

## **Sugar & Gur Domestic & International Fundamentals**

### **Recent Update:**

*The prices across India showed mixed trend today. The prices in Delhi stood weaker at Rs.3360/q and stood steady in UP at Rs.3390/q. While the prices in Kolhapur, Chennai and Vijayawada stood steady at Rs.3300/q, Rs. 3500/q and Rs.3700/q respectively.*

### **Weather Forecast:**

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

### **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 2<sup>nd</sup> 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 1<sup>st</sup> 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/qrtl 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 30<sup>th</sup> 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 3<sup>rd</sup> Sep'19, India permitted 8,424 tonnes of sugar and the rest of the quantity was to be shipped up till 30<sup>th</sup> 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 | 371.2          | -14.9  |

### International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Thu June 18, 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>                        | 200618 | 12.09 | 12.14 | 11.81 | 11.89 | -0.22  | 57,902       | 101,602  | -17,137 |
| <a href="#">20-Oct</a>                        | 200618 | 12.2  | 12.3  | 11.96 | 12.04 | -0.22  | 74,454       | 383,246  | 2,128   |
| <a href="#">21-Mar</a>                        | 200618 | 12.73 | 12.82 | 12.49 | 12.56 | -0.21  | 25,147       | 181,341  | 2,751   |
| <a href="#">21-May</a>                        | 200618 | 12.39 | 12.49 | 12.18 | 12.23 | -0.21  | 10,642       | 83,662   | 1,848   |
| <a href="#">21-Jul</a>                        | 200618 | 12.09 | 12.16 | 11.87 | 11.91 | -0.2   | 7,289        | 70,181   | 1192    |
| <a href="#">21-Oct</a>                        | 200618 | 11.96 | 12.04 | 11.78 | 11.79 | -0.17  | 4,170        | 59,522   | 958     |
| <a href="#">22-Mar</a>                        | 200618 | 12.14 | 12.26 | 12    | 12.01 | -0.16  | 1,816        | 36,679   | 502     |
| <a href="#">22-May</a>                        | 200618 | 11.87 | 11.96 | 11.73 | 11.74 | -0.15  | 447          | 14,380   | 78      |
| Total Volume and Open Interest                |        |       |       |       |       |        | 182,648      | 960,972  | -7,426  |

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

| Daily Futures Price Listing Thu June 18, 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>                        | 200618 | 384   | 385.9 | 368.8 | 371.2 | -14.9  | 3,129        | 39,148   | -118   |
| <a href="#">20-Oct</a>                        | 200618 | 369.4 | 369.9 | 357.7 | 360.6 | -9.1   | 2,478        | 31,481   | -72    |
| <a href="#">20-Dec</a>                        | 200618 | 359.3 | 361.3 | 351.5 | 354.8 | -6.5   | 1,142        | 16,527   | 189    |
| <a href="#">21-Mar</a>                        | 200618 | 357.5 | 359.4 | 351.2 | 353.7 | -5.8   | 710          | 12,465   | 113    |
| <a href="#">21-May</a>                        | 200618 | 361   | 361   | 353.9 | 355.4 | -5.9   | 457          | 5,454    | 279    |
| Total Volume and Open Interest                |        |       |       |       |       |        | 8,359        | 111,153  | 464    |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |            |                        |                 |           |        |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity                         | Centre     | Variety                | Prices (Rs/Qtl) |           | Change |
| Sugar                             |            |                        | 19-Jun-20       | 18-Jun-20 |        |
| Delhi                             | Delhi      | M-Grade                | 3360            | 3380      | -20    |
|                                   | Delhi      | S-Grade                | 3340            | 3360      | -20    |
| Uttar Pradesh                     | Khatauli   | M-Grade                | 3390            | 3390      | Unch   |
|                                   | Ramala     | M-Grade                | 3340            | 3340      | Unch   |
|                                   | Dhampur    | M-Grade Ex-Mill        | 3200            | 3200      | Unch   |
|                                   | Dhampur    | S-Grade Ex-Mill        | 3180            | 3180      | Unch   |
|                                   | Dhampur    | L-Grade Ex-Mill        | 3250            | 3250      | Unch   |
| Maharashtra                       | Mumbai     | M-Grade                | 3540            | 3500      | 40     |
|                                   | Mumbai     | S-Grade                | 3350            | 3340      | 10     |
|                                   | Nagpur     | M-Grade                | 3425            | 3425      | Unch   |
|                                   | Nagpur     | S-Grade                | 3325            | 3325      | Unch   |
|                                   | Kolhapur   | M-Grade                | 3300            | 3300      | Unch   |
|                                   | Kolhapur   | S-Grade                | 3200            | 3200      | Unch   |
| Assam                             | Guhawati   | S-Grade                | 3512            | 3512      | Unch   |
| Meghalaya                         | Shillong   | S-Grade                | 3520            | 3520      | Unch   |
| 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                | Closed          | 3670      | -      |
|                                   | Dindigul   | M-Grade (DCA)          | 3640            | 3640      | Unch   |
|                                   | Coimbatore | M-Grade (DCA)          | 3620            | 3620      | 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)                              |               |                          | 19-Jun-20       | 18-Jun-20 |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh              | NA              | NA        | -      |
|   | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA              | NA        | -      |
|   | Muzaffarnagar | Khurpa (Fresh)           | 3275            | 3275      | Unch   |
|   | Muzaffarnagar | Laddoo (Fresh)           | NA              | 3450      | -      |

|                |                    |                   |      |      |      |
|----------------|--------------------|-------------------|------|------|------|
|                | Muzaffarnagar      | Rascut (Fresh)    | NA   | 2750 | -    |
|                | Hapur              | Chaursa           | NR   | NR   | -    |
|                | Hapur              | Balti             | NR   | NR   | -    |
| Andhra Pradesh | Chittur            | Gold              | 4800 | 4900 | -100 |
|                |                    | White             | 4500 | 4600 | -100 |
|                |                    | Black             | 4300 | 4400 | -100 |
| 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             | 3400 | NA   | -    |
|                | Gulbarga/Kalaburgi | Other (Average)   | NA   | NA   | -    |
|                | Mahalingapura      | Penti (Average)   | NA   | 3400 | -    |
|                | Mandya             | Achhu (Medium)    | 3600 | 3600 | Unch |
|                | Mandya             | Kurikatu (Medium) | 3300 | 3300 | Unch |
|                | Mandya             | Other (Medium)    | 3300 | 3320 | -20  |
|                | Mandya             | Yellow (Medium)   | 3570 | 3570 | Unch |
|                | Shimoga/Shivamogga | Achhu (Average)   | 3750 | 3750 | Unch |

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