

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

The prices across India steady to firm trend in prices today prices at Rs.3150/q in Delhi and firm at Rs.3160 in Khatauli, UP. The prices in Vijayawada stood slightly firm at Rs.3620/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 gusty winds (speed reaching 30-40 kmph) & lightning very likely at isolated places over Bihar and South Interior Karnataka and with lightning at isolated places over Tamilnadu, Puducherry & Karikal, and Kerala & Mahe. Heat wave conditions at many places with severe heat wave in isolated pockets very likely over Vidarbha; Heat wave conditions at a few places with severe heat wave in isolated pockets over Haryana, Chandigarh & Delhi, East Madhya Pradesh and Rajasthan; Heat wave conditions with severe heat wave in isolated pockets over Telangana and West Uttar Pradesh; heat wave conditions in a few places over Punjab and West Madhya Pradesh and in isolated pockets over Tamilnadu, Puducherry & Karaikal, Rayalseema, Coastal Andhra Pradesh & Yanam, Madhya Maharashtra, Marathwada, and Gujarat state.

Previous Updates:

Maharashtra sugar mills are paying off the arrears despite the sugar sales pressure. Mills have managed to clear 95 per cent dues of sugarcane farmers. Sugar mills have paid Rs 12548.30 crore out of Rs 13232.69 crore to the cane farmers till May 15. In Maharashtra, sugar production till 15th May'20 was 60.87 lakh tonnes, compared with 107.15 lakh tonnes produced in 2018-19 Sugarcane Season, almost 46.3 lakh tons less than last year. According to Agriwatch, Maharashtra is likely to produce around 61.5LT of sugar in 2019-20 season.

Brazilian sugar mills produced around 29.83 LT of sugar in the South-Central region up by 115% y-o-y, and a huge surge in the last two weeks of April'20 by around 93%. The mills allocated 43.78% of the cane to produce sugar in the period, compared to 28.66% at this time last year. And the amount of sugarcane crushed in the last half of April'20 is expected to total 41.5 MMT, up 6.35% year on year. Still the demand for ethanol is weaker due to which Brazil will produce more sugar than ethanol. In the last half of April'20, 1575 million litres of ethanol is produced which is still higher than the previous year but the production of hydrous ethanol declined by 3% in the last 15 days of April month. The total ethanol production of 2,556 million litres that rose by only 14% compared to the percentage increase in sugar production y-o-y.

A shortage in Indonesia has prompted mills in the Southeast Asian country to ask consumers to reduce sugar usage as the retail prices rallied to the highest in almost four years. Indonesia is likely to continue to buy sugar from India due to shortage in the country as lockdown has delayed the supply. During lockdown period, the country will have 75,000 tons of sugar stock including 50,000 tons of sugar imported from India and 25,000 tons from local suppliers in June. Out of which India supplied around 21,000 tonnes to Indonesia and remaining would be shipped during June. Indonesia's sugar imports may rise to 4.65 million tons in the year that starts in May, from 4.03 million tons a year earlier.

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.

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.

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	365.30	0.70

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri May 22, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200522	10.83	11	10.66	10.93	-0.05	88,815	314,936	-8,653
20-Oct	200522	10.88	10.99	10.7	10.93	-0.07	66,513	245,060	8,750
21-Mar	200522	11.55	11.68	11.42	11.63	-0.05	29,637	168,123	5,950
21-May	200522	11.5	11.64	11.39	11.6	-0.03	7,284	76,085	1,128
21-Jul	200522	11.44	11.57	11.33	11.53	-0.02	5,843	60,849	1015
21-Oct	200522	11.49	11.6	11.4	11.58	-0.02	5,159	49,336	1192
22-Mar	200522	11.91	12.04	11.83	12	-0.01	1,000	26,554	261
22-May	200522	11.8	11.92	11.75	11.89	unch	289	14,085	-22
Total Volume and Open Interest							205,247	980,532	9,763

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri May 22, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200522	359.8	368	359.5	366.9	1.6	6,147	44,730	180
20-Oct	200522	338.9	345.3	337.7	343.9	-0.3	2,563	20,699	885
20-Dec	200522	331.2	338.4	331	336.9	-0.4	485	9,987	76
21-Mar	200522	330.3	335.7	330	335.5	-0.5	190	9,713	68
21-May	200522	336.2	339.6	335.7	339.6	unch	48	3,962	38
Total Volume and Open Interest							9,468	94,885	1,249

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-May-20	23-May-20	
Delhi	Delhi	M-Grade	3150	3100	50
	Delhi	S-Grade	3130	3080	50
Uttar Pradesh	Khatauli	M-Grade	3160	3155	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	3620	3620	Unch
	Vijayawada	S-Grade	3560	3560	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)			25-May-20	23-May-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	3100	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	7000	-

	Muzaffarnagar	Khurpa (Fresh)	Closed	2900	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	3063	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2563	-
	Hapur	Chaurasa	Closed	NR	-
	Hapur	Balti	Closed	NR	-
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	4500	4500	Unch
		Black	4100	4100	Unch
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	3350	-
	Mandya	Kurikatu (Medium)	NA	3190	-
	Mandya	Other (Medium)	NA	3250	-
	Mandya	Yellow (Medium)	NA	3480	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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