AGRIWATCH

Daily Sugar & Gur Fundamental Report

7th 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 to low due to lower demand but likely to be steady due to good export demand. Kolhapur sugar market stood steady at Rs.3150/q as new stock has arrived in the market and U.P's Khatauli market prices stood low at Rs.3224/q.*

The total 2019-20 EU sugar production likely to decline by 428,000 MT in 2019-20 sugar season *(October-September) at 17.502 MMT according to the S&P Global Platts Analytics forecasts due to the dry conditions early in the season and heavy rainfall late in the season. The sugar production has fallen since previous two seasons and is likely to see further drop in production. Prices slumped because of the initial rise in production that forced the EU to try to compete in a depressed global market. Prices have now rebounded as production has fallen in the EU.*

Weather Forecast:

During the next 24 hours, fairly widespread rain and thundershowers with hailstorm activities may occur in a few parts of Punjab, Haryana, Delhi, Uttar Pradesh and North Rajasthan. Fairly widespread rain and snow may occur in the Western Himalayas. Scattered light to moderate rain is expected in Bihar, West Bengal, Jharkhand, Odisha, Chhattisgarh, Andhra Pradesh, Telangana, South Interior Karnataka, Kerala, Interior Tamil Nadu and Northeast India and in a few parts of Vidarbha.

Previous Updates:

Thailand Raw sugar as well as refined sugar exports declined by 6% and 2% respectively in 2019 (Jan'19-Jan'20) *whereas the white sugar exports rose significantly by 16% to 7.19 LT till Jan'20 from Jan'19. Overall Thailand sugar exports also declined by around 3.5% to 107.92 LT compared to the previous year. In January, around 462,098 tonnes of raw sugar was exported at an average FOB of $292.29/ton higher price compared to the previous months' exports. Similarly, White and refined sugar were exported around 44,283 tonnes and 2,49,084 tonnes at an average FOB of $338.6/ton and $347.73/ton respectively reported to be the highest price of the season. The Thailand exports in January'20 increased due to the higher imports in Indonesia, Vietnam, Sudan, Singapore, China followed by Philippines.*

According to ISMA, all sugar mills across India have produced around 194.84 lakh tonnes of sugar lower as compared to 249.3 lakh tonnes *produced on the corresponding time last year lower by 22%. This year around 68 sugar mills across India have stopped crushing operation due to lack of availability of cane out of 453 sugar mills. Maharashtra this year have produced sugar less by around 45% to 50.7 lakh tonnes with a closure of around 22 sugar mills compared to 92.88 lakh tonnes last year till 29th Feb. In U.P. 119 sugar mills which are in operation have produced 76.86 lac tons of sugar till 29th February'20, compared with 73.87 lakh tons up by 4% year on year produced by 117 mills on the corresponding date of last year.*

In Karnataka, 63 sugar mills are in operation on 29th Feb'20, who have produced 32.6 LT of sugar, as compared to 41.73 LT *produced by 66 sugar mills during the same period last year. Out of 63 sugar mills which went for crushing this season, 32 sugar mills have stopped crushing as on 29th February'20. Tamil Nadu has produced only 3.2 lakh tonnes of sugar till 29th Feb'20 by 21 sugar mills compared to 32 sugar mills producing 4.63 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 6.83LT of sugar till 29th Feb'20 lower compared to 8.79 LT in the same* *period last year. As per market reports released by ISMA, about 22-23 lakh tons of sugar have been exported from India and about 35 lakh tons of contracts have been signed for exports.*

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.*

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.*

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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	383.5	-1.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu March 05, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-May	200305	13.5	13.54	13.35	13.42	-0.05	93,036	444,378	-17,104
20-Jul	200305	13.5	13.53	13.34	13.39	-0.08	57,520	262,207	-1,473
20-Oct	200305	13.63	13.7	13.5	13.55	-0.08	32,318	202,663	-390
21-Mar	200305	14.06	14.11	13.93	13.96	-0.11	17,894	103,862	-644
21-May	200305	13.7	13.73	13.54	13.56	-0.15	6,234	32,823	380
21-Jul	200305	13.42	13.46	13.21	13.24	-0.19	4,152	37,375	-295
21-Oct	200305	13.42	13.47	13.2	13.23	-0.22	2,225	36,908	907
22-Mar	200305	13.66	13.69	13.42	13.44	-0.23	290	14,726	143
Total Volume and Open Interest							214,043	1,142,524	-18,460

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International Sugar Futures LIFFE(US $/MT)

Daily Futures Price Listing Thu March 05, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200305	385.9	385.9	382.2	383.5	-1.2	6,026	59,069	25
20-Aug	200305	380.9	381.3	377	378.1	-1.8	2,597	43,861	16
20-Oct	200305	377.3	377.3	372.1	373.3	-2.4	968	12,907	-42
20-Dec	200305	375.7	375.9	371.2	372.7	-2.7	675	8,327	-229
21-Mar	200305	376.5	376.5	372.8	374.3	-2.1	266	4,320	143
Total Volume and Open Interest							10,637	130,396	-38

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Mar-20	5-Mar-20	
Delhi	Delhi	M-Grade	3200	3200	Unch
	Delhi	S-Grade	3180	3180	Unch
Uttar Pradesh	Khatauli	M-Grade	3224	3260	-36
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3180	3150	30
	Dhampur	S-Grade Ex-Mill	3160	3130	30
	Dhampur	L-Grade Ex-Mill	3230	3200	30
Maharashtra	Mumbai	M-Grade	3580	3580	Unch
	Mumbai	S-Grade	3296	3306	-10
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3150	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)			6-Mar-20	5-Mar-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2725	2675	50
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	4000	-1500
	Muzaffarnagar	Khurpa (Fresh)	2675	2705	-30
	Muzaffarnagar	Laddoo (Fresh)	2655	2663	-8
	Muzaffarnagar	Rascut (Fresh)	2375	2350	25
	Hapur	Chaursa	2450	2450	Unch
	Hapur	Balti	2413	2413	Unch
Andhra Pradesh	Chittur	Gold	4400	4400	Unch
		White	3800	3800	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)	NA	NA	-
	Mandya	Achhu (Medium)	3250	3690	-440
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2980	2980	Unch
	Mandya	Yellow (Medium)	3150	3140	10
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-