

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.3305/q.

According to ISMA, all sugar mills across India have produced around 169 lakh tonnes of sugar lower as compared to 219.66 lakh tonnes produced on the corresponding time last year lower by 22.6%. This year around 23 sugar mills have stopped crushing operation due to lack of availability of cane out of 449 sugar mills. While, out of 521 sugar mills, only 19 mills have stopped the operations during the same time last year. Maharashtra this year have produced sugar less by around 47% to 43.38 lakh tonnes with a closure of 8 sugar mills compared to 82.98 lakh tonnes last year till 15th Feb. In U.P. 119 sugar mills which are in operation have produced 66.34 lac tons of sugar till 15th February'20, compared with 63.93 lac tons produced by 117 mills on the corresponding date of last year.

In Karnataka, 63 sugar mills are in operation on 15th Feb'20, who have produced 30.80 LT of sugar, as compared to 38.74 LT produced by 66 sugar mills during the same period last year. Out of 63 sugar mills which went for crushing this season, 13 sugar mills have stopped crushing as on 15th February'20. Tamil Nadu has produced only 2.6 lakh tonnes of sugar till 15th Feb'20 by 21 sugar mills compared to 32 sugar mills producing 3.85 lakh tonnes of sugar in the same period last year. In Gujarat, 15 sugar mills are operating for 2019-20 SS and they have produced 5.95 LT of sugar till 15th Feb'20 lower compared to 7.78 LT in the same period last year. As per market reports released by ISMA, about 16 lac tons of sugar have been exported from India and about 32 lac tons of contracts have been signed for exports.

Weather Forecast:

During the next 24 hours, scattered rain and thundershowers are likely in Assam, Meghalaya, Nagaland and Arunachal Pradesh. Light rain is expected in Sikkim and adjoining parts of Sub Himalayan West Bengal. Light snowfall may occur in Arunachal Pradesh and Sikkim. The weather of rest places will remain dry. Day temperatures are expected to increase further in Gujarat and Konkan and Goa. Delhi pollution will remain in 'poor to very poor' category.

Previous Updates:

Many sugar mills in Maharashtra intended to close the mills in February due to lack of availability of cane this year as the area was impacted by floods and drought along with less availability of labour for harvesting. As per data from Maharashtra Sugar Commissionerate, overall 8 sugar mills, 3 in Ahmednagar and another 5 in Aurangabad District have closed their operations. This season overall 143 sugar mills participated in the crushing season. It is expected that the crushing would be completed in next 20-25 days.

Russia is likely to produce sugar in 2019-20 rose to 70 lakh tonnes setting a new high record this year. This is 4th year that Russia has produced the significant sugar with the estimation of record high production this year. The country is expecting to export around 11 lakh tonnes of sugar this year. Although Russia is experiencing higher cost of exporting sugar at the ports due to lack of investments in port logistics. The demand for export is growing but supply for service is the same. So it seems difficult that Russia could reach its target of 11 lakh tonnes.

Due to the higher sugar production, the year ended with higher ending stock. Therefore, due to excess sugar supply, the sugar mills which had partially exported their MIEQ of 2018-19 sugar season till 30th Sep'19, were allowed to export their remaining MIEQ of 2018-19 sugar season by 31st Dec'19. Now, it has been decided by the Central Government to allow those sugar mills which had partially exported their MIEQ of 2018-19 sugar season till 31st Dec'19, to export the balance quantity of their MIEQ of 2018-19 sugar season by 15th Feb'20, over and above the Maximum Admissible Export Quantity (MAEQ) allocated for 2019-20 sugar season.

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.

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.

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 Icmsa | 409.5 | -2.7 |



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 |

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Mon February 17, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-May | 200217 | 411.9 | 416.8 | 408.9 | 409.5 | -2.7 | 14,237 | 58,100 | 1,992 |
| 20-Aug | 200217 | 406 | 410.8 | 404.8 | 404.8 | -1.2 | 6,442 | 39,683 | 1,519 |
| 20-Oct | 200217 | 399.6 | 404.5 | 398.2 | 398.5 | -1.4 | 3,177 | 10,701 | 571 |
| 20-Dec | 200217 | 402.1 | 402.7 | 398.5 | 398.5 | -0.9 | 1,480 | 6,953 | 622 |
| 21-Mar | 200217 | 401.2 | 401.5 | 397.9 | 397.9 | -0.8 | 251 | 3,798 | 139 |
| Total Volume and Open Interest | | | | | | | 35,152 | 130,210 | -1,247 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 18-Feb-20 | 17-Feb-20 | |
| Delhi | Delhi | M-Grade | 3220 | 3200 | 20 |
| | Delhi | S-Grade | 3200 | 3180 | 20 |
| Uttar Pradesh | Khatauli | M-Grade | 3305 | 3300 | 5 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3215 | 3210 | 5 |
| | Dhampur | S-Grade Ex-Mill | 3195 | 3190 | 5 |
| | Dhampur | L-Grade Ex-Mill | 3265 | 3260 | 5 |
| Maharashtra | Mumbai | M-Grade | 3596 | 3596 | Unch |
| | Mumbai | S-Grade | 3300 | 3312 | -12 |
| | Nagpur | M-Grade | 3350 | 3325 | 25 |
| | Nagpur | S-Grade | 3250 | 3240 | 10 |
| | Kolhapur | M-Grade | 3225 | 3200 | 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 (With GST) | 3600 | 3580 | 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) | | | 18-Feb-20 | 17-Feb-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2770 | 2750 | 20 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 13000 | -3000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2770 | 2758 | 13 |
| | Muzaffarnagar | Laddoo (Fresh) | 2763 | 2763 | Unch |
| | Muzaffarnagar | Rascut (Fresh) | 2400 | 2325 | 75 |

| | | | | | |
|----------------|--------------------|-------------------|------|------|------|
| | Hapur | Chaurasa | 2550 | 2550 | Unch |
| | Hapur | Balti | 2475 | 2475 | Unch |
| Andhra Pradesh | Chittur | Gold | 4400 | 4400 | Unch |
| | | White | 3700 | 3900 | -200 |
| | | Black | 3400 | 3400 | 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 | 3329 | - |
| | Mandya | Achhu (Medium) | 3150 | 3000 | 150 |
| | Mandya | Kurikatu (Medium) | 2950 | 2950 | Unch |
| | Mandya | Other (Medium) | 2850 | 2850 | Unch |
| | Mandya | Yellow (Medium) | 3150 | 3100 | 50 |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3500 | - |

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