AGRIWATCH

Daily Sugar & Gur Fundamental Report

17th Feb, 2020

Sugar & Gur Domestic & International Fundamentals

Recent Update:

***Indian Sugar market showed steady to firm trend compared to previous day across India**. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood low at Rs.3225/q as new stock has arrived in the market and U.P's Khatauli market prices stood high at Rs.3310/q.*

Weather Forecast:

The remnants of the Western Disturbance may give isolated light rain in the upper reaches of Jammu and Kashmir during the next 24 hours. Rain and snow are also expected to commence in Arunachal Pradesh, while scattered rains are possible in East Assam, Nagaland and in parts of Meghalaya. The weather in rest other parts of the country will remain as dry. Delhi pollution will remain in the 'moderate' category during the next 48 hours.

Previous Updates:

***The Uttar Pradesh expects a total sugar production in Up might reach upto 120 lah 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.*

***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 lasts 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	425.9	-25.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri February 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200214	15.23	15.37	14.89	15.06	-0.1	178,421	225,171	-56,154
20-May	200214	14.79	14.9	14.5	14.55	-0.23	189,878	397,754	29,006
20-Jul	200214	14.69	14.8	14.42	14.45	-0.21	79,243	254,123	12,063
20-Oct	200214	14.67	14.82	14.44	14.48	-0.21	39,647	190,495	13,138
21-Mar	200214	14.93	15.04	14.64	14.68	-0.25	15,449	91,387	3,770
21-May	200214	14.37	14.53	14.22	14.26	-0.15	3,972	22,418	1,359
21-Jul	200214	13.92	14.08	13.85	13.9	-0.03	6,076	30,872	2,176
21-Oct	200214	13.87	14	13.78	13.86	0.02	2,590	27,520	1,342
Total Volume and Open Interest							516,021	1,258,691	6,951

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International Sugar Futures LIFFE(US $/MT)

Daily Futures Price Listing Fri February 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	200214	428.8	428.9	407.2	407.2	-18.7	15,479	15,865	-8,109
20-May	200214	418.2	419	410	412.2	-6	18,057	56,108	-1,375
20-Aug	200214	411.5	412.2	405.1	406	-5.7	6,693	38,164	953
20-Oct	200214	405.9	406	398.8	399.9	-5.9	2,221	10,130	280
20-Dec	200214	404.5	405.5	398.4	399.4	-5.1	1,163	6,331	372
Total Volume and Open Interest							44,095	131,457	-7,710

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Feb-20	14-Feb-20	
Delhi	Delhi	M-Grade	3260	3240	20
	Delhi	S-Grade	3240	3220	20
Uttar Pradesh	Khatauli	M-Grade	3310	3300	10
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3210	3205	5
	Dhampur	S-Grade Ex-Mill	3210	3185	25
	Dhampur	L-Grade Ex-Mill	3260	3255	5
Maharashtra	Mumbai	M-Grade	3596	3596	Unch
	Mumbai	S-Grade	3312	3312	Unch
	Nagpur	M-Grade	3350	3375	-25
	Nagpur	S-Grade	3250	3240	10
	Kolhapur	M-Grade	3225	3250	-25
	Kolhapur	S-Grade	3125	3115	10
Assam	Guhawati	S-Grade	3436	3426	10
Meghalaya	Shillong	S-Grade	3445	3435	10
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	3580	3600	**-20**
	Dindigul	M-Grade	NA	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)			**15-Feb-20**	**14-Feb-20**	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2753	2755	**-3**
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	15000	12000	**3000**
	Muzaffarnagar	Khurpa (Fresh)	2738	2520	**218**
	Muzaffarnagar	Laddoo (Fresh)	2668	2668	**Unch**
	Muzaffarnagar	Rascut (Fresh)	2400	2325	**75**
	Hapur	Chaursa	2550	2550	**Unch**
	Hapur	Balti	2475	2475	**Unch**
Andhra Pradesh	Chittur	Gold	4500	4500	**Unch**
		White	4000	4000	**Unch**
		Black	3600	3600	**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)	3000	3000	**Unch**
	Mandya	Kurikatu (Medium)	2950	2950	**Unch**
	Mandya	Other (Medium)	2800	2800	**Unch**
	Mandya	Yellow (Medium)	3090	3090	**Unch**
	Shimoga/Shivamogga	Achhu (Average)	3500	3500	**Unch**