

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

Indian Sugar market showed mixed steady 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 steady at Rs.3270/q.

Sugar production in Thailand for the season 2019-20 is estimated to be less by 4 million tonnes as compared with last season. According to the reports, Thailand's 2019-20 sugar production will be the lowest in 9 years. Sugar output is expected to fall 28 per cent to 10.5 million tonnes in the current crop season. The crushing season in Thailand lasts for 120 days but this season it will last from December 1 to February 8.

Weather Forecast:

During the next 24 hours, light to moderate rains and snow will be continuing at scattered places over Arunachal Pradesh and at one or two places over upper Assam and Nagaland. Light spell of rains and thundershowers will be affecting scattered places over southern parts of Odisha and North Andhra Pradesh as well as at one or two places over Telangana and Vidarbha and Lakshadweep Islands. Moderate fog might be seen at scattered places over Punjab, Haryana, Delhi, Uttar Pradesh and Bihar. Patchy fog will be seen in the Northeast states. Night temperatures will remain quite below normal over the Indo Gangetic Plains.

Previous Updates:

Government fixed the monthly sugar sales quota as 20LT for February month to 543 mills lower by 2 LT compared to the previous month that stood at 22 LT. Also, the allocated quota is 1 LT lower at 21LT in the same time previous year. In the previous month, the sugar millers have reported that there was moderate demand due to higher stock piles and lower sugar production this year. The millers are holding their stock and waiting for the prices to rise and demand to increase.

As on 28th Jan'20, total sugar production across reached around 134.9 LT by 441 mills so far this season which is around 24.2% less than the previous year. In 2018-19 during the same period, the country produced about 178.2 LT of sugar by around 514 mills. Uttar Pradesh, the largest sugar producing state in India have produced 52.8 LT of sugar with an average sugar recovery of 10.9% whereas the recovery was 11.05% and producing 51.05 LT of sugar lower compared to the same period in last year. In Maharashtra, 140 sugar mills were in operation producing 32.9 LT of sugar (with an average sugar recovery 10.6%) lower by 52% that produced 68.05 LT with an average sugar recovery 10.8% in the last year. In Karnataka, 62 sugar mills are in operation on 28th January'20, who have produced 26.9 LT of sugar, as compared to 32.15 LT produced by 65 sugar mills in 2018-19 sugar season during the same period last year. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 4.65 LT of sugar till 28th January'20 lower compared to 7.05 LT in the same period last year.

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.

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).

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 advsed to wait until trade in volume start.

Commodity		Change
Thai Sugar FOB 45 Icumsa	406.2	-2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri January 31, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200131	14.64	14.81	14.52	14.61	0.02	104,995	391,878	-2,766
20-May	200131	14.33	14.45	14.25	14.35	0.04	60,283	275,492	1,731
20-Jul	200131	14.19	14.3	14.13	14.23	0.04	48,090	187,259	249
20-Oct	200131	14.25	14.34	14.19	14.3	0.05	26,563	154,488	-564
21-Mar	200131	14.59	14.68	14.5	14.64	0.04	17,078	87,372	652
21-May	200131	14.23	14.33	14.16	14.31	0.04	2,930	15,865	760
21-Jul	200131	14.02	14.05	13.85	14	0.03	3,272	21,400	536
21-Oct	200131	14.01	14.01	13.84	13.97	0.02	953	23,175	471
Total Volume and Open Interest							264,662	1,173,298	1,282

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri January 31, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200131	413	416.5	404.6	406.2	-2	13,055	34,401	524
20-May	200131	403.2	406	397.9	399.2	-0.4	11,936	47,888	932
20-Aug	200131	396.1	397.9	391.4	392.6	-0.5	3,732	21,874	787
20-Oct	200131	391.3	392	386.9	388	-0.3	723	6,628	-44
20-Dec	200131	392	392	387.4	388	-0.9	537	4,527	24
Total Volume and Open Interest							30,115	118,276	2,316

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Feb-20	1-Feb-20	
Delhi	Delhi	M-Grade	3280	3280	Unch
	Delhi	S-Grade	3260	3260	Unch
Uttar Pradesh	Khatauli	M-Grade	3270	3270	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3520	3520	Unch
	Mumbai	S-Grade	3310	3320	-10
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3250	3250	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	3640	3640	Unch
	Vijayawada	S-Grade	3580	3580	Unch
West Bengal	Kolkata	M-Grade	3670	3660	10

Tamil Nadu	Chennai	S-Grade	3620	3600	20
	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)			3-Feb-20	1-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2700	2803	-103
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	6000	6000
	Muzaffarnagar	Khurpa (Fresh)	2500	2625	-125
	Muzaffarnagar	Laddoo (Fresh)	2675	2870	-195
	Muzaffarnagar	Rascut (Fresh)	2225	2250	-25
	Hapur	Chaurasa	Closed	2500	-
	Hapur	Balti	Closed	2400	-
Andhra Pradesh	Chittur	Gold	4900	4900	Unch
		White	4400	4400	Unch
		Black	3900	3900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	3100	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3250	3295	-45
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3352	NA	-
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	2900	3100	-200
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3500	3500	Unch

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