

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

Indian Sugar market showed 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.3300/q.

Weather Forecast:

Scattered light to moderate rains are expected to continue in South Chhattisgarh, Odisha and in a few parts of East Madhya Pradesh as well as in one or two pockets of North Coastal Andhra Pradesh. Isolated showers are likely in Tamil Nadu and Kerala. The rainfall activities may increase in Arunachal Pradesh and Assam as well as parts of Nagaland. The weather of hills and northwestern plains may become dry now. Minimums are expected to drop marginally in Northwest and Central India.

Previous Updates:

South-Central region of Brazil has produced around 32,207 million liters of ethanol above 6.6% compared to the last year's production during the same time till 2nd week of January while the overall ethanol production in the country produced 64,414 million liters of total ethanol. 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 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.

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.

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	413.6	-0.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed February 05, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200205	14.71	14.86	14.59	14.73	0.02	114,286	385,803	-2,378
20-May	200205	14.48	14.6	14.38	14.51	0.02	80,923	282,011	6,035
20-Jul	200205	14.33	14.46	14.28	14.41	0.05	45,882	201,687	6,465
20-Oct	200205	14.39	14.48	14.31	14.45	0.05	20,618	159,601	3,127
21-Mar	200205	14.64	14.76	14.58	14.73	0.05	14,953	89,059	-286
21-May	200205	14.38	14.38	14.22	14.35	0.04	3,051	17,736	478
21-Jul	200205	14.05	14.05	13.89	14.02	0.03	3,654	24,581	1,735
21-Oct	200205	13.98	13.98	13.84	13.97	0.03	1,069	24,786	372
Total Volume and Open Interest							285,035	1,202,138	15,760

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wed February 05, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200205	414	418	411.8	413.6	-0.1	8,960	35,244	1,525
20-May	200205	407	410.6	404.9	406.8	0.7	13,125	49,016	-829
20-Aug	200205	400.1	403.3	399.3	401	0.6	6,532	27,250	2,604
20-Oct	200205	396.5	397.6	394	395.9	0.5	1,674	7,784	86
20-Dec	200205	394.8	396.7	392.5	395.1	0.9	436	4,906	248
Total Volume and Open Interest							30,847	127,476	3,678

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Feb-20	5-Feb-20	
Delhi	Delhi	M-Grade	3250	3250	Unch
	Delhi	S-Grade	3230	3230	Unch
Uttar Pradesh	Khatauli	M-Grade	3300	3300	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	3526	3526	Unch
	Mumbai	S-Grade	3316	3316	Unch
	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	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3670	3670	Unch

Tamil Nadu	Chennai	S-Grade	3620	3620	Unch
	Dindigul	M-Grade	3640	3600	40
	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)			6-Feb-20	5-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2728	2728	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	2000
	Muzaffarnagar	Khurpa (Fresh)	2563	2525	38
	Muzaffarnagar	Laddoo (Fresh)	2770	2728	43
	Muzaffarnagar	Rascut (Fresh)	2350	2328	23
	Hapur	Chaurasa	2500	2450	50
	Hapur	Balti	2400	2375	25
Andhra Pradesh	Chittur	Gold	4700	4700	Unch
		White	4100	4100	Unch
		Black	3800	3800	Unch
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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3100	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2990	-
	Mandya	Yellow (Medium)	NA	2970	-
	Shimoga/Shivamogga	Achhu (Average)	3700	3500	200

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