

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Indian Sugar market showed steady to low trend compared to previous day across India. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood steady at Rs.3250/q as new stock has arrived in the market and U.P's Khatauli market prices stood low at Rs.3280/q.

OMC's have released a new tender (2nd) seeking 2.53 billion liters of ethanol for the supply between Feb'20 and 30th Nov'20 whereas out of the first tender (5.11 billion liters) released by OMCs only 1.56 billion liters have been finalized by the OMCs. But it becomes difficult whether the mills would be able to fulfill the OMC's demand as mills offered less than a third of what the OMCs asked for. As this year, the crop was damaged due to the drought as well as flooded conditions in the other half of the crop season that made lower sugarcane availability to the mills. As the government is aiming to increase the ethanol blending percentage from 5% to 10% and now 20% by 2030. Therefore, number of mills are setting up and extending the capacity of distilleries in the view with the increasing demand in the future.

Indian sugar exports have been hurt than expected as the sugar millers are backing off in exporting sugar at lesser price against higher prevailing global prices. But some sugar mills are forced to sell sugar so as to clear their older stock piles. Traders have been offering Indian white sugar at between \$370 - \$380 /ton FOB. Lower exports has been reported in Maharashtra as the state has been waiting for the international prices might move upwards further. Also, Maharashtra exports lower quality white sugar which becomes unacceptable for fulfilling the global standards. Contrasting scenario can be seen in Uttar Pradesh where the mills have exhausted their government-issued export quotas. But there is expectation that if Maharashtra starts selling its sugar, India might export at least 53 LT against the 60 LT export target in 2019-20 sugar season.

Weather Forecast:

The intensity of rain and snow will increase in the Western Himalayas. A few heavy spells are also likely. Light to moderate rain with one or two heavy spells may occur in Punjab, Haryana, West Uttar Pradesh. Hailstorm is also likely in a few parts. Scattered rain is likely in North Rajasthan, parts of Delhi and NCR, East and Central Uttar Pradesh, Odisha Chattisgarh, parts of Vidarbha as well as in a few parts of Bihar, Gangetic West Bengal and in one or two pockets of North Telangana and Coastal Maharashtra.

Previous Updates:

As on 24th 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 4.92% more sugarcane around 459.41 LT against 437.88 LT in the previous year and produced 49.91 LT of sugar which is 3.29% higher due to the favorable conditions in the state this year as the area increased. Whereas, the recovery declined slightly by around 1.54% to 10.86% against 11.03% in the same time previous year from the start of the season in Oct till 24th of January.

The sugar prices have hiked by Rs.10/kg in Pakistan domestic market within one week from Rs.64/kg to Rs.74/kg. The shortage of sugar led to the rise in prices and the government has demanded to stop exporting the sugar. As, the export of one million tons of sugar is the reason behind a shortage of sweetener. Similarly the exports in Ukraine also declined and exported around 2.3 lakh tonnes in 2019. As the production dropped by 19 per cent this season (2019-20) compared with last year to 1.48 million tonnes.

Malaysia's leading refined sugar producer, MSM Malaysia Holdings Berhad (MSM) has asked for around 1.3 LT of raw sugar worth nearly RM 200 million in three shipments between January to February. Also the organization has announced that they have procured over 9 LT of raw sugar in 2019 from various producing countries including India. According to MSM, the acceptable quality and competitive freight cost of raw sugar produced from India, provides added-value and advantages for MSM to ensure a sustainable supply of best quality raw sugar stock for all of its refineries. Therefore, the India has the smooth way to export its sugar to one of the importers.

According to the trade sources, India exported around 4 LT of sugar in December month. The Indian mills have started exporting the sugar produced in the new season (2019-20) due to which the prices reported are slightly higher compared to the previous month November. Out of the total exports, largest quantity of refined sugar has been exported to Iran exporting 84,084 tonnes at an average FOB of \$365.73/MT followed by Afghanistan of 67,792 tonnes at an average FOB \$321.75/MT. Refined sugar has been exported to Middle Eastern countries including Somalia (57,816 tonnes at an average FOB \$323/MT), Sudan (38,554 tonnes at an average FOB \$329.57/MT), Saudi Arabia (22,309 tonnes at an average FOB \$343.85/MT). The export to Sri Lanka was at the cheapest price at an average \$323.03/MT (36,789 tonnes).

