

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

Indian sugar market across India showed mixed trend on Friday 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 gives the final decision for 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.3120 whereas in U.P's Khatauli market at Rs.3384INR.

There are rumours among the industry that government may take an action by raising the minimum support price by Rs.200 to Rs.3300 after the meeting held by Department of Food and Public Distribution on the hike of sugar prices to help the sugar industry to clear off the cane arrears and to discuss the long term reforms for the sugar sector.

After the glut at global level, it is expected a deficit of around 2-4 million global sugar. International futures market is likely achieve further gains after India reports for delay in monsoon which is highly affected in sugarcane producing states like Maharashtra and Karnataka. It is estimated that around 43% of India is affected by drought in 2019. Also the Brazilian real is getting stronger in Brazil which discourages exports from Brazil results in increase in international prices.

Weather Forecast:

Heavy to very heavy rains are expected to continue at a few places over Gujarat. Light to moderate rains with one or two heavy spells were seen over Konkan and Goa, Coastal Karnataka, parts of Goa and Northeast states. Scattered light to moderate rains are possible over West Bengal, Sikkim, Chhattisgarh, and Interior Karnataka. Isolated rains are possible over Rajasthan and Madhya Pradesh.

Previous Updates:

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.

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 3rd 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 steady 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 3100–Rs 3200 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	335.70	2.0

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu June 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190613	12.6	12.75	12.6	12.75	0.13	115,917	274,089	-26,139
19-Oct	190613	12.83	12.94	12.83	12.91	0.05	113,573	387,688	29,034
20-Mar	190613	13.65	13.76	13.64	13.71	0.05	23,885	196,730	4,050
20-May	190613	13.69	13.82	13.69	13.78	0.08	6,847	44,801	2,037
20-Jul	190613	13.71	13.9	13.71	13.85	0.1	3,273	33,760	-974
20-Oct	190613	13.86	14.04	13.86	14	0.1	2,504	31,773	507
21-Mar	190613	14.32	14.51	14.32	14.47	0.1	339	16,590	-5
21-May	190613	14.27	14.46	14.27	14.42	0.09	1,112	3,392	942
Total Volume and Open Interest							267,455	993,278	9,451

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu June 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190613	334.2	336.5	334.2	335.7	2	5,335	53,915	-423
19-Oct	190613	342.9	344.9	342.9	344.1	1.5	3,080	29,506	1,149
19-Dec	190613	353.2	354.7	352.7	354	1.7	487	14,770	-58
20-Mar	190613	361.5	363.3	361	362.8	2	221	9,422	51
20-May	190613	367.6	370	367	369.5	2.3	77	2,233	-7
Total Volume and Open Interest							9,721	112,285	837

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			14-Jun-19	13-Jun-19	
Delhi	Delhi	M-Grade	3260	3260	Unch
	Delhi	S-Grade	3240	3240	Unch
Uttar Pradesh	Khatauli	M-Grade	3384	3400	-16
	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	3342	3340	2
	Mumbai	S-Grade	3246	3246	Unch
	Nagpur	M-Grade	3245	3240	5
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3120	3115	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	3660	3650	10
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)			14-Jun-19	13-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	3200	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	3000	-
	Muzaffarnagar	Laddoo (Fresh)	NA	3200	-

	Muzaffarnagar	Rascut (Fresh)	NA	2875	-
	Hapur	Chaursa	3000	2950	50
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3150	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2900	2940	-40
	Gulbarga/Kalaburgi	Other (Average)	3170	3250	-80
	Mahalingapura	Penti (Average)	2990	2995	-5
	Mandya	Achhu (Medium)	3150	3150	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3100	3000	100
	Shimoga/Shivamogga	Achhu (Average)	3650	3650	Unch

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