

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.3365/q.

Three sugar vessels named Behdokht, Dignity, and Jairan of 30,000 tonnes, 17,000 tonnes and 20,000 tonnes respectively have been loaded for export from Kandla and Jaigad port in the first week of January. While vessels naming Best Adventure, Best Trader M, Capt Khaldoun and ABK Tiger are waiting at berth for loading at Kandla and Kakinada port of around 1 lakh tonnes of sugar which is likely to be exported soon from the ports.

Weather Forecast:

Moderate rain and snowfall with few heavy spells will occur in Jammu and Kashmir, Ladakh, Himachal Pradesh, and Uttarakhand. Light to moderate rain and thundershower with an isolated intense spell will occur in Punjab, Haryana, West Uttar Pradesh and scattered rain in Rajasthan, Delhi and isolated in Madhya Pradesh. Scattered light to moderate rain may continue in the South coast of Andhra Pradesh and parts of Tamil Nadu. Light rain and snow at one or two places in Sikkim and Arunachal are also very likely. Cold day conditions will continue over Punjab, Haryana and in isolated pockets of North Rajasthan.

Previous Updates:

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 31st 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 2nd 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.

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.

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 Tue January 07, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200107	13.75	13.79	13.55	13.59	-0.14	63,589	414,373	-10,629
20-May	200107	13.77	13.83	13.63	13.67	-0.12	23,072	198,521	-3,652
20-Jul	200107	13.86	13.89	13.7	13.76	-0.1	11,809	144,655	-1,840
20-Oct	200107	14.03	14.08	13.89	13.96	-0.1	6,807	111,292	1,322
21-Mar	200107	14.48	14.5	14.36	14.42	-0.1	2,482	61,016	805
21-May	200107	14.32	14.35	14.23	14.27	-0.1	327	10,860	4
21-Jul	200107	14.02	14.19	14.02	14.13	-0.12	168	11,874	-17
21-Oct	200107	14.18	14.18	14.07	14.11	-0.14	55	14,122	3
Total Volume and Open Interest							108,333	977,470	-13,999

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tue January 07, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200107	364.4	365	362.1	363.1	-1.6	6,403	39,503	-713
20-May	200107	370	370.2	367	368.3	-1.8	4,424	21,972	1,144
20-Aug	200107	373.8	373.8	369.4	371.1	-2.5	819	10,128	-251
20-Oct	200107	374.2	374.4	370.6	372	-2.6	311	4,145	125
20-Dec	200107	373.7	374.9	373.3	374.9	-2.1	11	2,536	-3
Total Volume and Open Interest							11,974	79,786	306

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			8-Jan-20	7-Jan-20	
Delhi	Delhi	M-Grade	3350	3340	10
	Delhi	S-Grade	3330	3320	10
Uttar Pradesh	Khatauli	M-Grade	3365	3400	-35
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3320	3280	40
	Dhampur	S-Grade Ex-Mill	3300	3260	40
	Dhampur	L-Grade Ex-Mill	3370	3330	40
Maharashtra	Mumbai	M-Grade	3580	3590	-10
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3525	3525	Unch
	Nagpur	S-Grade	3325	3275	50
	Kolhapur	M-Grade	3400	3400	Unch
	Kolhapur	S-Grade	3200	3150	50
Assam	Guhawati	S-Grade	3512	3461	51
Meghalaya	Shillong	S-Grade	3520	3470	50
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3640	3640	Unch

Tamil Nadu	Chennai	S-Grade	3620	3620	Unch
	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	3640	3590	50
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)			8-Jan-20	7-Jan-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3025	3000	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	6000	-4000
	Muzaffarnagar	Khurpa (Fresh)	2975	2825	150
	Muzaffarnagar	Laddoo (Fresh)	3450	3328	123
	Muzaffarnagar	Rascut (Fresh)	2375	2300	75
	Hapur	Chaurasa	3000	2775	225
	Hapur	Balti	2938	2750	188
Andhra Pradesh	Chittur	Gold	5200	5300	-100
		White	4800	4800	Unch
		Black	3800	3900	-100
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	3434	-
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	3150	3150	Unch
	Shimoga/Shivamogga	Achhu (Average)	3500	3450	50

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