

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

*The prices across India showed steady to firm trend in prices today prices at Rs.3140/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.*

**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:**

***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.

***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 30<sup>th</sup> 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 Fri May 15, 2020 |        |       |       |       |       |        |              |          |        |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                      |        |       |       |       |       |        | Previous Day |          |        |
| Mth  | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| Sugar #11(ICE)                               |        |       |       |       |       |        |              |          |        |
| <a href="#">20-Jul</a>                       | 200515 | 10.56 | 10.68 | 10.29 | 10.38 | -0.08  | 56,354       | 334,248  | -5,533 |
| <a href="#">20-Oct</a>                       | 200515 | 10.64 | 10.76 | 10.39 | 10.5  | -0.06  | 44,559       | 238,087  | 6,240  |
| <a href="#">21-Mar</a>                       | 200515 | 11.33 | 11.43 | 11.09 | 11.21 | -0.04  | 22,499       | 155,690  | 3,102  |
| <a href="#">21-May</a>                       | 200515 | 11.25 | 11.34 | 11.07 | 11.18 | 0.01   | 8,226        | 68,597   | -221   |
| <a href="#">21-Jul</a>                       | 200515 | 11.18 | 11.24 | 11    | 11.12 | 0.07   | 6,273        | 56,931   | 899    |
| <a href="#">21-Oct</a>                       | 200515 | 11.21 | 11.3  | 11.08 | 11.18 | 0.1    | 3,220        | 46,158   | 1095   |
| <a href="#">22-Mar</a>                       | 200515 | 11.62 | 11.71 | 11.5  | 11.6  | 0.14   | 2,495        | 25,377   | 693    |
| <a href="#">22-May</a>                       | 200515 | 11.42 | 11.56 | 11.38 | 11.46 | 0.2    | 2,075        | 13,780   | 1015   |
| Total Volume and Open Interest               |        |       |       |       |       |        | 151,138      | 963,061  | 10,010 |

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

| Daily Futures Price Listing Fri May 15, 2020 |        |       |       |       |       |        |              |          |        |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                      |        |       |       |       |       |        | Previous Day |          |        |
| Mth  | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| London Sugar(LCE)                            |        |       |       |       |       |        |              |          |        |
| <a href="#">20-Aug</a>                       | 200515 | 358   | 365.5 | 357.8 | 359.2 | 4      | 3,239        | 46,173   | -470   |
| <a href="#">20-Oct</a>                       | 200515 | 336.5 | 339.7 | 332.4 | 333.3 | -0.3   | 1,906        | 18,097   | -10    |
| <a href="#">20-Dec</a>                       | 200515 | 330.2 | 331.6 | 325.3 | 326.7 | -0.8   | 1,124        | 9,650    | 40     |
| <a href="#">21-Mar</a>                       | 200515 | 329.7 | 330.4 | 324.1 | 325.4 | -1.2   | 277          | 9,375    | -26    |
| <a href="#">21-May</a>                       | 200515 | 332.5 | 333.1 | 327.4 | 328.6 | -0.7   | 36           | 3,941    | -25    |
| Total Volume and Open Interest               |        |       |       |       |       |        | 6,704        | 93,000   | -469   |

## DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |             |                        |                 |           |        |
|-----------------------------------|-------------|------------------------|-----------------|-----------|--------|
| Commodity                         | Centre      | Variety                | Prices (Rs/Qtl) |           | Change |
| Sugar                             |             |                        | 16-May-20       | 15-May-20 |        |
| Delhi                             | Delhi       | M-Grade                | 3140            | 3115      | 25     |
|                                   | Delhi       | S-Grade                | 3120            | 3095      | 25     |
| Uttar Pradesh                     | Khatauli    | M-Grade                | 3160            | 3160      | Unch   |
|                                   | Ramala      | M-Grade                | NA              | NA        | -      |
|                                   | Dhampur     | M-Grade Ex-Mill        | 3115            | 3115      | Unch   |
|                                   | Dhampur     | S-Grade Ex-Mill        | 3095            | 3095      | Unch   |
|                                   | Dhampur     | L-Grade Ex-Mill        | 3165            | 3165      | Unch   |
| 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)                              |               |                          | 16-May-20       | 15-May-20 |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh              | 3200            | 3200      | Unch   |
|   | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 11000           | 3000      | 8000   |

|                |                    |                   |      |      |      |
|----------------|--------------------|-------------------|------|------|------|
|                | Muzaffarnagar      | Khurpa (Fresh)    | 2850 | 2875 | -25  |
|                | Muzaffarnagar      | Laddoo (Fresh)    | 3100 | 3120 | -20  |
|                | Muzaffarnagar      | Rascut (Fresh)    | 2675 | 2625 | 50   |
|                | Hapur              | Chaurasa          | 2913 | 2925 | -13  |
|                | Hapur              | Balti             | NR   | NR   | -    |
| Andhra Pradesh | Chittur            | Gold              | 4800 | 4800 | Unch |
|                |                    | White             | 4500 | 4500 | Unch |
|                |                    | Black             | 4000 | 4000 | Unch |
| Maharashtra    | Latur              | Lal Variety       | NR   | NR   | -    |
| Karnataka      | Bangalore          | Mudde (Average)   | 4550 | NA   | -    |
|                | Belgaum            | Mudde (Average)   | NA   | NA   | -    |
|                | Belthangadi        | Yellow (Average)  | NA   | NA   | -    |
|                | Bijapur/Vijayapura | Achhu             | 3250 | 3100 | 150  |
|                | Gulbarga/Kalaburgi | Other (Average)   | NA   | NA   | -    |
|                | Mahalingapura      | Penti (Average)   | NA   | 3369 | -    |
|                | Mandya             | Achhu (Medium)    | NA   | 3370 | -    |
|                | Mandya             | Kurikatu (Medium) | NA   | 3200 | -    |
|                | Mandya             | Other (Medium)    | NA   | 3150 | -    |
|                | Mandya             | Yellow (Medium)   | NA   | 3500 | -    |
|                | Shimoga/Shivamogga | Achhu (Average)   | NA   | 3950 | -    |

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