

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

The prices across India showed mixed trend today. The prices in Delhi and khatauli was weaker at Rs.3310/q and Rs.3300/q respectively. While the prices in Kolhapur surged by Rs.75/q to Rs.3300/q all-time high in this year during the lockdown due to the improvement in demand. And the prices stood steady in Vijaywada and Chennai market at Rs.3600/q and Rs.3400 q respectively.

In order to help sugar mills improve their cash flow, the Food ministry has planned to liquidate stocks worth Rs 30,000 crore in 4 months. It will help sugar mills to improve cash flow and pay cane arrears to farmers. The sugar sales in March and April'20, was lower by about 10 lakh tonnes. Due to low sales, mills are under deep financial crisis and are unable to pay cane dues. Apart from that, the ministry is releasing assistance of Rs. 1,100 crore on account of export and buffer subsidy to sugar mills this month itself. This would facilitate sugar mills in clearance of their balance arrears, which have crossed Rs. 22,000 crore.

According to UNICA, a huge surge in the second two weeks of May'20 was by around 36% producing 25.48 LT of sugar and a total of 8 million tonnes in two months. The mills allocated 47.35% of the cane to produce sugar in 2nd half of May'20, compared to 35.28% at this time last year. Brazilian producers are expected to continue to maximize their sugar production, given the increased profitability of sugar production over ethanol production. The amount of sugarcane crushed was around 144 million tonnes so far till May end in 2 months up by around 12% compared to the same time previous year.

Weather Forecast:

Thunderstorm accompanied with lightning & gusty wind (speed reaching 30-40 kmph) likely at isolated places over East Rajasthan; with lightning at isolated places over East Uttar Pradesh. Heavy to very heavy rainfall at a few places over Konkan & Goa; at isolated places likely over Madhya Maharashtra; heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat State and Coastal Karnataka. Heat wave conditions likely at isolated places over West Rajasthan.

Previous Updates:

China produced only 197,400 tonnes of sugar, white value, in May 2020, down from 398,000 a month earlier but above 78,900 in the same month last year, according to China Sugar Association (CSA). As of May 31, Guangxi of China had a total of 45.79 million tons of sugarcane, a decrease of 8.92 million tons year-on-year and produced 6 million tons of mixed sugar, a year-on-year decrease of 340,000 tons. The sugar production rate was 13.11%, an increase of 1.52 percentage points year-on-year and cumulative sales 3.74 million tons of sugar, with a decrease of 4 million tons.

Thailand sugar exports declined significantly year on year till April this year. The imports of Thai sugar by other countries experienced a decline due to the fall in sugar demand during January and April. While Vietnam was the top importer of Thai refined sugar from January to April this year, as the country had abolished sugar import quota for ASEAN-origin sugar in January. For January-April, Vietnam imported 157,925 MT of white and refined sugar (10 times more y-o-y). Despite the strong off-take from Vietnam, Thai premiums are weakening as purchases were reported to have slowed in 2nd quarter 2020. The prices of Thai sugar is higher in the international market and the buyers would seek for cheaper alternative including Indian sugar.

Fresh contracts of sugar and rice can be expected this year and for the coming sugar season as well. As the relations between India and Malaysia got better after the formation of new cabinet. Malaysia's top buyer had bought around 88,000 metric tonnes of raw sugar from India last year, whereas it procured 130,000 metric tonnes of raw sugar worth \$50 million for the January-March quarter this year. As India being the world's largest buyer of edible oils, now Indian importers will also benefit from Malaysia's decision to fully exempt palm oil from export duty for the rest of this year.

Kharif crop sowing has started from June 1st in Andhra Pradesh with the onset of monsoon. Kharif season has been set at 39.59 lakh hectares as against the normal crop acreage of 37.54 lakh hectares. Pulses, oilseeds and sugarcane crops are at vegetative stage. The targeted area under sugarcane for 2020-21 season is 1.09 lakh ha against normal crop acreage is 1.02 lakh ha.

After some crew members tested positive for Covid-19 in Santos, Brazil, the port has suspended operations and faced for 14 days quarantine. Around 70 cargo ships lined up at the port for loading sugar for export. There would be cancellations of orders if the vessels are unable to berth or load quickly. India, the second largest producer of sugar is the sole alternate at the time being as India has excess sugar stock and now the port operations are getting smoother making the way for sugar exports across the world. Brazil's top export destinations were Algeria, Bangladesh, Saudi Arabia, Nigeria and China in 2019-20 season.

