

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

Indian Sugar markets across India are closed and the cities are locked down till 14th April because to avoid the effects of coronavirus spread in India.

Weather Forecast:

During the next 24 hours, scattered light to moderate rain and thundershower activities are expected to continue over the North-Eastern states. Intensity will be moreover eastern parts of Assam and Arunachal Pradesh. Isolated light rain and an isolated thunderstorm are possible over parts of Telangana and Vidarbha. Day and night temperatures will increase marginally over North West Central and East India.

Previous Updates:

The global raw sugar prices have fallen by around 20% since last month from 14.46 cents/lbs to 11.40 cents/lbs by the end of March month and similarly the white sugar have plunged to \$327.5/tonne by the end of March from \$384/tonne during the same period due to the pandemic effect globally. The fall in prices due to weak crude oil prices, growing risk and on expectation of a decline in demand amid outbreak of coronavirus. 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 in the coming sugar year in Brazil.

In February, when the prices spiked, the industry was expecting to reach the target of exporting 5 million tonnes of sugar this year. Despite the downfall in the international sugar prices in the last one week, the Indian sugar industry hopes that the export demand might rise once the pandemic subsides due to the global sugar deficit. Although the sugar trade has been disrupted due to the spread of coronavirus and over the last 10-15 days, no new sugar contracts have been signed so far as the contractors need to cut down the prices and due to the closure of Indian ports since 20th March. Also, the incoming ships are being kept in quarantine at ports as a measure to check the virus spread. Some ships are also stuck at the ports. As per ISMA, sugar mills have dispatched almost 30 lakh tons of sugar for export till 15th Mar'20.

According to ISMA, 232.74 lakh tonnes of sugar have been produced till 31st March 2020 across India against 296.82 lakh tonnes produced in the same time last year. As on 31st Mar'20, 271 mills have stopped their operations and 186 mills have stopped crushing as compared to 240 mills were still operating in the same time last year. In UP, 119 sugar mills have produced 97.20 LT of sugar compared to 95.67 LT of sugar with only 114 mills operational mills till 31st Mar last year. In Maharashtra, 118 mills have closed their operations with only 28 mills operating at this time with producing 58.7 LT compared with 105.16 LT produced year on year. Similarly, this year Karnataka has also produced less sugar i.e., around 33.5 LT against 43.18 LT last year till 31st Mar. Only 3 mills are in operation so far out of the total 63 mills this year. According to Agriwatch, Maharashtra is likely to produce around 59-60 LT followed by UP estimated around 122 LT of sugar and around 34 LT of sugar in Karnataka.

According to the trade sources, India exported 2.65 LT of total sugar in Februray month down by around 93,177 MT. Out of the total sugar exports, largest quantity of raw sugar has been exported to Malaysia exporting 1,22,200 tonnes at an average FOB of \$318/MT followed by Saudi Arabia of 47,985 MT of sugar and at an average FOB \$332.01/MT and only 1300 tonnes of refined sugar (\$385.12/MT). In February, Yemen imported large quantity compared to January month of raw sugar around 45,500 tonnes

(\$350.26/MT). India exported around 31,700 tonnes of raw sugar to Somalia and only 300 tonnes of refined sugar at an average FOB of \$311/MT and \$364/MT respectively. Many contracts were delayed and cancelled to China, Afghanistan and Iran due to the outbreak of Covid-19 that disrupted the trade in many countries.

Around 26 factories in Maharashtra were operational till last week that were likely to finish crushing in March end or in 1st week of April. While large number of mills in UP are still in the process of crushing that were likely to be operational till May end to complete the rest 20% of the cane crushing. Many mills have closed their operations due to the lack of raw materials. Many sugar mills are facing shortage of raw materials such as lime, sulphur, phosphoric acid, PP bags and other packing materials that usually supplied from Rajasthan. Some of the mills are still operational and on the verge of closure in 7-10 days if the raw material doesn't reach the mills on time. And would restart crushing after the middle of next week if raw materials become available. Since sugar is the essential commodity, the government has announced that the trucks carrying the essential raw material should not be stopped at the state borders in the lockdown situation.

Government fixed the monthly sugar sales quota as 18 LT for March month to 545 mills lower by 3 LT compared to the previous month that stood at 21 LT. Also, the allocated quota is same as in the previous year during April. In March, the sugar millers have reported that there was weak demand due to the outbreak of coronavirus in India. The millers are not able to sell sugar, therefore, the government has extended the March sales quota till 15th April'20.

After the licenses issued to the Maharashtra sugar mills to make sanitizers from ethanol, around 20 companies including sugar distilleries in UP also have applied for the same. As the demand for hand sanitizers has surged amid the outbreak of coronavirus. These units in UP can produce around 50,000 litre of hand sanitizer daily. The manufacturing of sanitizers is likely to commence in UP after the getting clearances from the excise department.

Although today the government has taken an important step as Sugar and Sugarcane come under Essential Commodities Act 1955, therefore, those mills across India which have not yet completed their sugarcane crushing operations will continue to operate. All the sugar mills across India were facing problem in operating the mills to produce sugar due to which majorly the mills have halted the functioning. As the mills are not able to get the proper supply of raw material in the production. Already many mills have completed the crushing activity earlier this year due to the lack of availability of cane in Maharashtra and Karnataka expect UP. However, the fall in global sugar prices and the lockdown situation in all the states, India is unable export sugar as well as the mills are not able to sell sugar in the domestic market due to which DFPD extended the March sales quota till 15th April'20.

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.

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	341	-1.0

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri April 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-May	200403	10.28	10.67	10.24	10.31	0.02	66,582	301,032	2,187
20-Jul	200403	10.32	10.67	10.28	10.33	0.01	48,081	252,722	-3,684
20-Oct	200403	10.52	10.86	10.5	10.53	-0.01	30,270	192,775	5252
21-Mar	200403	11.2	11.42	11.05	11.09	-0.04	17,435	111,101	2734
21-May	200403	11.08	11.32	10.98	11	-0.08	4,780	51,554	429
21-Jul	200403	11.04	11.28	10.9	10.94	-0.1	3,088	39,973	-2266
21-Oct	200403	11.33	11.46	11.04	11.12	-0.13	2,428	38,317	-995
22-Mar	200403	11.84	11.97	11.51	11.61	-0.16	705	18,075	191
Total Volume and Open Interest							174,387	1,020,275	4,597

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri April 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200403	343.5	350	334.2	336.5	-4.1	5,753	25,132	-2625
20-Aug	200403	326.1	331.8	321	322.8	unch	5,713	43,758	185
20-Oct	200403	318.4	325.3	316.1	317.3	0.6	2,912	15,822	639
20-Dec	200403	321.2	327	318.2	319.5	0.5	882	9,740	624
21-Mar	200403	323.1	327.3	319.3	320.4	-0.1	804	9,038	639
Total Volume and Open Interest							16,803	109,516	-226

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Apr-20	4-Apr-20	
Delhi	Delhi	M-Grade	Closed	Closed	-
	Delhi	S-Grade	Closed	Closed	-
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	3640	3640	Unch

Tamil Nadu	Chennai	S-Grade (With GST)	Closed	Closed	-
	Dindigul	M-Grade	4020	4020	Unch
	Coimbatore	M-Grade	3850	3850	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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-Apr-20	4-Apr-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	Closed	-
	Muzaffarnagar	Rascut (Fresh)	Closed	Closed	-
	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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