

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.

According to ISMA as on 31st Jan'20, total sugar production across reached around 141.12 LT by 446 mills so far this season which is around 24% less than the previous year. In 2018-19 during the same period, the country produced about 185.59 LT of sugar by around 520 mills. Uttar Pradesh, the largest sugar producing state in India have produced 54.96 LT of sugar with an average sugar recovery of 10.9% whereas the recovery was 11.05% and producing 52.86 LT of sugar lower compared to the same period in last year. In Maharashtra, 140 sugar mills were in operation producing 34.64 LT of sugar (with an average sugar recovery 10.6%) lower by 51% that produced 70.99 LT with an average sugar recovery 10.8% in the last year. In Karnataka, 62 sugar mills are in operation on 31st January'20, who have produced 27.94 LT of sugar, as compared to 33.76 LT produced by 117 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 4.87 LT of sugar till 31st January'20 lower compared to 6.66 LT in the same period last year.

As on 3rd Feb'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 7.25% more sugarcane around 523.39 LT against 488.01 LT in the previous year and produced 57.07 LT of sugar which is 5.63% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained steady compared to the previous month at 10.9% but around 1.5% lower at 11.07% in the same time previous year from the start of the season in Oct till 3rd Feb'20.

Weather Forecast:

During the next 24 hours, scattered light rain with one or two moderate spells may occur in East Madhya Pradesh, Chhattisgarh, parts of Odisha. Isolated rain may commence in Jammu and Kashmir, Ladakh and Himachal Pradesh by the evening of February 4. Light rain and snow may continue in Arunachal Pradesh while light showers are likely in East Assam. Minimums of North Punjab and the Western Himalayas may increase by 1-2 degrees.

Previous Updates:

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.

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.

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	416.6	10.40

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon February 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200203	14.54	15.01	14.42	14.89	0.28	91,371	389,669	-2,209
20-May	200203	14.34	14.66	14.24	14.6	0.25	70,329	274,705	-787
20-Jul	200203	14.22	14.48	14.15	14.44	0.21	45,963	189,770	2,511
20-Oct	200203	14.29	14.5	14.23	14.46	0.16	30,583	152,122	-2,366
21-Mar	200203	14.6	14.78	14.55	14.72	0.08	17,329	89,291	1,919
21-May	200203	14.21	14.42	14.21	14.35	0.04	4,069	16,676	811
21-Jul	200203	13.94	14.11	13.92	14.03	0.03	3,237	22,095	695
21-Oct	200203	13.9	14.06	13.87	13.98	0.01	1,727	23,454	279
Total Volume and Open Interest							265,091	1,174,307	1,009

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Mon February 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200203	406.8	418.7	406.1	416.6	10.4	5,493	33,462	-939
20-May	200203	400	409.7	399	408.4	9.2	7,700	48,628	740
20-Aug	200203	392.4	402	392.1	400.9	8.3	4,077	23,139	1,265
20-Oct	200203	389.8	395.9	386.6	395.2	7.2	889	7,024	396
20-Dec	200203	386.9	394.1	386.7	393.5	5.5	139	4,573	46
Total Volume and Open Interest							18,443	119,849	1,573

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Feb-20	3-Feb-20	
Delhi	Delhi	M-Grade	3250	3280	-30
	Delhi	S-Grade	3230	3260	-30
Uttar Pradesh	Khatauli	M-Grade	3300	3270	30
	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	3526	3520	6
	Mumbai	S-Grade	3316	3310	6
	Nagpur	M-Grade	3125	3375	-250
	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	3660	3640	20
	Vijayawada	S-Grade	3600	3580	20
West Bengal	Kolkata	M-Grade	3670	3670	Unch

Tamil Nadu	Chennai	S-Grade	3620	3620	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)			4-Feb-20	3-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2700	2700	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	12000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2528	2500	28
	Muzaffarnagar	Laddoo (Fresh)	2688	2675	13
	Muzaffarnagar	Rascut (Fresh)	2163	2225	-63
	Hapur	Chaurasa	2450	Closed	-
	Hapur	Balti	2375	Closed	-
Andhra Pradesh	Chittur	Gold	4700	4900	-200
		White	4100	4400	-300
		Black	3800	3900	-100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3250	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3325	3352	-27
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	2950	2900	50
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3500	3500	Unch

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