

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 at Rs.3290/q.

The Uttar Pradesh expects a total sugar production in Up might reach upto 120 lakh tonnes this crushing season with an average recovery rate of above 11% higher than what Maharashtra state government expects. As on 31st January 2020, 119 sugar mills were in operation and they have produced 54.96 lakh tonnes of sugar compared with 52.86 lakh tonnes produced by 117 mills on the corresponding date of last year. The harvesting of wonder variety 238 which has higher yield in terms of crop harvest as well as results in higher percentage of sugar content resulted in the better yield and thereby higher sugar production.

The global sugar shortage has pressurized the Southeast Asian nation to import about 1.4 million tonnes of raw sugar for household use in 2020 and in early 2021. That's a more than 11-fold increase on 2019. Meanwhile, domestic output is expected to sink while local demand increases. The Indonesian Sugar Association reports that if there's no additional supply through imports while demand keeps increasing, prices will definitely continue to rise. Whereas the supply of raw sugar from Thailand has drastically impacted the supply and hiked the international prices by around 10-12%. While, rising demand from Indonesia may benefit top sugar producers India and Brazil, both of which are seeking to fill the gap in supply from Thailand. Also, India in the close proximity to Indonesia and carry the import duty of 5% might get an opportunity to export the raw sugar. Indonesia is also buying sugar from Brazil, according to the world's top trader, Alvean, which is set to ship 60,000 tonnes of raw sugar this week.

Weather Forecast:

During the next 24 hours, rain and snow may lash many parts of Jammu and Kashmir and a few parts of Himachal Pradesh. Uttarakhand will be almost dry with isolated light rain. Light rain is likely Arunachal Pradesh and in parts of Assam. Scattered light rain activity may continue in South Coastal Andhra Pradesh and Coastal Tamil Nadu. There will not be any improvement in Delhi pollution. Day and night temperatures of Northwest, Central India including Maharashtra may increase further.

Previous Updates:

The sugar prices remained steady to low this week so far because of poor demand in the local markets. Despite the wedding season, demand is not picking up as most buyers stocked up sugar in January. Mills had released more stocks in the market due to higher monthly sales quota last month. Sugar prices may rise after Mar 25 when summer sets in and demand from ice-cream and soft-drink manufacturers rises. While the prices in Thailand has shoot upto \$410-416/ton in the previous week due to fall in sugar production to a nine-year low of 10.5 MMT, down 28% year on year. So far, mills in Thailand have crushed 59 MMT cane to produce nearly 7 MMT sugar. The current rate of crushing is very low at 1 mln tn per day.

Uttar Pradesh has produced around 62.51 lakh tonnes so far till 10th Feb'20 this season higher by around 5.75% against last year's production of 59.11 lakh tonnes of sugar in same period. The sugarcane supply has increased to the mills by around 7% this year as area increased in the state slightly. The sugar

mills in UP are willing to maximize sugar exports and looking forward to increase the possibilities to get additional export quota as the present inventories are high and to liquidate the stocks as soon as possible. In the first quarter started from 1st Oct'19, UP has contracted 15-18 lakh tonnes i.e., 70-80% of the total quota of 22.4 lakh tonnes allotted to the state. While Maharashtra due to lower supply this year has just contracted about 5 lakh tonnes (25%) out of the total allocated quota of 18 lakh tonnes to the state.

Bangladesh imports large amount of raw sugar to fulfill its demand of 1.4 million tonnes annually. Bangladesh Sugar and Food Industries Corporation is seeking to import 100,000 tonnes of sugar in a tender to secure supplies for the Muslim fasting month of Ramadan. Mostly Bangladesh imports most the raw sugar from Brazil. Because of the government released export incentive quota India can also have an opportunity to export raw sugar to Bangladesh.

ISO forecasts the global sugar deficit increases to 6.12 million tonnes from the earlier estimates of 4.76 million tonnes in September. The global sugar production is expected to total 170.4 million tonnes, down 3.12 per cent in 2019-20 compared to the prior season with the consumption might reach to 176.52 million tonnes, up 1.32 per cent. Sugar production by Brazil, the world's largest sugar producer, in 2019-20 will climb by +17.4% to 34.1 MMT, after production in 2018-19 (Apr-Mar) fell -17.2% to an 11-year low of 31.4 MMT.

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 1st 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.

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.

