

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

*Indian sugar market across India showed mixed trend on Thursday whereas ICE July future gained some momentum due to stronger Brazilian real. The prices are expected to remain down for coming few days due to less demand and the prices in UP is likely to remain bearish due to incoming supply of sugar from Maharashtra. Prices might remain at higher side if government accepts the rise in the minimum support price and creates export opportunities to relieve the sugar millers from clearing the increasing 2 years mounting arrears to be paid to cane farmers. Kolhapur sugar market prices stood same at Rs.3115 whereas in U.P's Khatauli market at Rs.3400INR.*

*Sugar output this season is expected to be 3 year low due to dry weather, may decline to 28-29 million tonnes likely to support prices that drop around 20% last year. A lower harvest would trim a record domestic surplus, potentially curtailing exports and supporting global prices. The standing sugarcane crop in major producing states get rainfall at this phase of time but delay in monsoon in these states has hit the crop badly and deficient pre-monsoon rains has not supported the crop efficiently.*

**Weather Forecast:**

*In wake of Severe Cyclone Vayu, heavy to extremely heavy rains are expected in the Gujarat coast. Sea conditions will be rough to very rough in Gujarat and Maharashtra coast and rough over Karnataka coast. Kerala and Karnataka might get to witness light to moderate rains with one or two heavy spells. Konkan and Goa, Chhattisgarh, Vidarbha, Telangana, and parts of Madhya Pradesh will receive scattered light to moderate rains. Rajasthan, Bihar, Coastal Andhra Pradesh, and Tamil Nadu will receive scattered light rain with one or two moderate spells. Heat wave to abate from Delhi, NCR, some parts of Rajasthan and Madhya Pradesh.*

**Previous Updates:**

*The data released by the Ministry of Agriculture, till first week of June area sown in sugar season 2019-20 stands at 47.85 lakh hectares as compared to 47.91 lakh hectares sown at the same time last year. The sugarcane cultivation in Maharashtra has declined around 18% to 8 lakh hectares as compared to 9.49 lakh hectares sown last year. Other major cane producing states such as Uttar Pradesh and Karnataka has registered a growth in acreages by 3% and 24% respectively.*

*ISO's latest forecast depicted increase in global sugar surplus in 2018-19 to 1.83 million tonnes up from a previous estimate of 6,41,000 tonnes. This increase in surplus is majorly due to robust production India followed by Thailand along with fall off sugar consumption to 176.91 million tonnes from the previous forecast of 178.04 million tonnes in 2018-20.*

*According to the Maharashtra sources, in 2019-20 season, over 300LT less cane is expected for the crush to 650LT from 8.5 lakh hectares available cane as against 952LT from the 11 lakh hectares reported for 2018-19.*

*Maharashtra is likely to divert 25% of cane to ethanol production due to low prices of sugar, surplus stocks and piling cane arrears. Maharashtra sugar commissioner has made a proposal to Chief Minister for the assistance of promotion of ethanol production from sugarcane juice in the state.*

*In Maharashtra, around 20,000 villages are facing severe drinking water crises with no water left in 35 major and medium dams. In about 1,000 small dams, the water level is less than 7.6%, according to the data released by Maharashtra water resources department. In first week of June in 2018, the average water level in these dams was 17.89 %.*

*Total sugarcane production in India during 2018-19 is estimated at a record of 400.37 million tonnes. The production of sugarcane during 2018-19 is higher by 50.59 million tonnes than the average sugarcane production of 349.78 million tonnes as per the data released by 3<sup>rd</sup> advance estimates of production by Department of Agriculture, Cooperation and Farmers Welfare.*

*Maharashtra sugar millers have opted to export sugar through third party quota at Rs. 28-28.5/kg selling 3-4 lakh tonnes sugar. Tepid demand of sugar in the domestic market, millers are not able to sell its sugar at MSP. This has forced them to store sugar stocks in open and as monsoon is arriving very soon according to IMD, therefore, selling sugar on third party export quota over and above their own export quota, helped the mills liquidate the excess sugar with them.*

*Government fixes June sales quota slightly higher at 21.5 LT to each of 534 mills in the country against 21LT for last month along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota.*

## Weekly Outlook:

**Indian Sugar markets remained firm during last week.** We expect sugar prices may trade firm due to good demand in the market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka which contribute 55% of sugar. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3120–Rs 3290 per quintal for next week.

## **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	Cont 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		Change
Thai Sugar FOB 45 Icumsa	333.70	-2.1

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

Daily Futures Price Listing Wed June 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">19-Jul</a>	190612	12.51	12.63	12.46	12.62	0.08	115,011	300,228	-31,073
<a href="#">19-Oct</a>	190612	12.8	12.87	12.74	12.86	0.03	95,647	358,654	25,348
<a href="#">20-Mar</a>	190612	13.66	13.68	13.58	13.66	-0.01	20,611	192,680	1,950
<a href="#">20-May</a>	190612	13.68	13.71	13.62	13.7	-0.02	4,726	42,764	-210
<a href="#">20-Jul</a>	190612	13.74	13.77	13.69	13.75	-0.02	2,785	34,734	-963
<a href="#">20-Oct</a>	190612	13.88	13.91	13.83	13.9	-0.02	1,096	31,266	40
<a href="#">21-Mar</a>	190612	14.35	14.37	14.33	14.37	-0.02	34	16,595	-5
<a href="#">21-May</a>	190612	14.31	14.33	14.3	14.33	-0.02	3	2,450	2
Total Volume and Open Interest							239,913	983,827	-4,911

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

Daily Futures Price Listing Wed June 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-Aug</a>	190612	335.2	335.5	332.6	333.7	-2.1	4,264	54,338	-92
<a href="#">19-Oct</a>	190612	343.2	343.3	341.3	342.6	-0.9	2,734	28,357	994
<a href="#">19-Dec</a>	190612	353	353	351.4	352.3	-0.7	363	14,828	-3
<a href="#">20-Mar</a>	190612	360	361	359.2	360.8	0.1	248	9,371	111
<a href="#">20-May</a>	190612	366.4	367.3	365.9	367.2	0.4	14	2,240	6
Total Volume and Open Interest							7,647	111,448	1,027

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Jun-19	12-Jun-19	
Delhi	Delhi	M-Grade	3260	3250	10
	Delhi	S-Grade	3240	3230	10
Uttar Pradesh	Khatauli	M-Grade	3400	3400	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3270	3270	Unch
	Dhampur	S-Grade Ex-Mill	3250	3250	Unch
	Dhampur	L-Grade Ex-Mill	3320	3320	Unch
Maharashtra	Mumbai	M-Grade	3340	3346	-6
	Mumbai	S-Grade	3246	3250	-4
	Nagpur	M-Grade	3240	3245	-5
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3115	3120	-5
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3620	3620	Unch
	Vijayawada	S-Grade	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3600	3600	Unch
	Coimbatore	M-Grade	3650	3650	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3350	3350	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			13-Jun-19	12-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	3000	3000	Unch
	Muzaffarnagar	Laddoo (Fresh)	3200	3200	Unch
	Muzaffarnagar	Rascut (Fresh)	2875	2875	Unch

	Hapur	Chaurasa	2950	2950	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NR	4200	-
		White	NR	3700	-
		Black	NR	3500	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	2800	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2940	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	2995	3039	-44
	Mandya	Achhu (Medium)	3150	3000	150
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2750	50
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga/Shivamogga	Achhu (Average)	3650	NA	-

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