

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 and the effects of coronavirus spread in India. Khatauli sugar market was closed at steady price of Rs.3300/q while the prices in Kolhapur market prices stood at Rs.3150/q.

The global raw sugar prices have fallen by around 18% since 1st of Mar'20 from 13.81 cents/lbs to 11.33 cents/lbs and similarly the white sugar have plunged to \$326/tonne from \$391.9/tonne during the same period due to the pandemic effect globally. The downfall in crude oil prices is encouraging one of the largest sugar producing countries Brazil and a major competitor of India to divert the sugarcane crushing to sugar production instead of ethanol production.

The government has asked the sugar mills to sell their March sales quota till 15th April'20 due to the impact caused because of coronavirus. There might be lower sugar quota for the next to prevent sharp fall in prices as mills would have unsold March quota that will be carried forward to April. From the past two weeks, the effect of COVID-19 can be witnessed in the sugar demand. A significant fall in sugar demand and consumption is likely to occur as social gatherings, weddings and celebrations have been postponed are avoided by the people in attending the functions due to spread of coronavirus. People are avoiding consuming cold drinks, ice creams and other products.

Weather Forecast:

During the next 24 hours, we expect isolated light rain in Jammu and Kashmir, Himachal Pradesh, and Uttarakhand. The rainfall activities may increase marginally in East Assam and Arunachal Pradesh. Scattered rain and thundershowers to continue in Chhattisgarh, Southeast, and East Madhya Pradesh, as well as, Vidarbha region in Maharashtra is also a forecast as per Skymet Weather. Odisha may also observe scattered rains. North Coastal Andhra Pradesh is expected to observe scattered rain. While isolated rain is likely in Telangana.

Previous Updates:

Despite the downfall in the international sugar prices in the last one week, the Indian sugar exports likely to increase. As the decline in production in Thailand (down by 5 million tonnes) and the increased demand of sugar from Indonesia will help India to pick up the pace in exports. As per ISMA, sugar mills have dispatched almost 30 lakh tons of sugar for export against MAEQ of 60 lac tons till 15th Mar'20. And about 36-38 lac tons of sugar have been contracted for exports so far. The Indonesian government has released an additional import quota to its refineries and the recent decision of Indonesian Government to allow 600 ICUMSA sugar at a concessional import duty from India, Australia and Thailand has open the wider gates for India to export large quantities of sugar to Indonesia.

According to ISMA, 215.82 lakh tonnes of sugar have been produced till 15th March 2020 by 321 mills across India as against 273.65 lakh tonnes produced in the same time last year. As on 15th Mar'20, 136 mills have stopped their operations as compared to 173 mills had stopped operations in the same time last year and 354 mills were operating. In UP, 119 sugar mills have produced 87.16 LT of sugar compared to 84.14 LT of sugar with only 117 mills operational mills till 15th Mar last year. In Maharashtra, 56 mills have closed their operations with only 90 mills operating at this time with producing 55.85 LT down 44.19% year on year.

Similarly, this year Karnataka has also produced less sugar i.e., around 33 LT against 42 LT last year till 15th Mar. Only 13 mills are in operation out of the total 63 mills this year. According to Agriwatch, Maharashtra is likely to produce around 59 LT followed by UP estimated around 122 LT of sugar and 34.92 LT of sugar in Karnataka.

The coronavirus became pandemic and the sugar industry is also likely to be affected like all the other commodities. Global sugar prices crashed and Sugar futures market fallen to 11.7cents/lb from 13.89cents/lbs on Friday down by around 15% within 10 days, making exports unattractive for Indian mills, as selling in the domestic market is now more profitable. And no new export transactions are taking place in the Indian market. The necessary precautions that are being taken by the government to avoid spreading is going to affect the sugar consumption. Because people are avoiding consuming cold drinks, ice creams and other products. Thus, everyone is waiting for the change in climate and temperature to rise so that the situation to be under controlled.

As on 12th Mar'20, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills during the correspond period previous year. So far, UP has crushed 5.12% more sugarcane around 762.49 LT against 725.35 LT in the previous year and produced 85.02 LT of sugar which is 3.97% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained higher at 11.15% compared to the previous month and lower by 1.06% at 11.24% recovery rate in the same time previous year from the start of the season in Oct till 12th Mar'20.

