

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

The prices across India showed mixed trend today. The prices in Delhi and UP were weak at Rs.3380/q and Rs.3390/q respectively. While the prices in Kolhapur up by another Rs.50/q today to Rs.3300/q. While the prices in Chennai and Vijayawada market was steady at Rs. 3500/q and Rs.3700/q respectively.

Weather Forecast:

Heavy to very heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim, Bihar and Odisha; heavy rainfall at isolated places over Uttarakhand, East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Jharkhand, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa and Coastal Karnataka. Thunderstorm accompanied with lightning & gusty wind (speed reaching 30-40 kmph) very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi and Uttar Pradesh and with lightning at isolated places over Jharkhand, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura and Gujarat state.

Previous Updates:

After the lockdown from first week of June, the sugar markets are witnessing a good demand in sugar. The prices are gradually increasing in last 3-5 days by Rs.20-150/q across India within 5 days. The sugar industry feel a relief after a long stagnant demand amid COVID-19 lockdown for more than 2.5 months.

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.

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	386.1	-3.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed June 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200617	12.09	12.18	11.93	12.11	-0.08	80,294	118,739	-19,565
20-Oct	200617	12.18	12.29	12.04	12.26	-0.02	81,000	381,118	-326
21-Mar	200617	12.73	12.79	12.56	12.77	-0.03	22,517	178,590	558
21-May	200617	12.42	12.45	12.27	12.44	-0.03	6,160	81,814	1,074
21-Jul	200617	12.09	12.14	11.98	12.11	-0.05	4,982	68,989	231
21-Oct	200617	12	12.02	11.89	11.96	-0.11	3,484	58,564	654
22-Mar	200617	12.22	12.25	12.1	12.17	-0.1	2,396	36,177	1,007
22-May	200617	11.89	11.99	11.82	11.89	-0.08	862	14,302	217
Total Volume and Open Interest							203,352	968,398	-15,376

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wed June 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200617	388.2	390.2	381.8	386.1	-3.8	4,581	39,266	-609
20-Oct	200617	371.9	372.8	367.5	369.7	-2.9	3,154	31,553	640
20-Dec	200617	363	363.3	359.4	361.3	-1.8	1,790	16,338	512
21-Mar	200617	361.7	362.1	358.1	359.5	-2.7	1,047	12,352	6
21-May	200617	363.8	364.2	360	361.3	-3	364	5,175	0
Total Volume and Open Interest							11,231	110,689	615

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Jun-20	17-Jun-20	
Delhi	Delhi	M-Grade	3380	3425	-45
	Delhi	S-Grade	3360	3405	-45
Uttar Pradesh	Khatauli	M-Grade	3390	3400	-10
	Ramala	M-Grade	3340	3330	10
	Dhampur	M-Grade Ex-Mill	3200	NA	-
	Dhampur	S-Grade Ex-Mill	3180	NA	-
	Dhampur	L-Grade Ex-Mill	3250	NA	-
Maharashtra	Mumbai	M-Grade	3500	3500	Unch
	Mumbai	S-Grade	3340	3340	Unch
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3325	3275	50
	Kolhapur	M-Grade	3300	3250	50
	Kolhapur	S-Grade	3200	3150	50
Assam	Guhawati	S-Grade	3512	3461	51
Meghalaya	Shillong	S-Grade	3520	3470	50
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3580	3580	Unch
Tamil Nadu	Chennai	S-Grade	3670	3670	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)			18-Jun-20	17-Jun-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	3375	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	800	-
	Muzaffarnagar	Khurpa (Fresh)	3275	3275	Unch
	Muzaffarnagar	Laddoo (Fresh)	3450	3063	388

	Muzaffarnagar	Rascut (Fresh)	2750	NA	-
	Hapur	Chaursa	NR	NR	-
	Hapur	Balti	NR	NR	-
Andhra Pradesh	Chittur	Gold	4900	4900	Unch
		White	4600	4600	Unch
		Black	4400	4400	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3400	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3361	-
	Mandya	Achhu (Medium)	3600	3570	30
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3320	3290	30
	Mandya	Yellow (Medium)	3570	3550	20
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

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