

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

Indian Sugar market showed mixed 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.3320/q.

As on 19th Dec'19, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills during the correspond period previous year. So far, UP has crushed 8.72% more sugarcane around 228.86 LT against 210.51 LT in the previous year and produced 24.12 LT of sugar which is 7.34% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.22% to 10.54% from 10.67% in the same time previous year from the start of the season in Oct till 19th of December

As on 15th Dec, total sugar production across reached around 45 LT by 406 mills so far this season which is around 35% less than the previous year. In 2018-19 during the same period, the country produced about 70LT of sugar by around 470 mills. In Maharashtra, 124 sugar mills are in operation and have produced 7.66 lakh tons of sugar compared to 29 LT in the previous season. Around 60 mills have produced 10.62 LT of sugar by Karnataka higher than Maharashtra while lower compared to the previous year.

Weather Forecast:

During the next 24 hours, Cold Day conditions are likely to continue over Punjab, Haryana, Delhi and West Uttar Pradesh. Minimum temperatures may fall further and may lead to Cold Wave at some places. Cold day conditions to even grip parts of Uttar Pradesh, Bihar, and adjoining North Madhya Pradesh. Light to moderate rain and snow is likely to affect higher reaches of Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Isolated heavy rains cannot be ruled out.

Previous Updates:

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.

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 to 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 | 358.5 | 2.9 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Fri December 19, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 20-Mar | 191219 | 13.4 | 13.62 | 13.39 | 13.55 | 0.12 | 57,844 | 446,081 | -5,961 |
| 20-May | 191219 | 13.47 | 13.69 | 13.47 | 13.63 | 0.12 | 18,591 | 203,523 | 86 |
| 20-Jul | 191219 | 13.57 | 13.74 | 13.55 | 13.69 | 0.1 | 11,812 | 139,300 | -352 |
| 20-Oct | 191219 | 13.74 | 13.91 | 13.74 | 13.87 | 0.09 | 4,756 | 107,709 | -821 |
| 21-Mar | 191219 | 14.18 | 14.36 | 14.18 | 14.32 | 0.08 | 1,083 | 59,600 | 129 |
| 21-May | 191219 | 14.06 | 14.23 | 14.06 | 14.19 | 0.06 | 287 | 11,671 | 69 |
| 21-Jul | 191219 | 14.0 | 14.11 | 14 | 14.07 | 0.05 | 94 | 11,762 | -8 |
| 21-Oct | 191219 | 14.05 | 14.11 | 14.05 | 14.08 | 0.04 | 85 | 13,839 | 8 |
| Total Volume and Open Interest | | | | | | | 94,605 | 1,003,578 | -6830 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Fri December 19, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-Mar | 191219 | 356.7 | 358.9 | 355.2 | 358.5 | 2.9 | 4,481 | 40,675 | -812 |
| 20-May | 191219 | 361 | 363.4 | 359.4 | 363.1 | 3 | 2,572 | 17,148 | 38 |
| 20-Aug | 191219 | 365.4 | 368.2 | 364.4 | 367.5 | 2.7 | 1,340 | 9,390 | 184 |
| 20-Oct | 191219 | 368.5 | 370.7 | 368.3 | 369.9 | 2 | 340 | 3,741 | 69 |
| 20-Dec | 191219 | 371.7 | 373.5 | 371.7 | 372.5 | 1.3 | 97 | 2,284 | 70 |
| Total Volume and Open Interest | | | | | | | 8,911 | 74,719 | -435 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|-----------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 20-Dec-19 | 19-Dec-19 | |
| Delhi | Delhi | M-Grade | 3300 | 3250 | 50 |
| | Delhi | S-Grade | 3280 | 3230 | 50 |
| Uttar Pradesh | Khatauli | M-Grade | 3320 | 3300 | 20 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3215 | 3180 | 35 |
| | Dhampur | S-Grade Ex-Mill | 3195 | 3160 | 35 |
| | Dhampur | L-Grade Ex-Mill | 3265 | 3230 | 35 |
| Maharashtra | Mumbai | M-Grade | 3580 | 3596 | -16 |
| | Mumbai | S-Grade | 3260 | 3266 | -6 |
| | Nagpur | M-Grade | 3325 | 3375 | -50 |
| | Nagpur | S-Grade | 3225 | 3225 | Unch |
| | Kolhapur | M-Grade | 3200 | 3250 | -50 |
| | 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 | 3900 | 3920 | -20 |

| | | | | | |
|---|------------|------------------------|------|------|------|
| | 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) | | | 20-Dec-19 | 19-Dec-19 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 3200 | 3200 | Unch |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 6000 | 6000 | Unch |
| | Muzaffarnagar | Khurpa (Fresh) | 2933 | 2828 | 55 |
| | Muzaffarnagar | Laddoo (Fresh) | 3250 | 3200 | 50 |
| | Muzaffarnagar | Rascut (Fresh) | 2313 | 2275 | 38 |
| | Hapur | Chaurasa | 2875 | 2950 | -75 |
| | Hapur | Balti | 2900 | 2788 | 113 |
| Andhra Pradesh | Chittur | Gold | 4900 | 4900 | Unch |
| | | White | 3500 | 4600 | -1100 |
| | | 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 | 3469 | - |
| | Mandya | Achhu (Medium) | 2970 | 2970 | Unch |
| | Mandya | Kurikatu (Medium) | 2800 | 2800 | Unch |
| | Mandya | Other (Medium) | 2950 | 2950 | Unch |
| | Mandya | Yellow (Medium) | 3050 | 3050 | Unch |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3600 | - |

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