

**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.

**Weather Forecast:**

Thunderstorm accompanied with lightening, hail and & gusty wind very likely at isolated places over Rajasthan, West Madhya Pradesh, Vidarbha, Madhya Maharashtra, & Marathwada and with lightening at isolated places over north Coastal Andhra Pradesh, Telangana, Kerala, Gujarat region, Sikkim, Punjab, Haryana, Chandigarh and Delhi.

**Previous Updates:**

**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.

**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 Icumsa	344	6.0

## International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon March 23, 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>	200323	10.77	11.15	10.72	11.04	0.13	72,260	326,324	-7,568
<a href="#">20-Jul</a>	200323	10.75	11.01	10.66	10.9	0.07	49,201	260,276	-2,345
<a href="#">20-Oct</a>	200323	10.87	11.15	10.8	11.04	0.08	31,651	182,787	-7,121
<a href="#">21-Mar</a>	200323	11.41	11.64	11.34	11.54	0.07	15,432	106,746	903
<a href="#">21-May</a>	200323	11.32	11.5	11.27	11.41	0.03	2,891	48,133	55
<a href="#">21-Jul</a>	200323	11.3	11.42	11.22	11.34	0.02	2,377	40,730	-116
<a href="#">21-Oct</a>	200323	11.48	11.62	11.46	11.56	0.03	1,068	39,191	201
<a href="#">22-Mar</a>	200323	11.93	12.05	11.91	11.98	unch	416	15,815	68
Total Volume and Open Interest							175,607	1,032,352	-15,890

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Mon March 23, 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>	200323	345	345.1	339.8	340.6	-3.8	7,665	37,512	-1,830
<a href="#">20-Aug</a>	200323	334.7	335.4	331.3	332.3	-2.4	6,004	45,529	-410
<a href="#">20-Oct</a>	200323	328.5	328.9	325.3	326.7	-0.6	1,940	13,480	147
<a href="#">20-Dec</a>	200323	331.2	331.4	327.7	329.5	0.1	1,082	8,356	130
<a href="#">21-Mar</a>	200323	332.8	333.6	329.8	331.7	0.3	701	6,884	190
Total Volume and Open Interest							17,984	116,387	-1,472

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Mar-20	23-Mar-20	
Delhi	Delhi	M-Grade	Closed	3200	-
	Delhi	S-Grade	Closed	3180	-
Uttar Pradesh	Khatauli	M-Grade	Closed	Closed	-
	Ramala	M-Grade	Closed	Closed	-
	Dhampur	M-Grade Ex-Mill	Closed	Closed	-
	Dhampur	S-Grade Ex-Mill	Closed	Closed	-
	Dhampur	L-Grade Ex-Mill	Closed	Closed	-
Maharashtra	Mumbai	M-Grade	Closed	Closed	-
	Mumbai	S-Grade	Closed	Closed	-
	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	Closed	-
	Vijayawada	S-Grade	Closed	Closed	-
West Bengal	Kolkata	M-Grade	3560	3560	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	Closed	Closed	-

	Dindigul	M-Grade	3560	3560	Unch
	Coimbatore	M-Grade	3700	3700	Unch
<b>Chattisgarh</b>	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)			24-Mar-20	23-Mar-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2625	2925	-300
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	1000
	Muzaffarnagar	Khurpa (Fresh)	2413	2713	-300
	Muzaffarnagar	Laddoo (Fresh)	2725	2538	188
	Muzaffarnagar	Rascut (Fresh)	2375	2338	38
	Hapur	Chaurasa	Closed	Closed	-
	Hapur	Balti	Closed	Closed	-
Andhra Pradesh	Chittur	Gold	Closed	Closed	-
		White	Closed	Closed	-
		Black	Closed	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	NA	-
	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	NA	-

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