

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

Indian Sugar market steady 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.3340/q while the Kolhapur market is closed till 1st of April due to the whole Maharashtra market shutdown after the increased cases of Covid-19.

The government was planning to increase the ethanol production to 9 billion litres from 3.55 billion litres within two years earlier in the month. And the target of achieving of 10% ethanol blending in petrol seems difficult as a big fall in sugarcane production is reported this year by around 14% to 356 million tonnes especially in Maharashtra and Karnataka. So far, only 1.94 bln ltr of ethanol have been supplied to OMCs against their total demand of 5.11 billion of ethanol. This year many mills were unable to get loans from banks for the installation of new distilleries due to improper balance sheets. Out of the total 362 applicants, the loans have been disbursed to only 37 sugar mills and 27 bln rupees has been sanctioned to 57 mills so far. This year in 2019-20 only 4% blending is likely to achieve by India lower compared to the previous year of 4.9%.

Weather Forecast:

During the next 24 hours, we expect light to moderate rain with one or two heavy spells in Odisha. Scattered light to moderate rain is expected in Gangetic West Bengal, Jharkhand, Chhattisgarh, and East Madhya Pradesh. Scattered light to moderate rain is likely in the hills of Jammu and Kashmir, and Himachal Pradesh with isolated light snowfall in the upper reaches. Light rain is expected in isolated pockets of Punjab, Haryana, and Delhi.

Previous Updates:

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.

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 lcumsa	344	6.5

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri March 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-May	200320	10.85	11.19	10.82	10.91	0.32	82,411	333,892	940
20-Jul	200320	10.78	11.13	10.78	10.83	0.29	65,624	262,621	-4,385
20-Oct	200320	10.9	11.26	10.9	10.96	0.27	40,539	189,908	-6,569
21-Mar	200320	11.35	11.73	11.35	11.47	0.32	14,569	105,843	-1,268
21-May	200320	11.26	11.63	11.26	11.38	0.32	12,552	48,078	8,412
21-Jul	200320	11.3	11.55	11.3	11.32	0.32	3,557	40,846	479
21-Oct	200320	11.49	11.71	11.49	11.53	0.33	2,093	38,990	311
22-Mar	200320	12.14	12.15	11.95	11.98	0.34	1,489	15,747	65
Total Volume and Open Interest							224,862	1,048,242	-721

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri March 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200320	345.2	349.2	341.5	344.4	6.5	6,646	39,342	-1,633
20-Aug	200320	332	338.8	332	334.7	7.9	6,695	45,939	468
20-Oct	200320	323.5	331.1	323.5	327.3	8.7	2,227	13,333	600
20-Dec	200320	326.5	332.6	326.5	329.4	8.4	689	8,226	42
21-Mar	200320	328.8	334.9	328.8	331.4	7.9	583	6,694	318
Total Volume and Open Interest							17,218	117,859	-85

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Mar-20	20-Mar-20	
Delhi	Delhi	M-Grade	3100	3050	50
	Delhi	S-Grade	3080	3030	50
Uttar Pradesh	Khatauli	M-Grade	3340	3300	40
	Ramala	M-Grade	3160	3120	40
	Dhampur	M-Grade Ex-Mill	3220	3165	55
	Dhampur	S-Grade Ex-Mill	3200	3145	55
	Dhampur	L-Grade Ex-Mill	3270	3215	55
Maharashtra	Mumbai	M-Grade	3520	3510	10
	Mumbai	S-Grade	3300	3300	Unch
	Nagpur	M-Grade	Closed	3275	-
	Nagpur	S-Grade	Closed	3225	-
	Kolhapur	M-Grade	Closed	3150	-
	Kolhapur	S-Grade	Closed	3100	-
Assam	Guhawati	S-Grade	Closed	3410	-
Meghalaya	Shillong	S-Grade	Closed	3420	-
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3560	3560	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3600	Unch

	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)			21-Mar-20	20-Mar-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2750	2738	13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	8000	4000
	Muzaffarnagar	Khurpa (Fresh)	2538	2528	10
	Muzaffarnagar	Laddoo (Fresh)	2528	2538	-10
	Muzaffarnagar	Rascut (Fresh)	2338	2400	-63
	Hapur	Chaurasa	2440	2463	-23
	Hapur	Balti	2350	2438	-88
Andhra Pradesh	Chittur	Gold	4800	4700	100
		White	4300	4400	-100
		Black	3700	3700	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4900	4900	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	3249	-
	Mandya	Achhu (Medium)	NA	3300	-
	Mandya	Kurikatu (Medium)	NA	3050	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3230	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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