

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 lower at Rs.3200/q as new stock has arrived in the market and U.P's Khatauli market prices stood at Rs.3240/q.

Weather Forecast:

During the next 24 hours, fairly widespread rains and thundershowers are likely over Northeast states. Snowfall might occur over many places over Arunachal Pradesh and at a few places over Sikkim. Scattered light to moderate rains and thundershowers are forecast for East Uttar Pradesh, Bihar, Sub-Himalayan West Bengal, coastal Odisha and Uttarakhand. Weather will remain dry over rest all places. Day temperatures of East Madhya Pradesh, Chhattisgarh, interior Odisha will increase now. We expect a further increase in pollution over Delhi NCR.

Previous Updates:

Maharashtra has produced only 47.73 lakh tonnes of sugar with an average recovery of 10.98% till the 23rd February. Total of 17 sugar mills were closed out of 144 mills, around 10 mills closed in Aurangabad district followed by 3 mills in Ahmednagar, 2 mills each in Pune and Solapur. In Kolhapur division the recovery rate improved to be around 12.02% at this period of time. Recoveries have slightly increased to 11.04% from 10.8% in Pune division, 9.98% from 9.49% in Solapur, 10.14% from 9.84% in Ahmednagar, and 9.77% from 9.44% in Aurangabad compared to the recovery rate compared to the last week of January. The drought and floods impact earlier in the previous year can be seen on the sugar production but many sugar mills are likely to close in the end of March in Maharashtra. While the average recovery in Nanded showed significantly higher sugar recovery rate at 10.57% from 10.33% (in the end of Jan'20) compared to Solapur, Ahmednagar and Aurangabad. As estimated earlier, the sugar recovery slightly improved due to cold weather and Adsali crop in Kolhapur division.

The Uttar Pradesh expects a total sugar production in Up might reach upto 123 lakh tonnes this crushing season with an average recovery rate of above 11.06% higher than what Maharashtra state government expects. As on 25th February 2020, 119 sugar mills were in operation and they have produced 73.75 lakh tonnes of sugar compared with 71.02 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.

According to the trade sources, India exported 3.58 LT of sugar in January month. The Indian mills have started exporting the sugar produced in the new season (2019-20) due to which the prices reported are slightly higher compared to the previous month December. Out of the total exports, largest quantity of refined sugar has been exported to Malaysia exporting 1,39,033 tonnes at an average FOB of \$330/MT followed by Iran of 59,565 tonnes at an average FOB \$343/MT and Afghanistan exporting 53,973MT worth \$342/MT. Sugar has been exported to Middle Eastern countries including Somalia (11,751 tonnes at an average FOB \$355/MT), Saudi Arabia (9,135MT tonnes at an average FOB \$354/MT). The export to Sri Lanka was at an average \$337/MT (19,822 tonnes) and to Pakistan at an average of \$347/MT (10,589 tonnes).

The sugar exports at this point of time this sugar season has picked up the pace due to the export subsidy incentives given to the sugar mills across India. This prompted the government (DFPD) to issue new

guidelines directing the reallocation export quotas from mills that haven't been able to use them to those that have asked for higher quotas. Also, Indonesia has finally decided to allow sugar imports from India, discussions for which had been going on for about two years. Therefore, today the government released a notification revising MAEQ of sugar for export during 2019-20 sugar season. In order to improve the liquidity position of the sugar mills so that they can move a step forward to clear off the cane price dues of farmers. Therefore, **export quotas of 611,797 tonnes have been redistributed after reviewing exports performance of the mills.** This would help the mills to export at faster pace those who have higher stocks. About 1.6-1.7 MMT have been exported and about 3.2-3.3 MMT of export contracts have been signed.

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.

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.

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	nt 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	405.8	-6.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed February 26, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200226	15.12	15.12	14.69	14.79	-0.36	30,398	59,492	-10,704
20-May	200226	14.69	14.72	14.41	14.54	-0.2	74,254	466,909	73
20-Jul	200226	14.6	14.6	14.34	14.47	-0.15	28,019	270,542	-2,420
20-Oct	200226	14.61	14.61	14.4	14.51	-0.14	15,009	202,848	2,073
21-Mar	200226	14.83	14.85	14.68	14.76	-0.13	8,020	98,265	-672
21-May	200226	14.36	14.36	14.24	14.27	-0.14	1,867	26,913	185
21-Jul	200226	13.91	13.94	13.82	13.85	-0.14	1,858	35,829	612
21-Oct	200226	13.82	13.87	13.74	13.77	-0.12	543	31,242	-34
Total Volume and Open Interest							160,550	1,212,462	-10,896

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wed February 26, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200226	411.7	411.7	400	405.8	-6.9	4,608	63,029	216
20-Aug	200226	404.9	405	396.2	400.5	-5.7	3,816	41,240	573
20-Oct	200226	399.1	399.2	392.3	395.8	-5	578	12,009	106
20-Dec	200226	399	399	392.1	395.4	-4.8	259	7,884	108
21-Mar	200226	398.8	398.8	392.5	395	-5.1	51	4,129	9
Total Volume and Open Interest							9,382	129,756	1,031

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			27-Feb-20	26-Feb-20	
Delhi	Delhi	M-Grade	3170	3200	-30
	Delhi	S-Grade	3150	3180	-30
Uttar Pradesh	Khatauli	M-Grade	3240	3265	-25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3180	-30
	Dhampur	S-Grade Ex-Mill	3130	3160	-30
	Dhampur	L-Grade Ex-Mill	3200	3230	-30
Maharashtra	Mumbai	M-Grade	3590	3590	Unch
	Mumbai	S-Grade	3280	3300	-20
	Nagpur	M-Grade	3325	3350	-25
	Nagpur	S-Grade	3225	3250	-25
	Kolhapur	M-Grade	3200	3225	-25
	Kolhapur	S-Grade	3100	3125	-25
Assam	Guhawati	S-Grade	3410	3436	-25
Meghalaya	Shillong	S-Grade	3420	3445	-25
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3650	3650	Unch

Tamil Nadu	Chennai	S-Grade (With GST)	3560	3560	Unch
	Dindigul	M-Grade	3620	3620	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)			27-Feb-20	26-Feb-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2765	2775	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	5000	7000
	Muzaffarnagar	Khurpa (Fresh)	2750	2763	-13
	Muzaffarnagar	Laddoo (Fresh)	2705	2738	-33
	Muzaffarnagar	Rascut (Fresh)	2375	2388	-13
	Hapur	Chaurasa	2475	2500	-25
	Hapur	Balti	2425	2475	-50
Andhra Pradesh	Chittur	Gold	4400	4400	Unch
		White	3900	3900	Unch
		Black	3500	3500	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)	3310	3300	10
	Mandya	Achhu (Medium)	NA	3370	-
	Mandya	Kurikatu (Medium)	NA	2990	-
	Mandya	Other (Medium)	NA	3000	-
	Mandya	Yellow (Medium)	NA	3200	-
	Shimoga/Shivamogga	Achhu (Average)	3700	NA	-

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