AGRIWATCH

Daily Sugar & Gur Fundamental Report

3rd Mar, 2020

Sugar & Gur Domestic & International Fundamentals

Recent Update:

***Indian Sugar market showed mixed 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.3200/q as new stock has arrived in the market and U.P's Khatauli market prices stood firm at Rs.3280/q.*

***International sugar prices have support from reduced sugar output from Thailand, the world's fourth-biggest sugar producer.** Thailand's Office of the Cane and Sugar Board on Tuesday reported that Thailand's sugar production from 1st Dec'19 till 23rd Feb'20 was down by -8.1% year on year at 7.9 MMT. According to the Thailand Meteorological Department this year's drought in Thailand is the worst in 40 years, which is slashing the country's sugar output. The Thai Sugar Millers Corp forecasted that Thailand's 2019-20 sugar production would drop -35% year on year to 9 MMT from 14 MMT in 2018-19 as dry conditions reduce sugarcane yields.*

Weather Forecast:

During the next 24 hours, a light spell of rain and snow may occur in one or two pockets of Jammu and Kashmir, Ladakh, Himachal Pradesh, and Uttarakhand. Light rain or thundershower with gusty winds may occur in some pockets of Bihar, Jharkhand, Odisha, Chhattisgarh, parts of East Madhya Pradesh, North Andhra Pradesh, coastal parts of Karnataka and Kerala. Light to moderate rain and thundershowers may lash the northeastern states. Shallow to moderate fog is likely in one or two pockets of the northwestern plains and Uttar Pradesh. Dry weather prevailed in rest parts of the country.

Previous Updates:

***Government fixed the monthly sugar sales quota as 21 LT for March month to 545 mills** higher by 1 LT compared to the previous month that stood at 20 LT. Also, the allocated quota is 3.5 LT lower at 24.5LT in the same time previous year. In the previous month, the sugar millers have reported that there was moderate demand due to higher stock piles and lower sugar production this year. The millers are holding their stock and waiting for the prices to rise and demand to increase with the commencement of summer season and prices to be firm. While 3 sugar mills faced action against them for selling excess sugar from the monthly sugar sales quota.*

***ISMA revised its sugar production from its November estimates of 26 million tonnes to 26.5 million tonnes in February** month during 2019-20 SS. According to Agriwatch estimates, in 2019-20 SS India likely to produce around 26.2 million tonnes of sugar. Out of which, around 123 LT of sugar production likely to produce from UP (up by around 4%) followed by 60LT of sugar from Maharashtra (down by 45%) and around 35 LT of sugar from Karnataka (down by around 20%). With an expected ending stock of 7 million tonnes according to Agriwatch estimates compared to 6 -10 million tonnes surplus by ISMA at the end of the sugar season 2019-20.*

***The sugar exports since last year was suspended to Indonesia due to the quality standards. A deal was signed between India and Indonesia to revise the quality standards as India does not produce ICUMSA 1,200 raw sugar.** But now, the International Commission for Uniform Methods of Sugar Analysis a standards body that publishes norms for analysis of the sweetener modified the colour standard for raw sugar to 500-600 from 1,200. It also reduced import duties for Indian raw sugar to around 5 percent to further bolster the initiative. Indonesia annually imports 3.5-4.0 million tn of sugar. But the expected exports this year not more* *than 2.5 LT to Indonesia because raw sugar availability in India is not much as the refining has already been started by the mills in India. So far, Indonesia likely to import 1.3 LT sugar from India by May'20.*

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 Solpur. 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 the 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.*

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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	396.6	-2.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri February 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	200228	14.15	14.46	14.03	14.46	0.07	24,530	29,446	-13,425
20-May	200228	14.09	14.2	13.86	14.14	-0.06	92,061	471,748	972
20-Jul	200228	14.08	14.12	13.82	14.06	-0.1	41,525	273,597	1,973
20-Oct	200228	14.18	14.18	13.93	14.12	-0.13	20,518	203,642	-1,164
21-Mar	200228	14.5	14.5	14.28	14.43	-0.14	12,230	102,374	1,870
21-May	200228	14	14.08	13.79	13.97	-0.16	4,458	28,138	996
21-Jul	200228	13.68	13.7	13.42	13.59	-0.14	3,301	36,319	432
21-Oct	200228	13.6	13.61	13.36	13.53	-0.1	1,966	32,514	859
Total Volume and Open Interest							202,306	1,198,899	-7,195

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International Sugar Futures LIFFE(US $/MT)

Daily Futures Price Listing Fri February 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200228	393.5	398.6	391.6	396.6	-2.1	8,504	61,483	-1,600
20-Aug	200228	388	392.3	385.8	390.7	-2.5	7,160	41,754	348
20-Oct	200228	385.1	386.8	381.1	385.9	-3.2	2,331	12,316	172
20-Dec	200228	385.4	386.4	381	385.3	-3.9	1,026	8,154	262
21-Mar	200228	385	385.8	380.8	384.7	-3.9	307	4,005	-163
Total Volume and Open Interest							19,635	129,349	-813

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			2-Mar-20	29-Feb-20	
Delhi	Delhi	M-Grade	3180	3200	-20
	Delhi	S-Grade	3160	3180	-20
Uttar Pradesh	Khatauli	M-Grade	3280	3240	40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3150	10
	Dhampur	S-Grade Ex-Mill	3140	3130	10
	Dhampur	L-Grade Ex-Mill	3210	3200	10
Maharashtra	Mumbai	M-Grade	3590	3590	Unch
	Mumbai	S-Grade	3306	3280	26
	Nagpur	M-Grade	3325	3325	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3200	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	3650	3650	Unch

Tamil Nadu	Chennai	S-Grade (With GST)	3560	3560	Unch
	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	3700	3700	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)			**2-Mar-20**	**29-Feb-20**	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2725	2750	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	6000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2725	2700	25
	Muzaffarnagar	Laddoo (Fresh)	2638	2675	-38
	Muzaffarnagar	Rascut (Fresh)	2313	2338	-25
	Hapur	Chaursa	2475	2475	Unch
	Hapur	Balti	2375	2375	Unch
Andhra Pradesh	Chittur	Gold	4300	4400	-100
		White	3800	3900	-100
		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)	NA	NA	-
	Mandya	Achhu (Medium)	3200	3100	100
	Mandya	Kurikatu (Medium)	3000	3100	-100
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3150	3150	Unch
	Shimoga/Shivamogga	Achhu (Average)	3450	3650	-200