

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

Mixed trend was seen across Indian sugar markets on Saturday. The prices are expected to remain steady 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.3339INR.

As on June 18th, Sugarcane arrears to farmers have reached Rs.18,958 crore (Oct,2018- Sep,2019) out of which Uttar Pradesh owns the maximum amount of Rs.11,082 crore followed by Karnataka (Rs 1,704 crore) and Maharashtra (Rs 1,338 crore). Surplus sugar production made the sugar prices depressed which adversely affected the liquidity of sugar mills.

In the coming week, monsoon is likely to reach southern states, Maharashtra, Odisha and Madhya Pradesh. IMD forecasted that monsoon would be near normal this year with total seasonal rainfall likely to be about 96% of average.

Weather Forecast:

Light to moderate with few heavy to very heavy rains are likely over Coastal Karnataka, Kerala, Marathwada, and North Interior Karnataka. Scattered light to moderate rains with few heavy spells is expected over South Interior Karnataka, Northeast India, parts of Jharkhand, Odisha, Chhattisgarh, Telangana, Lakshadweep and Andaman and Nicobar Islands. Scatter light rains will occur over Tamil Nadu, Andhra Pradesh, Vidarbha, Madhya Maharashtra, East Madhya Pradesh and Jammu and Kashmir. Isolated rains will occur over Himachal Pradesh, Uttarakhand, Punjab, Southeast Rajasthan, and Gujarat.

Previous Updates:

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.

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.

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 Fri June 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190621	12.4	12.45	12.17	12.22	-0.21	35,821	135,765	-6,046
19-Oct	190621	12.67	12.72	12.42	12.48	-0.2	60,239	459,202	635
20-Mar	190621	13.59	13.62	13.39	13.44	-0.18	16,586	197,377	736
20-May	190621	13.68	13.7	13.5	13.53	-0.18	3,545	46,676	318
20-Jul	190621	13.75	13.78	13.59	13.62	-0.17	1,479	36,163	337
20-Oct	190621	13.9	13.93	13.77	13.79	-0.14	691	32,251	-294
21-Mar	190621	14.39	14.39	14.31	14.31	-0.11	132	17,321	86
21-May	190621	14.29	14.29	14.29	14.29	-0.1	17	3,398	15
Total Volume and Open Interest							118,536	932,605	-4,213

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri June 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190621	331	331	322.5	324.6	-7.1	6,051	54,421	-306
19-Oct	190621	335.5	335.7	329	330.8	-5.8	4,789	35,462	992
19-Dec	190621	346.7	346.8	340	341.9	-5.6	1,015	14,760	-104
20-Mar	190621	356.4	356.8	350.7	352.6	-4.8	442	10,217	76
20-May	190621	364.6	364.6	359	360.8	-4.2	39	2,313	7
Total Volume and Open Interest							12,336	119,638	665

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Jun-19	21-Jun-19	
Delhi	Delhi	M-Grade	3220	3220	Unch
	Delhi	S-Grade	3200	3200	Unch
Uttar Pradesh	Khatauli	M-Grade	3339	3340	-1
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3280	3280	Unch
	Dhampur	S-Grade Ex-Mill	3260	3260	Unch
	Dhampur	L-Grade Ex-Mill	3330	3330	Unch
Maharashtra	Mumbai	M-Grade	3336	3342	-6
	Mumbai	S-Grade	3246	3246	Unch
	Nagpur	M-Grade	3235	3225	10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3110	3100	10
	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)			22-Jun-19	21-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	4200	4100	100
		White	3700	3700	Unch
		Black	3300	3500	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4300	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3150	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3000	-
	Mandya	Kurikatu (Medium)	NA	2750	-
	Mandya	Other (Medium)	NA	2750	-
	Mandya	Yellow (Medium)	NA	3050	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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