

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.3225/q and U.P's Khatauli market prices stood weak at Rs.3340/q.

Weather Forecast:

During the next 24 hours, light to moderate rain and thundershowers will continue with one or two heavy spells over East Madhya Pradesh, Chhattisgarh, East Uttar Pradesh, Jharkhand, parts of Odisha, at few places over Vidarbha, Telangana, coastal Andhra Pradesh, Bihar and Tamil Nadu. Rain and thundershower will increase over Northeast India. Isolated heavy spells are possible over here.

Previous Updates:

As on 31st Dec, total sugar production across reached around 77.95 LT by 437 mills so far this season which is around 30% less than the previous year. In 2018-19 during the same period, the country produced about 111LT of sugar by around 507 mills. In Karnataka, 63 sugar mills are in operation on 31st December'19, who have produced 16.33 LT of sugar, as compared to 21.03 LT produced by 65 sugar mills in 2018-19 sugar season on 31st December'18. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 2.65 lac tons of sugar till 31st December'19 lower compared to 4.29 LT in the same period last year.

In Kolhapur, the demand for Kolhapuri jaggery has not increased as traders are buying gur from Karnataka. Currently the jaggery prices are hovering around Rs.3200-3800/q which has not increased with lower arrivals. The quality declined because of floods and untimely rainfall occurred in the district due to which prices are not rising. From 9th April'19 to 23rd Dec'19, total around 7 Lakh quintals have arrived in the market. During December, only 15 thousand quintals were being sent to Market committee while 25 thousand quintals were sent in the same period last year.

Although the sugar glut prevailed in last three years in India, this year the output is likely to set back and supporting the prices. Brazil, one of the major producers in previous years have blamed India for causing a global sugar glut which has led to around 20% decline in prices. The major producing countries have lodged complaint against India's new export subsidy incentives to WTO. The WTO is unlikely to be able to resolve the issue quickly, and India is likely to export significant amounts again to reach the target of 6 million tonnes this sugar season.

According to the trade sources, Maharashtra likely to finish crushing operations of flood damaged cane by the end of Jan'20. In the next 30 days, about 70 per cent of the mills will complete their operations on account of lower cane availability. The cane grown over the 27,000 hectare has been damaged due to floods in the district, and till date, only cane grown on 4000 hectares have been crushed by the mills. Also the sugar mills in Maharashtra seek the government to increase the minimum selling price of sugar by Rs.200 to Rs.3300/q for the new season to take into consideration the finance cost or the depreciation cost.

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.

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.

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	-6.5

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri January 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200102	13.47	13.53	13.1	13.13	-0.29	36,081	428,028	-3,444
20-May	200102	13.56	13.62	13.2	13.24	-0.3	14,359	205,961	2,857
20-Jul	200102	13.69	13.73	13.32	13.36	-0.3	9,048	141,501	356
20-Oct	200102	13.88	13.94	13.55	13.6	-0.28	4,947	108,246	-31
21-Mar	200102	14.38	14.42	14.07	14.12	-0.26	2,250	61,140	-432
21-May	200102	14.28	14.3	13.98	14.02	-0.24	279	10914	28
21-Jul	200102	14.18	14.2	13.91	13.94	-0.22	194	11,802	51
21-Oct	200102	14.18	14.2	13.91	13.97	-0.2	106	14,096	-1
Total Volume and Open Interest							67,370	992,434	-592

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri January 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200102	359.7	361.1	351.3	352.7	-6.5	4,263	40,632	-3
20-May	200102	364.2	366.3	356.9	358.2	-6.4	2,055	19,401	675

20-Aug	200102	369.9	370.9	361.8	362.9	-6.4	327	10,210	186
20-Oct	200102	370.7	371.7	363.1	364.1	-6.8	78	3,993	28
20-Dec	200102	371.7	371.7	365.8	366.7	-6.4	30	2,539	88
Total Volume and Open Interest							6,771	78,271	906

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Jan-20	2-Jan-20	
Delhi	Delhi	M-Grade	3290	3290	Unch
	Delhi	S-Grade	3270	3270	Unch
Uttar Pradesh	Khatauli	M-Grade	3340	3340	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3260	3260	Unch
	Dhampur	S-Grade Ex-Mill	3240	3240	Unch
	Dhampur	L-Grade Ex-Mill	3310	3310	Unch
Maharashtra	Mumbai	M-Grade	3556	3556	Unch
	Mumbai	S-Grade	3296	3296	Unch
	Nagpur	M-Grade	3350	3350	Unch
	Nagpur	S-Grade	3250	3250	Unch
	Kolhapur	M-Grade	3225	3225	Unch
	Kolhapur	S-Grade	3125	3125	Unch
Assam	Guhawati	S-Grade	3436	3436	Unch
Meghalaya	Shillong	S-Grade	3445	3445	Unch
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	4150	4150	Unch
	Dindigul	M-Grade	3900	3900	Unch
	Coimbatore	M-Grade	3860	3860	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3620	3620	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)			3-Jan-20	2-Jan-20	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3125	3250	-125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	15000	8000	7000
	Muzaffarnagar	Khurpa (Fresh)	2913	3125	-213
	Muzaffarnagar	Laddoo (Fresh)	3188	3450	-263
	Muzaffarnagar	Rascut (Fresh)	2450	2500	-50
	Hapur	Chaurasa	2625	2825	-200
	Hapur	Balti	2775	3100	-325
Andhra Pradesh	Chittur	Gold	5300	5300	Unch
		White	4600	4600	Unch
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	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	3476	-
	Mandya	Achhu (Medium)	3160	3160	Unch
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	3050	2980	70
	Mandya	Yellow (Medium)	3120	3120	-50
	Shimoga/Shivamogga	Achhu (Average)	3450	3450	Unch

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