

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.3350/q as new stock has arrived in the market and U.P's Khatauli market prices stood weak at Rs.3350/q.

Weather Forecast:

During the next 24 hours, scattered rains will continue over Odisha, parts of Jharkhand, East Bihar, West Bengal as well as Northeast India. Rest parts of the country are likely to witness dry weather conditions. Minimums across Northwest and Central India will drop further. Also, the minimums of East India will start dropping now.

Previous Updates:

Maharashtra has produced only 194.03 lakh quintals of sugar with an average recovery of 10.17% till the first week of January. 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 around 12% at this period of time but this year the average sugar recovery stood at 11.21%. Recoveries have slightly increased to 10.39% in Pune division, 9.12% in Solapur, 9.29% in Ahmednagar, and 8.74% in Aurangabad and the impact can be seen on the sugar production. While the average recovery in Nanded stood slightly higher at 9.68% compared to Solapur, Ahmednagar and Aurangabad. As estimated earlier, the sugar recovery slightly improved due to cold weather in the coming days in January.

As on 7th Jan'20, 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 7.73% more sugarcane around 355.94 LT against 330.41 LT in the previous year and produced 38.34 LT of sugar which is 6.38% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.28% to 10.77% against 10.91% in the same time previous year from the start of the season in Oct till 7th of January.

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.

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, Somlaia 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.

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	367.4	6.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu January 09, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200109	13.49	13.76	13.4	13.71	0.24	67,177	410,446	1,404
20-May	200109	13.57	13.79	13.49	13.76	0.2	30,590	203,769	1,011
20-Jul	200109	13.67	13.85	13.59	13.82	0.16	20,566	146,261	33
20-Oct	200109	13.87	14.04	13.8	14	0.14	11,091	113,859	1,884
21-Mar	200109	14.31	14.49	14.31	14.45	0.12	6,338	64,986	1,150
21-May	200109	14.15	14.32	14.15	14.29	0.11	2,078	11,498	203
21-Jul	200109	14.05	14.19	14.05	14.15	0.1	2,010	12,586	402
21-Oct	200109	14.14	14.16	14.07	14.13	0.09	1,721	15,648	779
Total Volume and Open Interest							142,633	990,792	7,571

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu January 09, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200109	361.1	367.9	360	367.4	6.1	7,475	39,117	-137
20-May	200109	366.4	372.2	364.9	371.5	5.3	4,138	24,691	1,142
20-Aug	200109	368.8	373.7	367	373.1	4	1,222	10,544	226
20-Oct	200109	369.3	375	368.8	374.5	4	134	4,180	22
20-Dec	200109	372.3	378	372	377.6	4.3	31	2,551	11
Total Volume and Open Interest							13,023	82,618	1,286

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			10-Jan-20	9-Jan-20	
Delhi	Delhi	M-Grade	3340	3350	-10
	Delhi	S-Grade	3320	3330	-10
Uttar Pradesh	Khatauli	M-Grade	3350	3355	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3310	-10
	Dhampur	S-Grade Ex-Mill	3280	3290	-10
	Dhampur	L-Grade Ex-Mill	3350	3360	-10
Maharashtra	Mumbai	M-Grade	3572	3572	Unch
	Mumbai	S-Grade	3340	3350	-10
	Nagpur	M-Grade	3475	3525	-50
	Nagpur	S-Grade	3275	3325	-50
	Kolhapur	M-Grade	3350	3400	-50
	Kolhapur	S-Grade	3150	3200	-50
Assam	Guhawati	S-Grade	3461	3512	-51
Meghalaya	Shillong	S-Grade	3470	3520	-50
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3620	3620	Unch

Tamil Nadu	Chennai	S-Grade	3620	3620	Unch
	Dindigul	M-Grade	3640	3640	Unch
	Coimbatore	M-Grade	3460	3640	-180
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)			10-Jan-20	9-Jan-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2903	3053	-150
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	4000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2950	2900	50
	Muzaffarnagar	Laddoo (Fresh)	3313	3375	-63
	Muzaffarnagar	Rascut (Fresh)	2350	2375	-25
	Hapur	Chaurasa	3000	3000	Unch
	Hapur	Balti	2750	2850	-100
Andhra Pradesh	Chittur	Gold	5200	5200	Unch
		White	4700	4600	100
		Black	4200	3900	300
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	0	2950	-2950
	Belthangadi	Yellow (Average)	0	0	Unch
	Bijapur/Vijayapura	Achhu	0	0	Unch
	Gulbarga/Kalaburgi	Other (Average)	0	0	Unch
	Mahalingapura	Penti (Average)	0	3850	-3850
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	0	3450	-3450

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