

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.3410/q.

As on 27th 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 7.9% more sugarcane around 282.5 LT against 261.63 LT in the previous year and produced 30 LT of sugar which is 6.5% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.3% to 10.65% from 10.79% in the same time previous year from the start of the season in Oct till 27th of December.

Weather Forecast:

Cold day conditions will continue to prevail in the Northern plains as well as Uttar Pradesh. Isolated rainfall activity is likely in Coastal Andhra Pradesh, Telangana Karnataka and Odisha. Some places in the Northeast may also receive light rain. Cold wave conditions are expected to intensify further in parts of Haryana and North Rajasthan.

Previous Updates:

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.

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 Icmsa	359.1	unch

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	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	-6,830

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Dec-19	27-Dec-19	
Delhi	Delhi	M-Grade	3350	3350	Unch
	Delhi	S-Grade	3330	3330	Unch
Uttar Pradesh	Khatauli	M-Grade	3410	3410	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3000	3000	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3560	3560	Unch
	Mumbai	S-Grade	3296	3296	Unch
	Nagpur	M-Grade	3375	3400	-25
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3250	3275	-25
	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	3610	3610	Unch
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	Dindigul	M-Grade	3580	3580	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)			28-Dec-19	27-Dec-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3213	3238	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	8000	1000
	Muzaffarnagar	Khurpa (Fresh)	3138	3075	63
	Muzaffarnagar	Laddoo (Fresh)	3388	3303	85
	Muzaffarnagar	Rascut (Fresh)	2500	2400	100
	Hapur	Chaurasa	3125	3063	63
	Hapur	Balti	3350	3163	188
Andhra Pradesh	Chittur	Gold	5500	5400	100
		White	4800	4900	-100
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4450	-
	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	NA	-
	Mandya	Achhu (Medium)	NA	2920	-
	Mandya	Kurikatu (Medium)	NA	2850	-
	Mandya	Other (Medium)	NA	2900	-
	Mandya	Yellow (Medium)	NA	3150	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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