

## Sugar & Gur Domestic & International Fundamentals

### Recent Update:

**Indian Sugar market showed mixed trend compared to previous day across India.** Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood weaker at Rs.3200/q as new stock has arrived in the market and U.P's Khatauli market prices stood steady at Rs.3300/q.

**Sugar production in Thailand for the season 2019-20 is estimated to be less by 4 million tonnes 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 is likely to last from 1<sup>st</sup> Dec'19 to mid Feb'20. Overall Thailand sugar exports also declined by around 6% compared to the previous year. Raw sugar as well as refined sugar exports declined by 9% and 5% respectively in 2019 till (Jan'19-Dec'19) whereas the white sugar exports rose significantly by 17% to 7.19 LT till Dec'19 from Jan'19.

### Weather Forecast:

Light to moderate rain and thundershowers with isolated heavy spells may occur in Odisha. Scattered light to moderate rain is likely in Vidarbha, East Madhya Pradesh, Chhattisgarh and parts of Kerala. Isolated rain and snow may occur in Jammu and Kashmir, Ladakh, Himachal Pradesh, Uttarakhand, Arunachal Pradesh and Sikkim. Light rain is likely in Assam and Kerala. Isolated showers are expected in Interior Tamil Nadu.

### 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 2<sup>nd</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> January'20 lower compared to 6.66 LT in the same period last year.

**As on 3<sup>rd</sup> 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 3<sup>rd</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> January'20 lower compared to 7.05 LT in the same period last year.

**OMC's have released a new tender (2<sup>nd</sup>) seeking 2.53 billion liters of ethanol for the supply between Feb'20 and 30<sup>th</sup> 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.

## 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	414	0.4

## International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu February 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Mar</a>	200206	14.77	14.8	14.54	14.74	0.01	126,107	368,157	-17,646
<a href="#">20-May</a>	200206	14.53	14.58	14.35	14.54	0.03	84,161	291,706	9,695
<a href="#">20-Jul</a>	200206	14.43	14.47	14.28	14.45	0.04	47,919	204,510	2,823
<a href="#">20-Oct</a>	200206	14.5	14.51	14.33	14.45	unch	24,775	162,795	3,194
<a href="#">21-Mar</a>	200206	14.75	14.8	14.61	14.71	-0.02	10,128	87,192	-1,867
<a href="#">21-May</a>	200206	14.34	14.42	14.22	14.3	-0.05	2,018	17,682	-54
<a href="#">21-Jul</a>	200206	14	14.1	13.89	13.96	-0.06	1,965	25,050	469
<a href="#">21-Oct</a>	200206	13.95	14.05	13.82	13.9	-0.07	1,324	25,046	260
Total Volume and Open Interest							299,443	1,199,329	-2,809

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu February 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Mar</a>	200206	414.2	416.6	410.9	414	0.4	8,529	34,610	-634
<a href="#">20-May</a>	200206	407	410.2	404.9	407.7	0.9	9,058	48,657	-359
<a href="#">20-Aug</a>	200206	401	404.4	399.3	402.3	1.3	3,972	28,741	1,491
<a href="#">20-Oct</a>	200206	396.9	398.7	394.8	397.3	1.4	1,619	8,511	727
<a href="#">20-Dec</a>	200206	394.2	397.8	394.2	397	1.9	935	5,214	308
Total Volume and Open Interest							24,675	129,408	1,932

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Feb-20	6-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	3620	3526	94
	Mumbai	S-Grade	3320	3316	4
	Nagpur	M-Grade	3325	3375	-50
	Nagpur	S-Grade	3225	3275	-50
	Kolhapur	M-Grade	3200	3250	-50
	Kolhapur	S-Grade	3100	3150	-50
Assam	Guhawati	S-Grade	3410	3461	-51
Meghalaya	Shillong	S-Grade	3420	3470	-50
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	3600	3620	-20
	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)			7-Feb-20	6-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2738	2728	10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11000	10000	1000
	Muzaffarnagar	Khurpa (Fresh)	2533	2563	-30
	Muzaffarnagar	Laddoo (Fresh)	2713	2770	-58
	Muzaffarnagar	Rascut (Fresh)	2238	2350	-113
	Hapur	Chaurasa	2475	2500	-25
	Hapur	Balti	2450	2400	50
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	3342	-
	Mandya	Achhu (Medium)	3100	NA	-
	Mandya	Kurikatu (Medium)	3000	NA	-
	Mandya	Other (Medium)	2900	NA	-
	Mandya	Yellow (Medium)	3070	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3700	3700	Unch

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