

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

**Indian Sugar markets across India were closed and the cities are locked down till this month end because to avoid the effects of coronavirus spread in India.** Overall the prices are expected to be steady to low due to lower demand and the effects of coronavirus spread in India.

**The Indian government is taking all the possible preventive measures to control coronavirus.** Out of which Maharashtra is majorly hit state, therefore, the sugar mills in the state have adopted the measure to produce sanitizers from the ethanol produced. Sugar mills produce ethanol as by-product which is an active ingredient of hand sanitizers. Sanitizers contain 70% ethanol and water as a major ingredient. As there would be the maximum use of hand sanitizer.

**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 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%.

**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 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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 15<sup>th</sup> 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 12<sup>th</sup> 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 12<sup>th</sup> Mar'20.

**Maharashtra has produced around 52.94 lakh tonnes of sugar this year so far till 5<sup>th</sup> 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%).

## 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	338	2.0

## 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)									
<a href="#">20-May</a>	200320	10.85	11.19	10.82	10.91	0.32	82,411	333,892	940
<a href="#">20-Jul</a>	200320	10.78	11.13	10.78	10.83	0.29	65,624	262,621	-4,385
<a href="#">20-Oct</a>	200320	10.9	11.26	10.9	10.96	0.27	40,539	189,908	-6,569
<a href="#">21-Mar</a>	200320	11.35	11.73	11.35	11.47	0.32	14,569	105,843	-1,268
<a href="#">21-May</a>	200320	11.26	11.63	11.26	11.38	0.32	12,552	48,078	8,412
<a href="#">21-Jul</a>	200320	11.3	11.55	11.3	11.32	0.32	3,557	40,846	479
<a href="#">21-Oct</a>	200320	11.49	11.71	11.49	11.53	0.33	2,093	38,990	311
<a href="#">22-Mar</a>	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)									
<a href="#">20-May</a>	200320	345.2	349.2	341.5	344.4	6.5	6,646	39,342	-1,633
<a href="#">20-Aug</a>	200320	332	338.8	332	334.7	7.9	6,695	45,939	468
<a href="#">20-Oct</a>	200320	323.5	331.1	323.5	327.3	8.7	2,227	13,333	600
<a href="#">20-Dec</a>	200320	326.5	332.6	326.5	329.4	8.4	689	8,226	42
<a href="#">21-Mar</a>	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			23-Mar-20	21-Mar-20	
Delhi	Delhi	M-Grade	3200	3100	100
	Delhi	S-Grade	3180	3080	100
Uttar Pradesh	Khatauli	M-Grade	Closed	3340	-
	Ramala	M-Grade	Closed	3160	-
	Dhampur	M-Grade Ex-Mill	Closed	3220	-
	Dhampur	S-Grade Ex-Mill	Closed	3200	-
	Dhampur	L-Grade Ex-Mill	Closed	3270	-
Maharashtra	Mumbai	M-Grade	Closed	3520	-
	Mumbai	S-Grade	Closed	3300	-
	Nagpur	M-Grade	Closed	Closed	-
	Nagpur	S-Grade	Closed	Closed	-
	Kolhapur	M-Grade	Closed	Closed	-
	Kolhapur	S-Grade	Closed	Closed	-
Assam	Guhawati	S-Grade	Closed	Closed	-
Meghalaya	Shillong	S-Grade	Closed	Closed	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	3660	-
	Vijayawada	S-Grade	Closed	3600	-
West Bengal	Kolkata	M-Grade	3560	3560	Unch

Tamil Nadu	Chennai	S-Grade (With GST)	Closed	3600	-
	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)			23-Mar-20	21-Mar-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2925	2750	175
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	12000	-5000
	Muzaffarnagar	Khurpa (Fresh)	2713	2538	175
	Muzaffarnagar	Laddoo (Fresh)	2538	2528	10
	Muzaffarnagar	Rascut (Fresh)	2338	2338	Unch
	Hapur	Chaurasa	Closed	2440	-
	Hapur	Balti	Closed	2350	-
Andhra Pradesh	Chittur	Gold	Closed	4800	-
		White	Closed	4300	-
		Black	Closed	3700	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4900	-
	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)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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