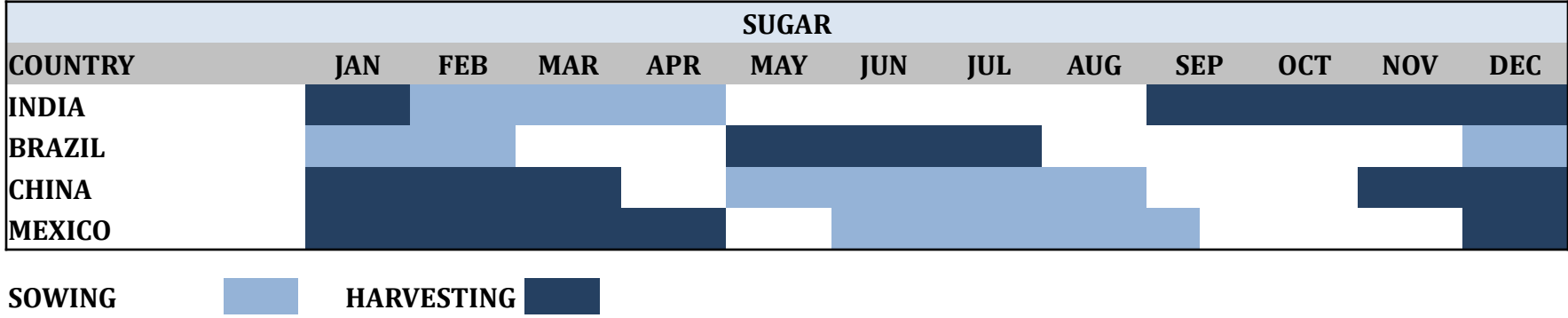


Sugar

Monday, July 14, 2014

- ❖ In India, the sugar industry is the second largest sector (after the textile industry) in terms of volume
- ❖ Globally, India is the largest consumer and second largest sugar producer, followed by Brazil
- ❖ Sugarcane is the main raw material for sugar production, 90% of the sugar is produced from sugarcane, and the remaining 10% is made from sugar beet and date palms
- ❖ The major sugar producing states in India are Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh and Gujarat
- ❖ About 60% of the cane is utilized for the production of sugar, 30% for jaggery and Khandsari
- ❖ Uttar Pradesh contributes half of the total sugarcane area, Maharashtra (20 %), Karnataka (8.5 %), Tamil Nadu (7 %), Andhra Pradesh (4%), Bihar (4.3%) and Gujarat (4 %)



- ❖ Sugarcane is generally a year-round crop, sown in February- April across the various parts of India and harvested in September-January

Sugar Supply and Demand: Global

Year	Beginning Stocks	Total Production	Total Import	Total Export	Consumption	Ending Stocks
2005-06	34.74	144.30	44.72	49.53	142.94	35.66
2006-07	30.57	164.46	44.31	51.02	149.37	36.92
2007-08	36.92	163.54	44.99	50.89	150.53	43.29
2008-09	43.29	144.01	43.10	45.78	153.49	30.53
2009-10	30.53	153.40	48.13	48.91	153.45	28.94
2010-11	28.94	161.92	48.95	54.95	154.24	29.91
2011-12	29.91	171.98	48.90	55.97	158.73	35.31
2012-13	35.31	174.47	49.93	56.94	163.60	38.41
2013-14	38.41	174.85	52.31	59.19	167.35	38.23

- ❖ Brazil is the largest producer of sugar in the world having a contribution of 22% to the world production
- ❖ Next to Brazil, India is the second largest producer and its accounts for 16% of the production
- ❖ Other major producing countries are EU-27 (10%), China (8%), and Thailand (6%). Brazil India and EU-27 put together accounts for around 47% of the world production
- ❖ Brazil is also the largest exporter of sugar in the world having a contribution of 44% to the world exports
- ❖ Next to Brazil, Thailand is the second largest exporter and its accounts for 14% of the international trade

Sugar Supply and Demand: India

Year	Beginning Stocks	Total Production	Total Import	Total Export	Consumption	Ending Stocks
2005-06	5.16	21.14	0.05	1.51	20.84	4.00
2006-07	4.00	30.78	0.00	2.68	20.40	11.70
2007-08	11.70	28.63	0.00	6.01	22.02	12.30
2008-09	12.30	15.95	1.36	0.22	23.50	5.88
2009-10	5.88	20.64	2.43	0.23	22.50	6.22
2010-11	6.22	26.57	0.41	3.90	23.00	6.30
2011-12	6.30	28.62	0.19	3.76	24.50	6.85
2012-13	6.85	27.43	1.30	0.55	25.50	9.53
2013-14	9.53	25.32	1.50	0.60	26.00	9.75

- ❖ In India, sugar is produced in almost all the states however; a large chunk of output is restricted to a few states
- ❖ Maharashtra is the largest producer of sugar in India and accounts for 39% of the country's total production
- ❖ Uttar Pradesh is the second largest producer, contributing 26% to India's total output
- ❖ Other major producing states are Karnataka (13%) and Tamil Nadu (6%)
- ❖ In India, sugarcane is grown in states with enough water resources. Cane cultivation takes place in the areas with river-beds

- ❖ Weather pattern
- ❖ Government policies: The Central Government fixes the Fair and Remunerative Price (FRP) for sugarcane. Some of the State Governments announce State Advised Prices (SAPs) for sugarcane, generally higher than the FRP
- ❖ Monthly Sugar Quota: Ministry of Food and Consumer Affairs, every month give monthly quota for sugar mills to release amount of sugar for sale for that particular month. Mills' have to sell 10% of the quota to government for PDS (Public Distribution system) known as Levy Quota and rest for sale in the open market as Non Levy Quota
- ❖ Government policies for ethanol and other by-products
- ❖ Government controls over import and export of sugar under Open General License (OGL) and Advance License Scheme (ALS)
- ❖ Demand from local millers
- ❖ Global inventory level

LIFFE: Trading Unit- USD/MT

NYBOT-ICE: Trading Unit- cents/lb

NCDEX: Trading Unit- Rs./Quintal

Spot Markets: Uttar Pradesh (Muzaffarnagar), Maharashtra (Kolhapur, Solapur, Sangli), Delhi, Kolkata

Thank you

Contact us at : commodity@karvy.com
Visits us at : www.karvycomtrade.com

Disclaimer

For a detailed disclaimer please go to following URLs:

<http://www.karvycomtrade.com/v3/Disclaimer.aspx>

<http://www.karvycomtrade.com/v3/RiskDisclaimer.aspx>