

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 low at Rs.3250/q as new stock has arrived in the market and U.P's Khatauli market prices stood steady at Rs.3305/q.

According to the 2nd advance estimate released by the government recently, the total sugarcane production in India might reach upto 3528.45 lakh tonnes against the target of 3855 lakh tonnes. The 2nd advance estimate is lower by around 6% compared to the first advance estimate due to the lower production this year. Due to which the sugar production declined by around 22% at 169 lakh tonnes so far till 15th Feb'20.

Weather Forecast:

During the next 24 hours, scattered rains and snow will occur over Jammu and Kashmir, Ladakh and parts of Himachal Pradesh and Uttarakhand. Rain and thundershowers are likely at many places over Assam, and Arunachal Pradesh. Scattered snowfall might be seen over Arunachal Pradesh and at one or two places over Sikkim. One or two places in Meghalaya, Nagaland, and Manipur might see rains. Minimum temperatures are likely to increase further over Northwest Plains and in parts of Central India.

Previous Updates:

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.

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	422	5.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed February 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200219	15.3	15.76	15.3	15.58	0.3	55,501	164,116	-18,087
20-May	200219	14.9	15.2	14.87	15.08	0.21	103,324	439,666	9,992
20-Jul	200219	14.7	15	14.7	14.88	0.17	57,720	263,835	3,131
20-Oct	200219	14.69	14.91	14.67	14.82	0.11	27,474	195,343	2,397
21-Mar	200219	14.87	15.05	14.83	14.96	0.06	12,639	94,031	1,249
21-May	200219	14.38	14.54	14.32	14.44	0.02	4,048	23,297	428
21-Jul	200219	13.93	14.07	13.86	13.98	unch	2,597	32,868	585
21-Oct	200219	13.89	13.99	13.76	13.89	0.01	473	28,030	204
Total Volume and Open Interest							263,952	1,260,296	-91

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wed February 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200219	418.5	423.2	417.5	422	5.2	2,915	61,370	363
20-Aug	200219	411.9	415.5	410.6	414.4	4.4	1,514	40,407	-100
20-Oct	200219	404.4	407.7	403.3	406.9	4.1	581	11,598	328
20-Dec	200219	404.8	407.5	403.3	406.7	3.9	240	7,556	109
21-Mar	200219	405.4	407	403.8	406.3	4.3	81	3,906	69
Total Volume and Open Interest							5,331	126,079	769

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Feb-20	19-Feb-20	
Delhi	Delhi	M-Grade	3230	3220	10
	Delhi	S-Grade	3210	3200	10
Uttar Pradesh	Khatauli	M-Grade	3305	3305	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	3596	Closed	-
	Mumbai	S-Grade	3300	Closed	-
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3250	3250	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3125	3125	Unch
Assam	Guhawati	S-Grade	3436	3436	Unch
Meghalaya	Shillong	S-Grade	3445	3445	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 (With GST)	3600	3600	Unch
	Dindigul	M-Grade	3660	3660	Unch
	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)			20-Feb-20	19-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2803	2788	15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	14000	10000	4000
	Muzaffarnagar	Khurpa (Fresh)	2803	2808	-5

	Muzaffarnagar	Laddoo (Fresh)	2778	2763	15
	Muzaffarnagar	Rascut (Fresh)	2375	2350	25
	Hapur	Chaurasa	2540	2540	Unch
	Hapur	Balti	2450	2425	25
Andhra Pradesh	Chittur	Gold	4300	4300	Unch
		White	3900	3900	Unch
		Black	3400	3400	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	3100	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3344	3326	18
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	2950	3000	-50
	Mandya	Other (Medium)	2900	2880	20
	Mandya	Yellow (Medium)	3100	3130	-30
	Shimoga/Shivamogga	Achhu (Average)	3450	3500	-50

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.