

Sugar & Gur Domestic & International Fundamentals

Recent Update:

The prices remained steady today at Rs.3150/q in Delhi and Rs.3820 in Vijayawada. While the other markets were closed on the occasion of Good Friday.

In many states, the mills are facing difficulty in the crushing operations as many labourers have returned to their homes after the lockdown. Sugarcane is lying in the fields in many states because of lack of cane harvesting labourers to cut it. The Bardoli district in Gujarat has an area of 8000 ha spread over 1.25 lakh tonnes of sugarcane is not being harvested. The area needs around 10,000 labours but only 3000 farm labours are working to harvest 1.25 lakh tonnes of cane.

Weather Forecast:

During the next 24 hours, rain activities will now reduce over Western Himalayas as well as over northern plains. Light scattered rains with one or two moderate spells are possible over Jammu and Kashmir, Himachal Pradesh and at one or two places over Uttarakhand. Light rain is also possible over east Uttar Pradesh, Jharkhand, Gangetic West Bengal, Odisha parts of Chhattisgarh, parts of Telangana, Andhra Pradesh, Kerala, South interior Karnataka, and interior Tamil Nadu.

Previous Updates:

As the poor families and daily wage workers are suffering a lot after the covid-19 lockdown in every state, the Gujarat government has decided to provide free ration to around 60 lakh families who were not getting food under National Food Security Act. They would be given 10 kg wheat grains, 3 kg rice, 1 Kg pulse grain and 1 kg sugar all free of cost. As the sugar piles in the godowns after the lockdown due to the lack of availability of labour and disruption in transport, now the mills are able to liquidate the stocks.

Oman to import 10,000 tonnes of white sugar to ensure the ample supply of basic commodities in the market amid the ongoing Coronavirus outbreak. Oman is also ensuring that they should face no sugar shortage in the country. Public Authority for Stores and Food Reserves has contracted to purchase 10,000 tonnes of white sugar, with the aim of strengthening the stockpile of basic food commodities. India could gain this opportunity of exporting some amount of sugar if the trade operations gets smoother.

The sugarcane in UP is being harvested as directed by the government and the mills are supporting the farmers in transportation of the harvested cane to the mills. As the mills in UP would continue the crushing operations till the cane is harvested from the fields so as to avoid the loss in yield and sugar recovery of the cane. Sugar mill's sugar production and supply are coming back on track gradually from the last 3-4 days.

Across India, the mills are facing from the sharp drop in demand for ethanol from the OMCs due to the significant decline in usage of petrol and diesel in the country because of lockdown in the country. Now, the mills are having difficulties in storing the large amount of ethanol. The mills have requested the OMCs to reallocate the ethanol in different depots so that all the ethanol contracted for in the year is supplied on time without facing in storing the ethanol in the mills for which the OMCs have agreed upon.

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.

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	339	11.0

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu April 09, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-May	200409	10.42	10.6	10.27	10.43	0.06	55,734	268,936	-16,587
20-Jul	200409	10.48	10.64	10.33	10.49	0.1	54,488	268,758	6,460
20-Oct	200409	10.73	10.88	10.59	10.76	0.12	32,068	198,532	532
21-Mar	200409	11.48	11.56	11.28	11.46	0.13	13,448	116,583	2913
21-May	200409	11.36	11.55	11.3	11.51	0.19	5,620	53,397	142
21-Jul	200409	11.45	11.63	11.37	11.63	0.26	6564	40,824	669
21-Oct	200409	11.69	11.91	11.68	11.9	0.28	3440	38,593	312
22-Mar	200409	12.25	12.45	12.24	12.44	0.27	293	18,197	9
Total Volume and Open Interest							171,994	1,019,129	-5,476

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu April 09, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-May	200409	343.9	353	338.4	348.5	9.1	7,784	16,685	-3,298
20-Aug	200409	330.9	334.5	327.2	331.3	2.4	5,419	46,702	1,047
20-Oct	200409	323.5	323.6	317.2	321.5	1.3	1,361	16,508	610
20-Dec	200409	324.7	325.5	319.5	324.1	1.4	260	10,114	108
21-Mar	200409	326.4	327.5	322.3	326.8	2	170	9,182	48
Total Volume and Open Interest							15,051	105,770	-1,488

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			10-Apr-20	9-Apr-20	
Delhi	Delhi	M-Grade	3150	3150	Unch
	Delhi	S-Grade	3130	3130	Unch
Uttar Pradesh	Khatauli	M-Grade	NR	3235	-
	Ramala	M-Grade	NR	3140	-
	Dhampur	M-Grade Ex-Mill	NR	3190	-
	Dhampur	S-Grade Ex-Mill	NR	3170	-
	Dhampur	L-Grade Ex-Mill	NR	3240	-
Maharashtra	Mumbai	M-Grade	3600	Closed	-
	Mumbai	S-Grade	3460	Closed	-
	Nagpur	M-Grade	Closed	3325	-
	Nagpur	S-Grade	Closed	3225	-
	Kolhapur	M-Grade	Closed	3200	-
	Kolhapur	S-Grade	Closed	3100	-
Assam	Guhawati	S-Grade	Closed	3410	-
Meghalaya	Shillong	S-Grade	Closed	3420	-
Andhra Pradesh	Vijayawada	M-Grade	3820	3820	Unch
	Vijayawada	S-Grade	3760	3760	Unch
West Bengal	Kolkata	M-Grade	3750	3750	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	Closed	3900	-
	Dindigul	M-Grade	4060	4060	Unch
	Coimbatore	M-Grade	4020	4020	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)			10-Apr-20	9-Apr-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2700	2713	-13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	8000	1000
	Muzaffarnagar	Khurpa (Fresh)	2528	2488	40
	Muzaffarnagar	Laddoo (Fresh)	2770	2700	70
	Muzaffarnagar	Rascut (Fresh)	2450	2425	25

	Hapur	Chaurasa	2575	2550	25
	Hapur	Balti	2425	NR	-
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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