

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

The prices across India showed mixed trend in prices today prices at Rs.3000/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.

In UP, usually out of the total cane production around 60% of cane is crushed to produce sugar and 30% cane is diverted to produce jaggery. During lockdown, the major jaggery units that are located in the western UP have been closed earlier than expected due to which the farmers are bringing cane to the sugar mills. Around 4-5% of the cane is expected to be diverted to sugar mills in western UP. Around 46 sugar mills are still functioning in the state producing around 122LT of sugar till 15th May'20, up by 5% compared to the previous year during the same time. While, the sanitizer production is in full swing producing around 57 lakh litres till mid-May and 47.85 lakh litres of sanitizer has been sold within and outside the state.

Weather Forecast:

Thunderstorm accompanied with lightning & squall (speed reaching 50-60 kmph) likely at isolated places over Bihar; with lightning & gusty winds (speed reaching 40-50 kmph) at isolated places over Jharkhand, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh and Assam & Meghalaya; with lightning & gusty winds (speed reaching 30-40 kmph) at isolated places over Nagaland, Manipur, Mizoram & Tripura, Andaman & Nicobar Islands, Lakshadweep and Kerala & Mahe and with lightning at isolated places over South Interior Karnataka.

Previous Updates:

Sugar mills have contracted around 42 LT of sugar so far this season till 15th May'20. Out of which, 36-37 LT of sugar have been shipped out of the country. The major destinations were Indonesia and Iran in recent past days. Also new export contracts are being signed by these two countries from India. And it is expected that export operation would be smoother in coming days.

According to ISMA, 264.65 lakh tonnes of sugar have been produced till 15th May 2020 across India as against 326.19 lakh tonnes produced in the same time last year. As on 15th May 2020, 63 sugar mills are crushing sugarcane compared 38 sugar mills which were crushing sugarcane in the same time last year. In UP, sugar mills have produced 122.28 LT of sugar compared to 116.8 LT of sugar with only 46 mills operational mills till 15th May'20. In Maharashtra, 145 mills have closed their operations with only 1 mill operating at this time with producing 60.87 LT compared with 107.15 LT produced year on year.

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.

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	364.60	1.0



International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon May 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200519	10.84	10.98	10.72	10.85	0.05	68,636	334,001	-3,769
20-Oct	200519	10.93	10.98	10.78	10.9	unch	41,652	239,325	2,109
21-Mar	200519	11.63	11.67	11.49	11.61	0.01	19,071	159,158	2,019
21-May	200519	11.57	11.59	11.44	11.56	0.02	9,757	72,134	987
21-Jul	200519	11.5	11.5	11.36	11.47	0.01	4,664	57,518	508
21-Oct	200519	11.51	11.53	11.4	11.51	0.01	1,591	46,990	-378
22-Mar	200519	11.9	11.94	11.81	11.92	0.01	1,090	25,807	-195
22-May	200519	11.78	11.79	11.68	11.79	0.01	748	14,208	157
Total Volume and Open Interest							148,639	974,219	1,944

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Mon May 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200519	364.8	366.3	361.5	364.6	1	7,941	44,666	-1,652
20-Oct	200519	341.7	342.5	338.3	341.2	0.9	4,395	19,067	328
20-Dec	200519	335.2	335.3	332.1	334.3	0.4	1,848	10,043	-53
21-Mar	200519	331.9	333.5	330.6	332.9	0.4	861	9,670	220
21-May	200519	335	336.7	334.3	336.2	0.4	158	3,926	-15
Total Volume and Open Interest							15,348	93,154	-1,173

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-May-20	19-May-20	
Delhi	Delhi	M-Grade	3000	3115	-115
	Delhi	S-Grade	2980	3095	-115
Uttar Pradesh	Khatauli	M-Grade	3160	3165	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3120	5
	Dhampur	S-Grade Ex-Mill	3105	3100	5
	Dhampur	L-Grade Ex-Mill	3175	3170	5
Maharashtra	Mumbai	M-Grade	3540	3540	Unch
	Mumbai	S-Grade	3360	3360	Unch
	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	3550	3550	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3650	Unch
	Dindigul*	M-Grade (DCA)	4050	4050	Unch
	Coimbatore*	M-Grade (DCA)	3650	3650	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)			20-May-20	19-May-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3000	3025	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2765	2750	15
	Muzaffarnagar	Laddoo (Fresh)	3000	3025	-25

	Muzaffarnagar	Rascut (Fresh)	2538	2563	-25
	Hapur	Chaursa	NR	2725	-
	Hapur	Balti	NR	NR	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	4300	4300	Unch
		Black	4000	4000	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4550	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3200	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3340	-
	Mandya	Achhu (Medium)	NA	3400	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3150	-
	Mandya	Yellow (Medium)	NA	3450	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

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