

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

**Indian sugar market across India was weak on Wednesday.** The prices are expected to remain down for coming few days due to less demand. The sugar stocks with mills have been higher and demand reduced due to the onset of monsoon in many states. Kolhapur sugar market prices stood same at Rs.3110 whereas in U.P's Khatauli market at Rs.3340INR.

**International and domestic market may remain firm in the coming season after a long phase of low prices in the sugar industry.** It can be attributed that the major sugar producing countries like Brazil, India and Thailand are going to have low sugar production mostly due to diversion in ethanol and unfavourable weather conditions in India. In the latest meeting held in by ASEAN Sugar Alliance, reported that global sugar deficit of about 2.5 million tonnes in 2019-20.

**The delay in monsoon resulted 43% below rainfall so far this season.** This has affected kharif sowing progress in India and the standing crop is eagerly in need of rainfall for their revival. As of 14<sup>th</sup> June, farmers have planted kharif crops across 8.22 million ha down by 9% compared to last year.

**Weather Forecast:**

Light to moderate rains will continue over Northeast India, isolated heavy spells are likely over Manipur and Mizoram. Light to moderate rains with few heavy spells is expected over Konkan and Goa, Coastal Karnataka, Kerala, Coastal Andhra Pradesh and South Odisha, Sub-Himalayan West Bengal and Sikkim. Scattered rains will occur over Rajasthan, West Madhya Pradesh, Chhattisgarh and Rayalaseema. Isolated rains will occur over Punjab, Haryana, North Rajasthan, Delhi, Telangana, Vidarbha and Gujarat.

**Previous Updates:**

**Maharashtra sugar production is expected not to cross 63 lakh tonnes** according to the sugar survey conducted by Natural Sugars, Thombre's factory against Maharashtra Sugar Commissionerate estimation of 64 lakh tonnes. According to the survey, 10-15% of the cane has green stalk, 70-80% is devoid of any green stalk, and 50 % of the cane stand the possibility of revival in the event of rain.

**Indian Sugar Mills Association that India's sugar mills expect to export a record 7 million MT of sugar in 2019/20 to reduce its huge stockpiles, up from 3 million MT in 2018/19.**

**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.

**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.**

## 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 3250 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	334.60	3.1

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

Daily Futures Price Listing Tue June 18, 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>	190618	12.66	12.66	12.51	12.61	-0.05	69,338	181,068	-14,812
<a href="#">19-Oct</a>	190618	12.82	12.85	12.67	12.83	-0.01	78,946	456,554	19,774
<a href="#">20-Mar</a>	190618	13.65	13.76	13.55	13.74	0.03	16,398	196,026	-614
<a href="#">20-May</a>	190618	13.74	13.8	13.62	13.79	0.03	3,933	46,212	903
<a href="#">20-Jul</a>	190618	13.79	13.88	13.71	13.87	0.04	2,206	32,189	-202
<a href="#">20-Oct</a>	190618	13.87	14.02	13.85	14.01	0.04	1,213	32,029	-67
<a href="#">21-Mar</a>	190618	14.36	14.5	14.34	14.5	0.04	377	16,940	271
<a href="#">21-May</a>	190618	14.31	14.46	14.3	14.46	0.04	9	3,398	5
Total Volume and Open Interest							172,424	968,867	5,255

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

Daily Futures Price Listing Tue June 18, 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>	190618	331.4	334.5	331.1	333.6	0.5	3,757	55,452	399
<a href="#">19-Oct</a>	190618	339	340.1	337.2	339	-0.8	2,453	32,425	582
<a href="#">19-Dec</a>	190618	348.8	350.7	347.8	349.5	-0.8	746	14,996	171
<a href="#">20-Mar</a>	190618	359.5	360	357.6	359.3	-0.6	302	9,614	83
<a href="#">20-May</a>	190618	365.7	366.8	364.6	366.7	-0.1	16	2,261	4
Total Volume and Open Interest							7,294	117,211	1,239

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Jun-19	18-Jun-19	
Delhi	Delhi	M-Grade	3240	3250	-10
	Delhi	S-Grade	3220	3230	-10
Uttar Pradesh	Khatauli	M-Grade	3340	3360	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3250	Unch
	Dhampur	S-Grade Ex-Mill	3230	3230	Unch
	Dhampur	L-Grade Ex-Mill	3300	3300	Unch
Maharashtra	Mumbai	M-Grade	3342	3342	Unch
	Mumbai	S-Grade	3246	3246	Unch
	Nagpur	M-Grade	3235	3235	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3110	3110	Unch
	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	3670	3660	10
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3480	3600	-120
	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)			19-Jun-19	18-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-

	Hapur	Chaurasa	3000	3000	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	4000	100
		White	3800	NA	-
		Black	NA	3300	-
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	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3050	-
	Mahalingapura	Penti (Average)	3017	3091	-74
	Mandya	Achhu (Medium)	3050	NA	-
	Mandya	Kurikatu (Medium)	2800	NA	-
	Mandya	Other (Medium)	2800	NA	-
	Mandya	Yellow (Medium)	3100	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3850	NA	-

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