

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

**Mixed trend was seen across Indian sugar markets on Wednesday.** The prices are expected to remain steady for coming few days due to less demand. Kolhapur sugar market prices stood same at Rs.3110 whereas in U.P's Khatauli market at Rs.3335INR.

**Sugarcane production and yield is likely to decrease in the coming season 2019-20 in major states Maharashtra and Karnataka** due to low moisture availability and absence of pre-monsoon rains. Maharashtra is prevailing from drought with around 40% of the state drought –prone.

**The Indian government has approved to give the financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity.** Among all states, maximum number of mills under the scheme are covered in Maharashtra (30) followed Karnataka (12) and UP (6). The incentives on ethanol diversion will help the sugar industry to liquidate the stock piles in every state.

**Weather Forecast:**

Heavy to very heavy rains are expected over parts of Assam and Meghalaya. While, light to moderate with isolated heavy spells is a possibility over rest Northeast India, Gujarat, Konkan and Goa, Coastal Karnataka and Andaman and Nicobar Islands. Scattered light to moderate rains stands a chance over West Madhya Pradesh, Madhya Maharashtra, Vidarbha, South Chhattisgarh, and Coastal Andhra Pradesh. Whereas, scattered light with one or two moderate spells will be seen over Interior Karnataka, Kerala, Tamil Nadu, Telangana, South Odisha, East Madhya Pradesh, Bihar, Sub-Himalayan West Bengal and Sikkim, Jammu and Kashmir, Himachal Pradesh and Uttarakhand.

**Previous Updates:**

**According to ISMA, this year sugar production is expected to reach 328 LT, 2 LT down from previous estimate.** Sugar exports are expected to increase by 5 LT totalling to 35 LT this year. The officials have requested the government to make urgent proposals for sugar export to China. China being the neighbouring country is importing sugar from Brazil and Philippines.

**Sugar production in U.P is likely to reach upto 11.82 MT against the previous estimates of 12.4 MT** due to higher sugarcane acreage of 3.4 million ha and production of 224MT in 2018-19. Although recovery rate of UP this year was higher compared to previous year.

**Strong demand for ethanol in Brazil that has prompted Brazil's sugar mills to climb up ethanol production** at the expense of sugar production after Unica reported the percentage of cane crushed for ethanol production rising to a record 65.59% from 65.55% last year and that that Brazil's Center-South May domestic ethanol sales rose +50.6% y/y to 2.86 bln liters.

**As on June 18<sup>th</sup>, Sugarcane arrears to farmers have reached Rs.18,958 crore (Oct,2018- Sep,2019)** out of which Uttar Pradesh owes 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.*

*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.*

## 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	321.50	-1.40



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

Daily Futures Price Listing Tue June 25, 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>	190625	12.31	12.45	12.27	12.33	0.06	39,917	119,031	-4,899
<a href="#">19-Oct</a>	190625	12.5	12.66	12.48	12.57	0.1	70,015	457,484	-839
<a href="#">20-Mar</a>	190625	13.45	13.55	13.42	13.48	0.07	15,841	196,803	379
<a href="#">20-May</a>	190625	13.55	13.65	13.53	13.56	0.05	5,564	48,359	1,827
<a href="#">20-Jul</a>	190625	13.63	13.74	13.61	13.63	0.02	2,416	36,689	410
<a href="#">20-Oct</a>	190625	13.81	13.9	13.76	13.78	-0.01	1,221	31,803	-339
<a href="#">21-Mar</a>	190625	14.33	14.34	14.28	14.3	unch	464	17,636	213
<a href="#">21-May</a>	190625	14.31	14.32	14.28	14.28	unch	32	3,421	11
Total Volume and Open Interest							135,487	915,687	-3,233

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

Daily Futures Price Listing Tue June 25, 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>	190625	323.7	326.6	322.5	324.1	1.1	9,493	54,906	445
<a href="#">19-Oct</a>	190625	329.4	332.3	328.5	329.9	1.1	5,891	36,562	630
<a href="#">19-Dec</a>	190625	339.4	342	338.7	339.3	0.2	2,533	14,784	45
<a href="#">20-Mar</a>	190625	351.5	352.2	349.7	350.3	0.5	1,176	10,710	435
<a href="#">20-May</a>	190625	359.1	360.2	357.9	358.6	0.4	349	2,595	125
Total Volume and Open Interest							19,722	122,155	1,813

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Jun-19	25-Jun-19	
Delhi	Delhi	M-Grade	3200	3210	-10
	Delhi	S-Grade	3180	3190	-10
Uttar Pradesh	Khatauli	M-Grade	3335	3340	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3280	20
	Dhampur	S-Grade Ex-Mill	3280	3260	20
	Dhampur	L-Grade Ex-Mill	3350	3330	20
Maharashtra	Mumbai	M-Grade	3326	3326	Unch
	Mumbai	S-Grade	3240	3246	-6
	Nagpur	M-Grade	3235	3245	-10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3110	3120	-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	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3630	3630	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3560	3480	80
	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)			26-Jun-19	25-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	4200	-100
		White	3800	3800	Unch
		Black	NA	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)	NA	3200	-
	Mahalingapura	Penti (Average)	3074	3080	-6
	Mandya	Achhu (Medium)	2900	2900	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2850	2800	50
	Mandya	Yellow (Medium)	3000	3100	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	3800	-

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