

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

The prices across India showed steady to weak trend in prices today prices at Rs.3115/q in Delhi and Rs.3160 in Khatauli, UP. The prices in Vijayawada stood steady at Rs.3600/q today. While Chennai sugar was steady at Rs.3350/q. The prices in Kolhapur stood steady at Rs.3150/q.

The government has advised the sugar mills to divert excess sugarcane to produce fuel based ethanol. As excess sugar production has deprived the prices amid less demand in the market, thereby, affecting the liquidity of sugar. Therefore, to encourage the diversion the Centre has announced a soft loan of Rs. 18,600 crore to 362 projects (349 sugar mills and 13 molasses-based standalone distilleries) out of which only 166 mills have submitted applications to banks. Sugar mills are advised to utilize their existing capacity to produce ethanol. Sugar mills with distillation capacity should divert B-heavy molasses and sugar syrup for producing ethanol to utilize their capacity to maximum extent.

Weather Forecast:

Thunderstorm accompanied with lightning & squall (speed reaching 50-60 kmph) at isolated places over Andaman & Nicobar Islands; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Gangetic West Bengal; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Chhattisgarh, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Rayalaseema, Karnataka, Lakshadweep and Kerala & Mahe and with lightning at isolated places over Madhya Pradesh, Vidarbha, Bihar, Jharkhand, Arunachal Pradesh, Marathwada and Tamilnadu, Puducherry & Karaikal.

Previous Updates:

According to the sugar mills, exporting the sugar is the better option as they are getting better returns than selling in the domestic market. As the sugar is trading around Rs.3100/q across the country while the trade is taking place around Rs.3400-3500/q by exporting sugar. Most of the contracts are being received from Iran, Indonesia, & Malaysia. In the last few days, Iran and Indonesia were buying for May and June shipments. It is estimated that Indian sugar mills have already dispatched 35-37 LT out of around 41 LT of contracts signed for exports in the 2019-20 marketing year ending on September 30.

China is expecting that the sugar consumption might increase from the second half of the current year so the consumption likely to remain same at 15.2 MMT in 2020-21 MY. But, some industry experts are predicting consumption could fall as low as 14.4 MMT based on the assumption that the impact of COVID-19 could last longer. China applies a tariff-rate quota (TRQ) on imported sugar, most of which comes from Brazil, Cuba, and Thailand. However, the Chinese government has yet to make an official announcement stating its intentions to withdraw the safeguard. After the removal of this safeguard, the imports might surge. However, it seems difficult in such a surge in imports as the market is affected due to coronavirus. China usually imports major sugar from Brazil & Thailand.

UP is making sanitizers in full speed by producing around 2 lakh liters per day. In UP, total production of 39,10,300 litres sanitizer has been done till date in the state and 29,79,700 litres of sanitizer have been supplied in the market and 33,77,500 sanitizer packs are still available for sale. UP has 85 units engaged in commercial production of hand sanitizer; 46 of these are dedicated sanitiser plants, 27 sugar mills, 12 distilleries and eight independent entities.

The average global raw sugar prices have fallen by around 2% since last month from 11.76 cents/lbs to 10.07 cents/lbs by the end of April month and similarly the average white sugar have plunged to \$331.81/tonne by the end of April from \$355/tonne during the same period due to the pandemic effect globally. The weakness in Brazilian real is negative for sugar prices. 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.

According to the trade sources, India exported 4.98 LT of total sugar (including white, refined and raw sugar) in March month. Out of the total sugar exports, largest quantity of raw sugar has been exported to Yemen exporting 1,04,900 tonnes at an average FOB of \$296/MT followed by Malaysia of 77,624 MT of sugar and at an average FOB \$335.64/MT and only 756 tonnes of refined sugar (\$374.76/MT). In March, Iran imported large quantity of raw around 40,720 tonnes (\$350.89/MT) and 1728 tonnes of white sugar at an average FOB of \$353/MT.

