

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

The prices across India showed mixed trend today. The prices in Delhi stood weaker at Rs. 3355/q. The prices stood steady in Khatauli, Kolhapur and Vijayawada at Rs.3400/q, Rs.3300/q and Rs.3700/q respectively.

According to ISO, the global sugar demand-supply scenario indicating a sugar deficit of 6.9 million tonnes globally, although India again being surplus. Due to Covid-19, the prices of sugar have gone down in the global markets and during the sugar year 2019-20 (October 2019-September 2020), more than 2.3 million tonnes of sugar consumption has been lost till now and the future is uncertain. Due to the fall in crude oil prices, Brazil may prefer for production of sugar from sugarcane rather than ethanol. The main buyers of sugar shall be Egypt, Saudi Arabia and Indonesia and looking to the fact Thailand, the main exporting country from Asia, expected to be down by 40% in sugar production. India may take advantage of the same by exporting sugar to these countries.

Weather Forecast:

Heavy to very heavy rainfall at isolated places likely over Uttarakhand and heavy rainfall at isolated places over East Uttar Pradesh, East Rajasthan, Madhya Pradesh, Vidarbha, Chhattisgarh, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa and Coastal Karnataka. Thunderstorm accompanied with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, East Rajasthan, Jharkhand and Coastal Andhra Pradesh & Yanam.

Previous Updates:

Uttar Pradesh alone has put a record of producing 126.5 LT of sugar this year in the current season that crushed 1,116 lakh tons of sugarcane. And a record cane price payment of more than Rs. 1,00,000 crores has been paid between 2017 and 2020 to the 47.20 lakh sugarcane farmers in the state. The demand across UP has seen a significant rise in prices in last one week to 10 days. The lifting up of restriction on lockdown picked up the demand supported the sugar prices. The prices stood between Rs.3255/q and Rs.3400/q in last 10 days.

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.

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	368.3	-2.9



International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri June 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200619	11.9	12.17	11.9	12.05	0.16	38,875	93,306	-8,296
20-Oct	200619	12.06	12.32	12.04	12.18	0.14	55,486	387,037	3,791
21-Mar	200619	12.55	12.82	12.55	12.71	0.15	22,092	183,800	2,459
21-May	200619	12.24	12.45	12.23	12.36	0.13	11,878	83,966	304
21-Jul	200619	11.93	12.12	11.93	12.07	0.16	8,660	70,472	291
21-Oct	200619	11.83	12.02	11.83	11.99	0.2	3,778	59,933	411
22-Mar	200619	12.06	12.25	12.06	12.24	0.23	2,032	37,243	564
22-May	200619	11.78	12.01	11.78	12	0.26	775	14,506	126
Total Volume and Open Interest							145,511	961,849	877

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri June 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200619	375.2	375.2	364.2	368.3	-2.9	3,764	39,626	478
20-Oct	200619	364.8	364.8	355.2	359.8	-0.8	3,100	30,838	-643
20-Dec	200619	358.8	358.8	351.5	356	1.2	931	16,709	182
21-Mar	200619	355.8	358.2	350.8	355.2	1.5	643	12,555	90
21-May	200619	359.8	360	353.5	357.5	2.1	328	5,428	-26
Total Volume and Open Interest							9,259	111,346	193

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Jun-20	20-Jun-20	
Delhi	Delhi	M-Grade	3355	3370	-15
	Delhi	S-Grade	3335	3350	-15
Uttar Pradesh	Khatauli	M-Grade	3400	3400	Unch
	Ramala	M-Grade	3300	3330	-30
	Dhampur	M-Grade Ex-Mill	3200	3210	-10
	Dhampur	S-Grade Ex-Mill	3180	3190	-10
	Dhampur	L-Grade Ex-Mill	3250	3260	-10
Maharashtra	Mumbai	M-Grade	3560	3550	10
	Mumbai	S-Grade	3360	3350	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	Closed	-
	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)			22-Jun-20	20-Jun-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3303	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-

	Muzaffarnagar	Rascut (Fresh)	2778	2700	78
	Hapur	Chaurasa	NR	NR	-
	Hapur	Balti	NR	NR	-
Andhra Pradesh	Chittur	Gold	Closed	4800	-
		White	Closed	4500	-
		Black	Closed	4300	-
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	NA	-
	Mandya	Achhu (Medium)	3600	3600	Unch
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3250	3250	Unch
	Mandya	Yellow (Medium)	3600	3570	30
	Shimoga/Shivamogga	Achhu (Average)	3750	3750	Unch

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