

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

**Indian Sugar market showed mixed trend compared to previous day across India.** Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood high at Rs.3400/q as new stock has arrived in the market whereas the old stock sugar is hovering around Rs.3300/q and U.P's Khatauli market prices stood weak at Rs.3400/q.

**Two sugar mills in Maharashtra from Aurangabad and Ahmedabad district have closed the crushing operations** earlier due to unavailability of cane in the area as well as labour. Both the areas were effected with flood and drought, thereby, crushing around 1,790 tonne to 2,660 tonne of cane. It is expected that most of the mills will finish crushing by January end this year. According to the trade sources, in Kolhapur, the average recovery has improved and hovering around 11.3-11.6 as the weather is getting colder. From the start of crushing in November till 31<sup>st</sup> December, the average sugar recovery % in the State stood at 10% as against 10.5% in the same time last year.

**Brazil has produced around 31,954 million liters above 6.77% compared to the last year's production** during the same time till 2<sup>nd</sup> week of December. It is expected that the available stock ethanol would not be enough to fulfill the demands. The monthly ethanol sales in Center-South area crossed 2 billion liters in October for the first time. The average realization for ethanol is more compared to sugar exports, therefore, Brazil is focusing on converting more into ethanol instead of producing sugar.

**Weather Forecast:**

Now, we expect moderate to heavy rain and snow to occur over Western Himalayas. Widespread rain and thundershowers are likely over Punjab and Haryana. Scattered rains are likely over West Uttar Pradesh, Delhi and North Rajasthan. Isolated hailstorm activities are also possible over these regions. Light to moderate rain and thundershowers are likely to continue over coastal Andhra Pradesh and North Tamil Nadu. Isolated rain activities are possible over Northeast India and parts of Telangana.

**Previous Updates:**

**According to the trade sources, India exported around 1.11 LT in the month of November this year lower compared to the Oct'19 month.** It was reported that the sugar mills have contracted most the shipments for December and January as the crushing was delayed this season. India exported largest quantity to Iran of around 40,081 tonnes in November at an average FOB \$334.28/MT followed by Sri Lanka importing 24,307 tonnes at \$324.07/MT. Refined sugar exports to Sudan, Somalia and Afghanistan also increased to 11,843 tonnes, 10,470 tonnes, and 8,577 tonnes. The export to Afghanistan was at the cheapest price \$316.28/MT followed by Sudan (\$331.21/MT) and Somalia (\$332.01/MT).

**Sugarcane crush this year in Centre south region of Brazil has been increased by around 3.77%** so far and total sugar produced around 26.4 million tonnes above 0.67% (from Apr'19 till mid Dec'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 6.77%) in the country to better and increased demand for ethanol. Therefore, this year the sugar: ethanol breakdown for MY 2019-20 is at 34.51 and 65.49 percent, respectively, compared to 35.53 and 64.47 percent for MY 2018-19. Also, the

lower world sugar prices against the domestic prices, therefore, the overall ethanol exports of in Brazil have increased by around 8% till end of Nov'19.

**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.



### 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	364.7	7.5

### International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon January 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Mar</a>	200106	13.37	13.76	13.37	13.73	0.42	84,015	425,002	602
<a href="#">20-May</a>	200106	13.46	13.81	13.45	13.79	0.4	24,739	202,173	-2,185
<a href="#">20-Jul</a>	200106	13.59	13.87	13.55	13.86	0.37	16,293	146,495	2,583
<a href="#">20-Oct</a>	200106	13.8	14.06	13.78	14.06	0.34	8,267	109,970	1,400
<a href="#">21-Mar</a>	200106	14.34	14.53	14.31	14.52	0.29	3,827	60,211	-747
<a href="#">21-May</a>	200106	14.21	14.38	14.21	14.37	0.24	403	10,856	-60
<a href="#">21-Jul</a>	200106	14.16	14.26	14.14	14.25	0.21	139	11,891	-9
<a href="#">21-Oct</a>	200106	14.24	14.25	14.17	14.25	0.18	117	14,119	23
Total Volume and Open Interest							137,837	991,469	1,611

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Mon January 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Mar</a>	200106	360.3	367.2	359	364.7	7.5	6,737	40,216	-359
<a href="#">20-May</a>	200106	364.2	372.4	364.2	370.1	7.4	3,334	20,828	946
<a href="#">20-Aug</a>	200106	368.3	375	368.3	373.6	7.2	545	10,379	180
<a href="#">20-Oct</a>	200106	369.2	375.9	369.1	374.6	7	119	4,020	22
<a href="#">20-Dec</a>	200106	374.3	378	374.3	377	6.7	7	2,539	0
Total Volume and Open Interest							10,750	79,480	791

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Jan-20	6-Jan-20	
Delhi	Delhi	M-Grade	3340	3350	-10
	Delhi	S-Grade	3320	3330	-10
Uttar Pradesh	Khatauli	M-Grade	3400	3370	30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3280	3280	Unch
	Dhampur	S-Grade Ex-Mill	3260	3260	Unch
	Dhampur	L-Grade Ex-Mill	3330	3330	Unch
Maharashtra	Mumbai	M-Grade	3590	3566	24
	Mumbai	S-Grade	3360	3306	54
	Nagpur	M-Grade	3525	3425	100
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3400	3300	100
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch

West Bengal	Kolkata	M-Grade	3640	3680	-40
Tamil Nadu	Chennai	S-Grade	3620	3620	Unch
	Dindigul	M-Grade	3620	3620	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)			7-Jan-20	6-Jan-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3000	2913	88
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	10000	-4000
	Muzaffarnagar	Khurpa (Fresh)	2825	2700	125
	Muzaffarnagar	Laddoo (Fresh)	3328	3125	203
	Muzaffarnagar	Rascut (Fresh)	2300	2300	Unch
	Hapur	Chaurasa	2775	Closed	-
	Hapur	Balti	2750	Closed	-
Andhra Pradesh	Chittur	Gold	5300	5300	Unch
		White	4800	4600	200
		Black	3900	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	3410	-
	Mandya	Achhu (Medium)	3200	3380	-180
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3150	3100	50
	Shimoga/Shivamogga	Achhu (Average)	3450	3500	-50

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