Daily Sugar & Gur Fundamental Report

10th Dec, 2019

Sugar & Gur Domestic & International Fundamentals

Recent Update:

***Indian Sugar market showed 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.3325/q.*

***The sugarcane growers claims that the cost of sugarcane is increased, therefore, farmers wanted the state government to hike SAP to around Rs.35-36/kg.** But the state government has announced that there has been no increase in cane price for the second consecutive year. In a circular issued by the cane development department, the state government announced SAP (State Advisory Price) of sugarcane at Rs. 315/q (for normal variety of sugarcane). Likewise, SAP for low and high grades cane price are at Rs. 305 and Rs. 325/q, respectively.*

***Sugar prices in Pakistan shoot up in last few months as the country witnessed a sudden hike in sugar prices as in Ramzan it was available at Rs 54 per kg for the residents.** Pakistan will not export sugar. The sugar would now only be exported under the special conditions and not as a regular item on the export agenda. The government will consider exporting sugar after reviewing total production in this year and if sugar will be in surplus.*

Weather Forecast:

During the next 24 hours, scattered light to moderate rains will continue over coastal Tamil Nadu, with light rains over South Andhra Pradesh. Weather to be dry over rest parts of the country. Delhi pollution will be in poor to very poor with severe at few places.

Previous Updates:

***Brazil is more concentrating in producing ethanol because the mills got better financial returns.** Plants in the main Brazilian sugar belt produced 786,000 tonnes of the sweetener early in November, 11% less than in the same period a year earlier, while ethanol output rose 19% to 1.29 billion liters. Around 120 mills had finished cane processing for the season by 16th Nov'19 compared with only 86 at this time last season. Mills allocated only 28% of the cane in the first half of November to sugar production, compared with 34% at this time last season.*

***According to the trade sources, India exported around 3.27 LT in the month of October this year.** It was reported that the sugar mills have exported all the old stock of the previous season. India exported largest quantity to Iran of around 1,01,586 tonnes in October at an average FOB $338.03/MT followed by Somalia importing 1,00,322 tonnes at $331.76/MT. Refined sugar exports to Sri Lanka, Sudan and Afghanistan also increased to 47,154 tonnes, 14,337 tonnes, and 11,124 tonnes. The export to Sri Lanka was at the cheapest price $320.05/MT followed by Afghanistan ($333.36/MT) and Sudan ($339/MT).*

***According to Australian Sugar report released by Australian sugar milling council, the monthly crush in Nov'19 fall by 19% compared to the previous month to 43.33 lakh tonnes** and the total crush reached 299.26 lakh tonnes (99.4%) total crush from the beginning of the season down by 7% in the same period* *last year as this year the country is facing from drought conditions. As a result, Australian sugar exports are also forecast to fall to 3.5 MMT in MY 2019-20, from 3.8 MMT in MY 2018-19.*

***Maharashtra as started the crushing very late on 22nd Nov'19 has produced only 67,000 tonnes of sugar against 18.89 lakh tonnes** in the previous year as on 30th Nov. Similarly, Karnataka is lagging behind by around 3 lakh tonnes producing 5.21 lakh tonnes as on 30th Nov'19 against 8.4 lakh tonnes till 30th 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.*

***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.*

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.

AGRIWATCH

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Commodity		Change
Thai Sugar FOB 45 Icumsa	347.5	0.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri December 6, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191206	13.08	13.21	13.07	13.18	0.1	82,993	470,770	-4,270
20-May	191206	13.13	13.27	13.13	13.23	0.09	28,376	199,147	1,255
20-Jul	191206	13.21	13.32	13.19	13.28	0.08	18,774	135,770	1,054
20-Oct	191206	13.38	13.48	13.37	13.45	0.08	9,691	103,425	1,321
21-Mar	191206	13.87	13.94	13.87	13.92	0.06	4,481	55,302	899
21-May	191206	13.79	13.85	13.78	13.83	0.05	1,134	11,336	273
21-Jul	191206	13.74	13.77	13.69	13.75	0.05	959	11,278	72
21-Oct	191206	13.77	13.8	13.75	13.78	0.05	904	10,897	490
Total Volume and Open Interest							147,979	1,006,310	1,330

International Sugar Futures LIFFE (US $/MT)

Daily Futures Price Listing Fri December 6, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191206	346.3	348.7	346.1	347.5	2.2	6,922	44,369	-345
20-May	191206	350.4	353.5	350.2	352.6	3.1	2,360	14,702	133
20-Aug	191206	354.9	357.8	354.7	357.3	2.8	907	8,272	55
20-Oct	191206	359.4	360.9	359.4	360.6	2.5	133	3,535	7
20-Dec	191206	363	364.3	363	364.3	2	71	2,080	34
Total Volume and Open Interest							10,393	74,320	-116

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			9-Dec-19	7-Dec-19	
Delhi	Delhi	M-Grade	3250	3250	Unch
	Delhi	S-Grade	3230	3230	Unch
Uttar Pradesh	Khatauli	M-Grade	3325	3330	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3205	3215	-10
	Dhampur	S-Grade Ex-Mill	3185	3195	-10
	Dhampur	L-Grade Ex-Mill	3255	3265	-10
Maharashtra	Mumbai	M-Grade	3570	3566	4
	Mumbai	S-Grade	3266	3266	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	3640	3660	-20
	Vijayawada	S-Grade	3580	3600	-20
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade	3560	3560	Unch
	Dindigul	M-Grade	3560	3560	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)			9-Dec-19	7-Dec-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2708	2650	58
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	Unch

	Muzaffarnagar	Khurpa (Fresh)	2463	2370	93
	Muzaffarnagar	Laddoo (Fresh)	2803	2770	33
	Muzaffarnagar	Rascut (Fresh)	2063	2038	25
	Hapur	Chaursa	Closed	2350	-
	Hapur	Balti	Closed	2400	-
Andhra Pradesh	Chittur	Gold	4400	4300	100
		White	4200	4000	200
		Black	3450	3300	150
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	NA	-
	Mahalingapura	Penti (Average)	3355	NA	-
	Mandya	Achhu (Medium)	NA	2910	-
	Mandya	Kurikatu (Medium)	NA	2780	-
	Mandya	Other (Medium)	NA	2650	-
	Mandya	Yellow (Medium)	NA	2800	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-