CACP is likely to surge sugarcane FRP by Rs.10/q to Rs.285/q in 2020-21. Sugar industry is also demanding a raise in minimum selling price of sugar between Rs.3 and Rs.5 /kg. But the government is may not increase more than Rs.2/kg. In the previous year, FRP was remained same at Rs. 275 per quintal linked to a basic recovery of 10% subject to a premium of Rs. 2.75/qrt for each 0.1% increase of recovery over and above 10%. While minimum selling price was increased by Rs.2/kg from Rs.29/kg to Rs.31/kg for the year 2019-20.

India has permitted the additional exports of 3569 tonnes of raw and refined sugar up to 30th Sep'20 to USA under TRQ (Tariff Rate Quota) i.e., exporting under relatively low tariff. India has permitted the exports of 12,738 tonnes of raw sugar for the export to the USA under TRQ up to Sep'20. Till 3rd Sep'19, India permitted 8,424 tonnes of sugar and the rest of the quantity was to be shipped up till 30th Sep this year. India enjoys the duty free sugar exports to US under TRQ annually.

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	383.4	-4.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri June 12, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200612	11.84	12.09	11.6	11.87	-0.07	98,566	166,597	-23,472
20-Oct	200612	12.02	12.24	11.77	12.04	-0.06	91,617	358,675	23,399
21-Mar	200612	12.69	12.8	12.4	12.62	-0.1	32,729	182,093	267
21-May	200612	12.46	12.57	12.25	12.42	-0.12	13,567	81,263	2,302
21-Jul	200612	12.32	12.38	12.12	12.24	-0.14	9,177	69,486	581
21-Oct	200612	12.4	12.41	12.17	12.22	-0.19	4,444	56,886	663
22-Mar	200612	12.66	12.71	12.42	12.48	-0.23	2,220	33,019	1,266
22-May	200612	12.44	12.45	12.12	12.19	-0.25	315	13,332	40
Total Volume and Open Interest							253,559	989,405	5,490

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri June 12, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200612	383.8	389.6	380.2	383.4	-4.4	6,399	42,060	596
20-Oct	200612	368	373.4	364.9	368	-3	5,214	29,650	240
20-Dec	200612	359.7	364.5	357.4	359.7	-3.2	1,680	13,572	373
21-Mar	200612	357.5	363	356.9	359.3	-2.5	1,078	11,390	426
21-May	200612	360.4	365.9	359.9	362.6	-2.4	426	5,006	177
Total Volume and Open Interest							15,376	107,609	1,786

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Jun-20	13-Jun-20	
Delhi	Delhi	M-Grade	3310	3325	-15
	Delhi	S-Grade	3290	3305	-15
Uttar Pradesh	Khatauli	M-Grade	3300	3325	-25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3190	3200	-10
	Dhampur	S-Grade Ex-Mill	3170	3180	-10
	Dhampur	L-Grade Ex-Mill	3240	3250	-10
Maharashtra	Mumbai	M-Grade	3400	3360	40
	Mumbai	S-Grade	3330	3290	40
	Nagpur	M-Grade	3425	3350	75
	Nagpur	S-Grade	3275	3250	25
	Kolhapur	M-Grade	3300	3225	75
	Kolhapur	S-Grade	3150	3125	25
Assam	Guhawati	S-Grade	3461	3436	25
Meghalaya	Shillong	S-Grade	3470	3445	25
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3580	3580	Unch
Tamil Nadu	Chennai	S-Grade	3650	3650	Unch
	Dindigul	M-Grade (DCA)	3600	3600	Unch
	Coimbatore	M-Grade (DCA)	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

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-Jun-20	13-Jun-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3375	3400	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	1500	Unch

	Muzaffarnagar	Khurpa (Fresh)	3300	3275	25
	Muzaffarnagar	Laddoo (Fresh)	3450	3450	Unch
	Muzaffarnagar	Rascut (Fresh)	2725	2650	75
	Hapur	Chaurasa	NR	NR	-
	Hapur	Balti	NR	NR	-
Andhra Pradesh	Chittur	Gold	4800	4800	Unch
		White	4500	4500	Unch
		Black	4300	4300	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3300	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3550	3500	50
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3250	3250	Unch
	Mandya	Yellow (Medium)	3550	3600	-50
	Shimoga/Shivamogga	Achhu (Average)	3750	NA	-

Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian business Systems Ltd.