

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

Indian Sugar market showed steady to weak trend compared to previous day across India. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood unchanged at Rs.3300/q as new stock has arrived in the market and U.P's Khatauli market prices stood slightly weak at Rs.3350/q.

As on 14th 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 9.13% more sugarcane around 391.37 LT against 358.62 LT in the previous year and produced 42.35 LT of sugar which is 7.90% higher due to the favorable conditions in the state this year. Whereas, the recovery declined slightly by around 1.19% to 10.82% against 10.95% in the same time previous year from the start of the season in Oct till 14th of January.

According to the USDA report, USA revised its sugar production estimates to 8.158 MMT from 8.28 MMT in 2019-20 sugar season, however, the production is estimated around 9% lower compared to the previous year's production. Subsequently, the estimates for imports have increased to 3.881MMT in January estimates from the Dec'19 estimates of 3.860 MMT and also higher compared to the previous year's imports of 3.070 MMT in 2018-19 sugar season.

Weather Forecast:

Isolated rain and snowfall will continue in Uttarakhand for the next 24 hours. Isolated light rain is likely in North Madhya Pradesh, parts of Assam and Arunachal Pradesh. By January 15, isolated rain and snow will once again commence in Jammu and Kashmir and Himachal Pradesh during afternoon or evening hours. Scattered rain is very likely in North Madhya Pradesh and East Rajasthan.

Previous Updates:

Thailand sugarcane production is expected to be lower down by 22% compared with the previous season due to bad weather conditions in 2109-20 season. The drought and weak monsoon in Thailand's major cane producing regions during the crucial growing season would also lead to slower cane development and a reduction in sugar yield. The cane crushing usually starts between mid and end of November but delayed to the start of December this year. White and refined sugar exports for January-November dipped 4.62% (92.72LT) in the current year, while raw sugar exports fell by 4.8% due to the China's enforcement on cross-border movement of sugar from Taiwan and Myanmar. But Thailand is likely to gain support by the increasing demand from Indonesia after the government announced that industrial raw sugar import permits for 2019 would be reduced by 22% from the previous year to 2.8 MMT.

In 2019-20 sugar season in Mexico, the sugar production declined by around 30% compared to the previous year at 74.44 LT with average sugar recovery of 9.24% till the week ending in 4th of January'20 lower compared to 9.52% in 2018-19 during the same period last year. The sugar exports in December'19 reached 26,830 MT lower compared to 38,029 MT in November'19. The total exports from October'19 till 5th of January'20 reached 99,154MT lower by 41% which was 1.67LT in 2018-19 during the same period last year.

Few months earlier, Indonesia has announced to reduce down the import duties for raw sugar to import raw sugar from India against the deal that India will give priority to import palm oil from Indonesia. The sugar industry is waiting since last year for Indonesia to take action on relaxing norms for sugar import from India. But the sugar mills in India have commence refining the raw sugar and it is already late to export raw sugar now. Also, according to the norms the imported raw sugar should have ICUMSA 1200 and above but India produces better quality of sugar of ICUMSA 400-800. Indonesia accepted and bought down the import duty but still haven't made changes in the quality norms. Therefore, exports to Indonesia in the current year becomes difficult while it will be a good opportunity to export sugar from India in the coming season.

According to the trade sources, India has exported around 2,57,000 tonnes of refined sugar from Indian ports (Kakinada & Kandla) in the month of December'19. Out of the total, 75,000 tonnes of sugar have been exported from Kakinada port while 1,82,600 tonnes of refined sugar have been exported through Kandla port. The major importing countries were Iran, Bangladesh, Somalia and Sri Lanka.

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.

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	383.2	6.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue January 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200114	14.18	14.53	14.13	14.32	0.16	140,041	397,220	-1,244
20-May	200114	14.13	14.47	14.11	14.31	0.16	81,714	219,807	12,040
20-Jul	200114	14.12	14.43	14.11	14.3	0.16	55,243	154,090	4,528
20-Oct	200114	14.24	14.5	14.21	14.4	0.13	33,768	120,663	6,788
21-Mar	200114	14.57	14.75	14.49	14.7	0.1	18,266	70,100	3,461
21-May	200114	14.32	14.45	14.22	14.44	0.08	3,974	12,274	664
21-Jul	200114	14.1	14.2	13.98	14.2	0.06	4,372	13,469	332
21-Oct	200114	14.1	14.17	13.95	14.17	0.05	3,625	17,728	1,668
Total Volume and Open Interest							343,142	1,018,915	29,347

International Sugar Futures LIFFE(US \$/MT)

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200114	384	400	383.1	389.8	6.6	15,313	37,836	-250
20-May	200114	384.7	393.9	383.5	388.5	4.4	10,967	30,026	2,605
20-Aug	200114	383	390.8	382.7	388.4	4.1	4,814	12,753	993
20-Oct	200114	383.5	390	382.7	387.9	4.1	2,799	4,524	330
20-Dec	200114	384.2	391.8	384.2	389.6	4.6	1,358	3,289	592
Total Volume and Open Interest							35,323	90,117	4,263

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Jan-20	14-Jan-20	
Delhi	Delhi	M-Grade	3320	3325	-5
	Delhi	S-Grade	3300	3305	-5
Uttar Pradesh	Khatauli	M-Grade	3350	3360	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3290	3300	-10
	Dhampur	S-Grade Ex-Mill	3270	3280	-10
	Dhampur	L-Grade Ex-Mill	3340	3350	-10
Maharashtra	Mumbai	M-Grade	3580	3586	-6
	Mumbai	S-Grade	3380	3380	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3300	3300	Unch
	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	3660	3600	60
Tamil Nadu	Chennai	S-Grade	Closed	3600	-

	Dindigul	M-Grade	3640	3640	Unch
	Coimbatore	M-Grade	3640	3640	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)			15-Jan-20	14-Jan-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2825	2935	-110
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	9000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2800	2850	-50
	Muzaffarnagar	Laddoo (Fresh)	3255	3278	-23
	Muzaffarnagar	Rascut (Fresh)	2375	2400	-25
	Hapur	Chaurasa	2800	2800	Unch
	Hapur	Balti	2750	2700	50
Andhra Pradesh	Chittur	Gold	Closed	Closed	-
		White	Closed	Closed	-
		Black	Closed	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NR	4650	-
	Belgaum	Mudde (Average)	NR	2950	-
	Belthangadi	Yellow (Average)	NR	NA	-
	Bijapur/Vijayapura	Achhu	NR	3310	-
	Gulbarga/Kalaburgi	Other (Average)	NR	NA	-
	Mahalingapura	Penti (Average)	NR	3326	-
	Mandya	Achhu (Medium)	NR	3000	-
	Mandya	Kurikatu (Medium)	NR	3000	-
	Mandya	Other (Medium)	NR	2950	-
	Mandya	Yellow (Medium)	NR	3200	-
	Shimoga/Shivamogga	Achhu (Average)	NR	3550	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.