India exported around 43,590 tonnes of white sugar to Somalia and only 7,000 tonnes of white refined sugar at an average FOB of \$364/MT and \$366/MT respectively. India also exported to Sudan and Sri Lanka around 37,000 tonnes each at \$353.9/MT and \$356.39/MT to the respective country. Thailand preferred importing white sugar in March month 9,180 tonnes at an average FOB of \$385/MT. According to the contract signed with Indonesia, the raw sugar exports to Indonesia also resumed and India shipped around 6000 tonnes in March at an average FOB of \$309/MT.

India has produced around 258 LT of sugar till 30th Apr'20, down by 20% from last year and reached near the target of 2019-20 which is around 262 LT. In all the states, the crushing operations are completed so far except in UP. The mills in UP would continue crushing till the last week of May this year. According to Agriwatch estimates, as the disruption caused amid lockdown in the last few days due to which the cane that used to be delivered to the jaggery units are now moved to the sugar mills in UP. Also, some cane is crushed in special season later in the year in Karnataka and Tamil Nadu. Considering all, the sugar production might increase by around 2-3 LT to reach around 265 LT this year from the previous estimate of 262.

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	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	355.20	10.40

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu May 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200514	10.3	10.62	10.29	10.46	0.2	49,066	339,781	-2,521
20-Oct	200514	10.46	10.73	10.45	10.56	0.12	35,236	231,847	3,768
21-Mar	200514	11.19	11.38	11.16	11.25	0.09	21,167	152,588	3,974
21-May	200514	11.1	11.28	11.07	11.17	0.09	9,290	68,818	659
21-Jul	200514	11.01	11.15	10.98	11.05	0.07	5,730	56,032	867
21-Oct	200514	11.14	11.18	11.04	11.08	0.07	3,490	45,063	605
22-Mar	200514	11.47	11.59	11.43	11.46	0.03	2,538	24,684	474
22-May	200514	11.27	11.39	11.19	11.26	0.02	1,666	12,765	882
Total Volume and Open Interest							130,735	953,051	10,147

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu May 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200514	347.9	357.8	347.6	355.2	10.4	4,115	46,643	150
20-Oct	200514	331.1	336.2	331.1	333.6	4.9	1,450	18,107	85
20-Dec	200514	326.8	330.8	326.8	327.5	3.1	1,023	9,610	23
21-Mar	200514	326.4	329.7	326.3	326.6	2.7	261	9,401	-115
21-May	200514	329.2	331.9	329.2	329.3	2.4	203	3,966	117
Total Volume and Open Interest							7,249	93,469	370

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-May-20	14-May-20	
Delhi	Delhi	M-Grade	3115	3130	-15
	Delhi	S-Grade	3095	3110	-15
Uttar Pradesh	Khatauli	M-Grade	3160	3145	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3115	3120	-5
	Dhampur	S-Grade Ex-Mill	3095	3100	-5
	Dhampur	L-Grade Ex-Mill	3165	3170	-5
Maharashtra	Mumbai	M-Grade	Closed	Closed	-
	Mumbai	S-Grade	Closed	Closed	-
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3150	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3670	3670	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3650	Unch
	Dindigul*	M-Grade (DCA)	4250	4250	Unch
	Coimbatore*	M-Grade (DCA)	3900	3900	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3700	3700	Unch
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					
*DCA: Department of consumer affairs					

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			15-May-20	14-May-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	3195	5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	5000	-2000

	Muzaffarnagar	Khurpa (Fresh)	2875	2950	-75
	Muzaffarnagar	Laddoo (Fresh)	3120	3125	-5
	Muzaffarnagar	Rascut (Fresh)	2625	2613	13
	Hapur	Chaurasa	2925	2925	Unch
	Hapur	Balti	NR	NR	-
Andhra Pradesh	Chittur	Gold	4800	NA	-
		White	4500	4500	Unch
		Black	4000	3900	100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4500	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3100	3100	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3369	3377	-8
	Mandya	Achhu (Medium)	3370	3370	Unch
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3150	3200	-50
	Mandya	Yellow (Medium)	3500	3410	90
	Shimoga/Shivamogga	Achhu (Average)	3950	3750	200

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