As on 15th Jan'20, total sugar production across reached around 108.85 LT by 440 mills so far this season which is around 26% less than the previous year. In 2018-19 during the same period, the country produced about 147.4 LT of sugar by around 511 mills. Uttar Pradesh, the largest sugar producing state in India have produced 43.78 LT of sugar with an average sugar recovery of 10.83% whereas the recovery was 10.97% and producing 41.93 LT of sugar higher compared to the same period in last year. In Maharashtra, 139 sugar mills were in operation producing 25.52 LT of sugar lower by 55% that produced 57.25 LT in the last year. In Karnataka, 63 sugar mills are in operation on 15th January'20, who have produced 21.9 LT of sugar, as compared to 26.76 LT produced by 65 sugar mills in 2018-19 sugar season on 15th January'19. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 3.72 LT of sugar till 15th January'20 lower compared to 5.42 LT in the same period last year.

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.

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	405.4	10.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue January 29, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
S ugar #11(ICE)									
20-Mar	200128	14.19	14.75	14.05	14.54	0.33	87,704	402,209	2,443
20-May	200128	14.11	14.57	13.98	14.4	0.27	46,555	266,982	4,549
20-Jul	200128	14.09	14.5	13.98	14.36	0.24	32,131	184,566	3,297

20-Oct	200128	14.25	14.57	14.14	14.47	0.19	23,249	148,113	489
21-Mar	200128	14.66	14.9	14.56	14.85	0.14	11,626	80,199	1,689
21-May	200128	14.38	14.57	14.29	14.54	0.11	2,348	15,824	780
21-Jul	200128	14.12	14.28	14.05	14.25	0.07	3,041	19,803	1,203
21-Oct	200128	14.09	14.23	14.05	14.2	0.03	2,175	21,490	1,258
Total Volume and Open Interest							209,781	1,154,813	15,990

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tue January 29, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200128	396.3	406.7	395.2	405.4	10.1	5,730	34,850	-471
20-May	200128	392.5	400.5	389.5	398.7	7.3	5,191	45,664	779
20-Aug	200128	389	396.3	386.3	394.5	6	2,361	20,711	770
20-Oct	200128	388.1	392.7	385	391.5	5.2	767	6,198	156
20-Dec	200128	390.3	394.2	386.9	393.1	5	425	4,361	109
Total Volume and Open Interest							14,679	114,480	1,353

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			30-Jan-20	29-Jan-20	
Delhi	Delhi	M-Grade	3250	3250	Unch
	Delhi	S-Grade	3230	3230	Unch
Uttar Pradesh	Khatauli	M-Grade	3270	3280	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3230	-30
	Dhampur	S-Grade Ex-Mill	3180	3210	-30
	Dhampur	L-Grade Ex-Mill	3250	3280	-30
Maharashtra	Mumbai	M-Grade	3572	3572	Unch
	Mumbai	S-Grade	3350	3350	Unch
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3640	3640	Unch
	Vijayawada	S-Grade	3580	3580	Unch
West Bengal	Kolkata	M-Grade	3660	3660	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3600	3600	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)			30-Jan-20	29-Jan-20	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2800	2875	-75
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	4000	2000
	Muzaffarnagar	Khurpa (Fresh)	2650	2675	-25
	Muzaffarnagar	Laddoo (Fresh)	2950	3113	-163
	Muzaffarnagar	Rascut (Fresh)	2250	2263	-13
	Hapur	Chaurasa	2525	2563	-38
	Hapur	Balti	2425	2450	-25
Andhra Pradesh	Chittur	Gold	5100	5100	Unch
		White	4400	4400	Unch
		Black	3900	3900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	3250	3250	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)	3412	3406	6
	Mandya	Achhu (Medium)	3160	3150	10
	Mandya	Kurikatu (Medium)	3050	3100	-50
	Mandya	Other (Medium)	3020	3000	20
	Mandya	Yellow (Medium)	3100	3110	-10
	Shimoga/Shivamogga	Achhu (Average)	3500	3560	-60

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