

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

Mixed trend was seen across Indian sugar markets on Friday. 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.3100 whereas in U.P's Khatauli market at Rs.3340INR.

Brazilian real remains lower against the US Dollar. Therefore, sugar prices traded lower but higher ethanol prices and potential for appreciation in the Brazilian real against the US dollar could create a bullish movement for the sugar futures market over the coming weeks and months.

Reduced US corn harvest in 2019 is giving opportunity for Brazil to divert more sugarcane towards ethanol production as prices for cane ethanol may rise in the 2019-20 season. This scenario is likely to erase global sugar surplus of the last two years. US corn prices have risen 25% due to delayed corn planting and threatened production. Ethanol prices have jumped more than 20%.

Vietnam forecasts increase in sugar prices during the coming season usually because of predicted low production of sugar reduced by 2.5 million tonnes in the coming season. Governments of Southeast Asian nations are working to keep the sugarcane industry competitive and meet consumer's demand.

Weather Forecast:

Southwest Monsoon has further advanced into some more parts of south Madhya Maharashtra, most parts of Karnataka, remaining parts of Tamilnadu, Puducherry & Karaikal, entire Andhra Pradesh, most parts of Telangana, some parts of south Chhattisgarh & Odisha, remaining parts of Bay of Bengal, most parts of West Bengal and some parts of Jharkhand and Bihar.

Previous Updates:

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 14th June, farmers have planted kharif crops across 8.22 million ha down by 9% compared to last year.

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.

Weekly Outlook:

Indian Sugar markets remained weak during last week. We expect sugar prices may trade steady due to no demand in the market. 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	328.70	-3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu June 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190620	12.43	12.5	12.43	12.43	-0.07	63,635	141,811	-10,156
19-Oct	190620	12.7	12.76	12.66	12.68	-0.06	82,938	458,567	-618
20-Mar	190620	13.63	13.71	13.61	13.62	-0.05	19,931	196,641	1,278
20-May	190620	13.71	13.8	13.69	13.71	-0.04	2,590	46,358	216
20-Jul	190620	13.8	13.87	13.77	13.79	-0.04	1,369	35,826	-18
20-Oct	190620	13.93	14.02	13.92	13.93	-0.05	903	32,545	93
21-Mar	190620	14.42	14.49	14.42	14.42	-0.05	147	17,235	-2
21-May	190620	14.38	14.39	14.38	14.39	-0.05	11	3,383	-4
Total Volume and Open Interest							171,546	936,818	-9,208

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu June 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190620	332.3	333.3	331.3	331.7	-1	6,601	54,727	283
19-Oct	190620	337.9	338.6	336.2	336.6	-1.6	4,492	34,470	1,418
19-Dec	190620	348.4	349.5	347.2	347.5	-1.5	1,481	14,864	23
20-Mar	190620	358.4	359.5	357	357.4	-1.5	638	10,141	217
20-May	190620	365.9	367.4	364.8	365	-1.2	120	2,306	6
Total Volume and Open Interest							13,334	118,973	1,949

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Jun-19	20-Jun-19	
Delhi	Delhi	M-Grade	3220	3230	-10
	Delhi	S-Grade	3200	3210	-10
Uttar Pradesh	Khatauli	M-Grade	3340	3330	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3280	3250	30
	Dhampur	S-Grade Ex-Mill	3260	3230	30
	Dhampur	L-Grade Ex-Mill	3330	3300	30
Maharashtra	Mumbai	M-Grade	3342	3342	Unch
	Mumbai	S-Grade	3246	3246	Unch
	Nagpur	M-Grade	3225	3240	-15
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3115	-15
	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	3640	3640	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3480	3480	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)			21-Jun-19	20-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	2963	38
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	4000	100
		White	3700	3700	Unch
		Black	3500	NA	-
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)	3150	3150	Unch
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3000	3050	-50
	Mandya	Kurikatu (Medium)	2750	2800	-50
	Mandya	Other (Medium)	2750	2800	-50
	Mandya	Yellow (Medium)	3050	3100	-50
	Shimoga/Shivamogga	Achhu (Average)	NA	3500	-

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