

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

Indian Sugar market showed steady trend 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 steady at Rs.3250/q and U.P's Khatauli market prices stood weak at Rs.3300/q.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 15th Dec'19 fall by 78% compared to the previous week to 21,196 lakh tonnes and the total crush reached 300.43 lakh tonnes (100%) and the total crush from the beginning of the season is 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.

This year the sugar exports in Brazil has been reported to be lower by around 11% exporting around 132 LT so far till November. In November, the country exported 194 LT up by 5% at an average price of \$289/t compared to the previous year exports of 185 LT at higher price \$293/t during the same period last year. South –central region exported most of the sugar from the country around 120 LT to the major importing countries to Algeria, China, Bangladesh, Nigeria and Saudi Arabia.

Weather Forecast:

Day temperatures will start dropping tomorrow onward over the hills. Scattered light rain is likely in Tamil Nadu, Andhra Pradesh Coast while isolated rains in northeastern states such as Arunachal Pradesh. Isolated moderate spells are likely in South Tamil Nadu Coast. Fog intensity will improve in northwestern plains and adjoining East India. Temperatures will drop over eastern and central parts of the country, but may marginally increase over northwestern plains. In Central and adjoining South India, the day will be comfortable and sunny.

Previous Updates:

Maharashtra has crushed around 81.81 lakh tonnes of sugarcane producing only 76.63 lakh quintals of sugar due to lower recovery rate this year. The untimely and heavy rains in the state and droughts in other parts of the states have hit severely on the sugar recovery rate. Kolhapur division where the recovery rate used be above 11% but this year in the first fortnight of the season, stood with an average recovery of 10%. Recoveries have declined to 9% in Pune division, 8% in Solapur, 7% in Aurangabad and the impact can be seen on the sugar production. Because of a 1% decrease in recovery, the mills end up losing 10 kg per tonne. But it is expected that the sugar recovery would improve due to cold weather in the coming days in the December end to January.

According to the latest crushing report of the Maharashtra Sugar Commissionerate, in sugar season 2019-20, 110 sugar mills (62 cooperative mills and 48 private mills) have commenced sugarcane crushing in the state and by crushing 63.04 LMT sugarcane produced 57.14 lakh quintals of sugar with a recovery rate of 9.06 per cent as on 11th December 2019. The state is picking up the pace gradually after a late start and it is expected that the recovery rate would be lower compared to the previous year.

In the recent meeting of sugar millers held in Kolhapur, mills decided to pay one-time FRP to the farmers this year instead of paying in installments. As expected that the millers are in a position to earn profit as there is less sugarcane available this year and they can pay the farmers the additional amount of Rs.200 along with FRP which can be paid later on as per the farmer's demand. This decision has been taken with the expectation that the state government will announce the loan waiver to farmers by December end.

As on 13th Dec'19, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 116 mills during the correspond period previous year. So far, UP has crushed 13.59% more sugarcane around 189.2 LT against 166.57 LT in the previous year and produced 19.74 LT of sugar which is 12.22% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.23% to 10.43% from 10.56% in the same time previous year from the start of the season in Oct till 13th of December.

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.

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.

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	352.7	1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri December 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191218	13.27	13.5	13.26	13.43	0.16	92,355	452,042	-1,217
20-May	191218	13.35	13.56	13.33	13.35	0.16	28,498	203,437	-1810
20-Jul	191218	13.43	13.64	13.43	13.59	0.16	14,376	139,652	360
20-Oct	191218	13.65	13.8	13.62	13.78	0.14	6,579	108,530	-845
21-Mar	191218	14.1	14.27	14.1	14.24	0.11	2,368	59,471	-484
21-May	191218	13.98	14.16	13.98	14.13	0.11	569	11,602	-72
21-Jul	191218	13.94	14.06	14.94	14.02	0.1	429	11,770	-60
21-Oct	191218	13.96	14.08	13.96	14.04	0.1	226	13,831	16
Total Volume and Open Interest							145,541	1,010,408	-4,041

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri December 18, 2019

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191218	353.5	356.5	353.2	355.6	2.9	5,948	41,487	42
20-May	191218	358.1	360.9	357.2	360.1	3.3	2,022	17,110	-8
20-Aug	191218	362.5	365.4	362	364.8	3.4	593	9,206	78
20-Oct	191218	365.5	368.1	365.5	367.9	3.3	154	3,672	-63
20-Dec	191218	370.3	371.3	370.3	371.2	2.9	46	2,214	27
Total Volume and Open Interest							8,847	75,154	155

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Dec-19	18-Dec-19	
Delhi	Delhi	M-Grade	3250	3230	20
	Delhi	S-Grade	3230	3210	20
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3180	3180	Unch
	Dhampur	S-Grade Ex-Mill	3160	3160	Unch
	Dhampur	L-Grade Ex-Mill	3230	3230	Unch
Maharashtra	Mumbai	M-Grade	3596	3596	Unch
	Mumbai	S-Grade	3266	3260	6
	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	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade	4150	4150	Unch
	Dindigul	M-Grade	3920	3890	30

	Coimbatore	M-Grade	3860	3860	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)			19-Dec-19	18-Dec-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	3128	72
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	3000	3000
	Muzaffarnagar	Khurpa (Fresh)	2828	2903	-25
	Muzaffarnagar	Laddoo (Fresh)	3200	3213	-13
	Muzaffarnagar	Rascut (Fresh)	2275	2300	-25
	Hapur	Chaurasa	2950	2800	150
	Hapur	Balti	2788	2750	38
Andhra Pradesh	Chittur	Gold	4900	4800	100
		White	4600	4600	Unch
		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	NA	-
	Mahalingapura	Penti (Average)	NA	3357	-
	Mandya	Achhu (Medium)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	5282	-

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