AGRIWATCH

Daily Sugar & Gur Fundamental Report

13th Dec, 2019

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Indian Sugar market showed steady to firm compared to previous day*. 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 unchanged at Rs.3250/q and U.P's Khatauli market prices stood weak at Rs.3335/q.*

The lower availability of cane in southern states of India is affecting the production of jaggery in the market. *The jaggery prices in Karnataka is prevailing higher around Rs.3450 to 3500/q up by Rs.100 to 200 during the same period last year. Some of the jaggery making units in Tamil Nadu said that by crushing one tonne of cane, they were able to get 80 kg of jaggery which was 100 kg earlier.*

Weather Forecast:

During the next 24 hours, scattered rain is possible over the western and northern parts of Rajasthan on December 11 and at many places on December 12. Scattered rain and thundershowers are expected over Jammu and Kashmir, Himachal Pradesh and Ladakh on December 12 and at many places on December 12 including Uttarakhand. Fairly widespread rain and thundershowers can be seen over Punjab, Haryana while scattered over Delhi, Uttar Pradesh. While scattered rain over Madhya Pradesh, Bihar and isolated over Jharkhand and Vidarbha will be seen.

Previous Updates:

Sugarcane crush this year in Centre south region of Brazil has been increased by around 5.16% *so far and total sugar produced around 26.4 million tonnes above 2.22% (from Apr'19 till 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 8.56%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.61 and 65.39 percent, respectively, compared to 35.67 and 64.33 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 end of Nov'19.*

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.*

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.*

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.

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Commodity		Change
Thai Sugar FOB 45 Icumsa	352.5	-0.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri December 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191211	13.46	13.51	13.28	13.42	-0.04	78,327	459,931	-758
20-May	191211	13.49	13.55	13.36	13.5	-0.01	36,721	202,463	1,672
20-Jul	191211	13.55	13.59	13.43	13.56	unch	29,798	138,907	4,475
20-Oct	191211	13.73	13.77	13.63	13.76	0.03	12,122	108,857	2,489
21-Mar	191211	14.18	14.24	14.11	14.23	0.04	5,116	55,922	99
21-May	191211	14.03	14.14	14.02	14.13	0.05	2,292	11,493	190
21-Jul	191211	13.97	14.04	13.96	14.03	0.05	1,885	11,645	193
21-Oct	191211	13.97	14.06	13.96	14.04	0.06	1,656	12,552	853
Total Volume and Open Interest							168,537	1,010,787	9,518

International Sugar Futures LIFFE (US $/MT)

Daily Futures Price Listing Fri December 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191211	353.5	353.9	350	351.9	-0.6	7,347	42,311	-278
20-May	191211	357.8	359.2	355.4	357.2	0.2	3,892	15,410	382
20-Aug	191211	362.6	363.7	360.5	362.1	0.5	828	8,758	300
20-Oct	191211	365.8	367	364	365.6	0.7	194	3,543	27
20-Dec	191211	368.2	369.6	368.2	369.5	0.9	9	2,179	0
Total Volume and Open Interest							12,270	73,581	431

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Dec-19	11-Dec-19	
Delhi	Delhi	M-Grade	3250	3240	10
	Delhi	S-Grade	3230	3220	10
Uttar Pradesh	Khatauli	M-Grade	3335	3315	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3230	3190	40
	Dhampur	S-Grade Ex-Mill	3210	3170	40
	Dhampur	L-Grade Ex-Mill	3280	3240	40
Maharashtra	Mumbai	M-Grade	3590	3570	20
	Mumbai	S-Grade	3270	3270	Unch
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3250	3250	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	3640	Unch
	Vijayawada	S-Grade	3580	3580	Unch
West Bengal	Kolkata	M-Grade	3620	3620	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)			12-Dec-19	11-Dec-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3028	2965	63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2713	2553	160

	Muzaffarnagar	Laddoo (Fresh)	3013	2850	163
	Muzaffarnagar	Rascut (Fresh)	2225	2150	75
	Hapur	Chaursa	2563	2500	63
	Hapur	Balti	2500	2500	Unch
Andhra Pradesh	Chittur	Gold	4300	4400	-100
		White	4200	4200	Unch
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3750	3750	Unch
	Mahalingapura	Penti (Average)	3427	3416	11
	Mandya	Achhu (Medium)	2900	2860	40
	Mandya	Kurikatu (Medium)	2700	2780	-80
	Mandya	Other (Medium)	2730	2700	30
	Mandya	Yellow (Medium)	2870	2800	70
	Shimoga/Shivamogga	Achhu (Average)	3500	3550	-50