
Tamil Nadu	Chennai	S-Grade	3580	3600	-20
	Dindigul	M-Grade	3560	3580	-20
	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)			4-Dec-19	3-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	Chaurasa	2250	2250	Unch
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	4500	4500	Unch
		White	4100	4200	-100
		Black	NA	NA	-
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	3760	-
	Mahalingapura	Penti (Average)	NA	3258	-
	Mandya	Achhu (Medium)	2870	2850	20
	Mandya	Kurikatu (Medium)	2740	2800	-60
	Mandya	Other (Medium)	2700	2800	-100
	Mandya	Yellow (Medium)	2800	2800	Unch
	Shimoga/Shivamogga	Achhu (Average)	3350	0	3350

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