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 | 451 | 14 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Wed February 12, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|---------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 20-Mar | 200212 | 15.37 | 15.9 | 15.34 | 15.78 | 0.37 | 93,003 | 316,777 | -25,710 |
| 20-May | 200212 | 15.02 | 15.29 | 14.96 | 15.06 | 0.02 | 85,273 | 339,500 | 23,323 |
| 20-Jul | 200212 | 14.89 | 15.09 | 14.79 | 14.89 | -0.02 | 38,031 | 233,969 | 6,260 |
| 20-Oct | 200212 | 14.8 | 15 | 14.75 | 14.86 | 0.02 | 16,722 | 174,120 | 4,423 |
| 21-Mar | 200212 | 14.95 | 15.1 | 14.91 | 15.02 | 0.01 | 6,686 | 87,662 | 208 |
| 21-May | 200212 | 14.35 | 14.46 | 14.34 | 14.41 | -0.01 | 2,775 | 20,284 | 425 |
| 21-Jul | 200212 | 13.83 | 13.93 | 13.76 | 13.87 | -0.03 | 2,413 | 27,697 | 1,095 |
| 21-Oct | 200212 | 13.67 | 13.79 | 13.65 | 13.74 | unch | 1,069 | 25,947 | 179 |
| Total Volume and Open Interest | | | | | | | 246,380 | 1,244,206 | 10,220 |

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Wed February 12, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-Mar | 200212 | 438.6 | 454.2 | 438.6 | 451 | 14 | 7,592 | 27,053 | -2,416 |
| 20-May | 200212 | 425 | 434.3 | 424.2 | 429.6 | 7.1 | 12,757 | 56,419 | 1,103 |
| 20-Aug | 200212 | 415.6 | 423.3 | 415.6 | 419.6 | 5.2 | 7,566 | 36,499 | 1,775 |
| 20-Oct | 200212 | 408.3 | 414.7 | 408.3 | 411.8 | 4.7 | 1,836 | 9,466 | 530 |
| 20-Dec | 200212 | 406.5 | 412.5 | 406.3 | 409.7 | 4.2 | 803 | 5,865 | 264 |
| Total Volume and Open Interest | | | | | | | 30,990 | 139,859 | 1,397 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|-----------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 13-Feb-20 | 12-Feb-20 | |
| Delhi | Delhi | M-Grade | 3235 | 3250 | -15 |
| | Delhi | S-Grade | 3215 | 3230 | -15 |
| Uttar Pradesh | Khatauli | M-Grade | 3290 | 3290 | Unch |
| | Ramala | M-Grade | 3210 | 3210 | Unch |
| | Dhampur | M-Grade Ex-Mill | 3185 | 3185 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3165 | 3165 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3235 | 3235 | Unch |
| Maharashtra | Mumbai | M-Grade | 3596 | 3602 | -6 |
| | Mumbai | S-Grade | 3316 | 3316 | 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 | 3660 | 3660 | Unch |
| | Vijayawada | S-Grade | 3600 | 3600 | Unch |
| West Bengal | Kolkata | M-Grade | 3660 | 3660 | Unch |

| | | | | | |
|-------------|------------|------------------------|------|------|------|
| Tamil Nadu | Chennai | S-Grade | 3600 | 3600 | Unch |
| | Dindigul | M-Grade | 3640 | NA | - |
| | Coimbatore | M-Grade | 3640 | 3640 | Unch |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3500 | 3500 | 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) | | | 13-Feb-20 | 12-Feb-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2738 | 2750 | -13 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 10000 | Unch |
| | Muzaffarnagar | Khurpa (Fresh) | 2520 | 2550 | -30 |
| | Muzaffarnagar | Laddoo (Fresh) | 2675 | 2688 | -13 |
| | Muzaffarnagar | Rascut (Fresh) | 2313 | 2338 | -25 |
| | Hapur | Chaurasa | 2550 | 2550 | Unch |
| | Hapur | Balti | 2475 | 2475 | Unch |
| Andhra Pradesh | Chittur | Gold | 4400 | 4400 | Unch |
| | | White | 4000 | 4000 | Unch |
| | | Black | 3600 | 3500 | 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 | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | NA | NA | - |
| | Mandya | Achhu (Medium) | 3000 | 3050 | -50 |
| | Mandya | Kurikatu (Medium) | 2950 | 2970 | -20 |
| | Mandya | Other (Medium) | 2800 | 2880 | -80 |
| | Mandya | Yellow (Medium) | 3090 | 3040 | 50 |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3400 | - |

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