Maharashtra has produced around 52.94 lakh tonnes of sugar this year so far till 5th of Mar'20 by crushing around 477 lakh tonnes of cane with a recovery rate of 11.08%. Overall 32 mills have closed their crushing operations including 11 mills in Aurangabad, 7 mills in Ahmednagar, followed by 4 mills each in Pune and Solapur and 3 mills are closed in Kolhapur. Kolhapur has produced around 19.5 lakh tonnes of sugar with the highest recovery of 12.1% in Maharashtra so far. After Kolhapur, Pune has produced 13.6 lakh tonnes of sugar with a recovery of 11.11% followed by Solapur producing 6.5 lakh tonnes of sugar (recovery rate of 10.02%).

As on 6th Mar'20, total 119 sugar mills has been crushing sugarcane in Uttar Pradesh against 117 mills during the correspond period previous year. So far, UP has crushed 6% more sugarcane around 730.78 LT against 689.47 LT in the previous year and produced 81.3 LT of sugar which is 4.96% higher due to the favorable conditions in the state this year as the area increased. Whereas, the average sugar recovery remained low compared to the previous month at 11.12% and lower by 1.07% which was at 11.24% in the same time previous year from the start of the season in Oct till 6th Mar'20.

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	336	0.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu March 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-May	200319	10.68	10.86	10.44	10.59	-0.08	61,849	332,952	-5,135
20-Jul	200319	10.63	10.82	10.41	10.54	-0.09	48,853	267,006	-4,736
20-Oct	200319	10.87	10.98	10.59	10.69	-0.11	31,641	196,477	-6,720
21-Mar	200319	11.52	11.52	11.12	11.15	-0.18	14,303	107,111	53
21-May	200319	11.37	11.44	11.04	11.06	-0.21	3,966	39,666	208
21-Jul	200319	11.39	11.39	10.99	11	-0.23	4,108	40,367	493
21-Oct	200319	11.49	11.62	11.19	11.2	-0.25	2,638	38,679	-13
22-Mar	200319	11.95	12	11.64	11.64	-0.3	1,382	15,682	279
Total Volume and Open Interest							170,865	1,048,963	-15,087

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu March 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200319	337.4	341	331.6	337.9	2.1	6,088	40,975	-1,456
20-Aug	200319	328	332.5	322.9	326.8	-0.9	4,595	45,471	116
20-Oct	200319	320.7	324.9	316.4	318.6	-2	1,343	12,733	245
20-Dec	200319	325.1	325.9	319	321	-2	480	8,184	70
21-Mar	200319	327.8	328.8	322.4	323.5	-2.6	389	6,376	217
Total Volume and Open Interest							13,391	117,944	-682

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Mar-20	19-Mar-20	
Delhi	Delhi	M-Grade	3050	3100	-50
	Delhi	S-Grade	3030	3080	-50
Uttar Pradesh	Khatauli	M-Grade	3300	3250	50
	Ramala	M-Grade	3120	3120	Unch
	Dhampur	M-Grade Ex-Mill	3165	3150	15
	Dhampur	S-Grade Ex-Mill	3145	3130	15
	Dhampur	L-Grade Ex-Mill	3215	3200	15
Maharashtra	Mumbai	M-Grade	3510	3510	Unch
	Mumbai	S-Grade	3300	3286	14
	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	3640	20
	Vijayawada	S-Grade	3600	3580	20
West Bengal	Kolkata	M-Grade	3560	3560	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3580	20
	Dindigul	M-Grade	3560	3560	Unch
	Coimbatore	M-Grade	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	4000	4000	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-Mar-20	19-Mar-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2738	2713	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	4000	4000
	Muzaffarnagar	Khurpa (Fresh)	2528	2450	78
	Muzaffarnagar	Laddoo (Fresh)	2538	2500	38
	Muzaffarnagar	Rascut (Fresh)	2400	2313	88
	Hapur	Chaurasa	2463	2480	-18

	Hapur	Balti	2438	2488	-50
Andhra Pradesh	Chittur	Gold	4700	4800	-100
		White	4400	4300	100
		Black	3700	3800	-100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	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)	3249	3221	28
	Mandya	Achhu (Medium)	3300	3500	-200
	Mandya	Kurikatu (Medium)	3050	3100	-50
	Mandya	Other (Medium)	2950	2960	-10
	Mandya	Yellow (Medium)	3230	3310	-80
	Shimoga/Shivamogga	Achhu (Average)	3600	3650	-50

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