

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

Mixed trend was seen across Indian sugar markets on Friday. The prices are expected to remain steady for coming few days due to less demand. Kolhapur sugar market prices stood same at Rs.3100 whereas in U.P's Khatauli market at Rs.3410INR.

As Indian government is encouraging mills to divert to ethanol from sugar production, as on 17th June'19, ethanol blending has increased around 10 times to 6.2% as compared to 0.67% in 2012-13 and 4.22% in 2017-18. The government plans to achieve 10% blending of ethanol in petrol by 2022 to boost agriculture sector, creating independency on energy imports and promoting the use of environment friendly fuel.

Weather Forecast:

During the next 24 hours, light to moderate rains with one or two heavy spells are expected over Konkan and Goa and Coastal Odisha. Scattered light to moderate rains are a possibility over coastal Karnataka, Gujarat, Madhya Pradesh, Vidarbha, parts of Telangana, coastal Andhra Pradesh, South Chhattisgarh, Sikkim, Assam, Meghalaya, Arunachal Pradesh, West Bengal and Andaman and Nicobar Islands. Light rains are likely at one or two places over coastal Tamil Nadu, Kerala and Southeast Rajasthan.

Previous Updates:

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.

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 18th, 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	331.40	10.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu June 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190627	12.05	12.57	12	12.53	0.5	42,148	89,335	-13,046
19-Oct	190627	12.35	12.79	12.3	12.78	0.46	60,739	453,327	-2,745
20-Mar	190627	13.25	13.65	13.21	13.64	0.4	18,611	203,129	2,944
20-May	190627	13.37	13.7	13.31	13.69	0.35	3,166	48,466	347
20-Jul	190627	13.47	13.72	13.41	13.72	0.29	1,225	36,225	-108
20-Oct	190627	13.64	13.82	13.58	13.82	0.22	622	32,179	377
21-Mar	190627	14.12	14.27	14.1	14.26	0.13	79	17,672	55
21-May	190627	14.1	14.21	14.05	14.21	0.09	52	3,465	44
Total Volume and Open Interest							126,642	888,259	-12,132

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu June 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190627	320.2	329.7	319.7	328.7	9.5	7,353	53,303	-875
19-Oct	190627	326.8	335.4	325.8	334.8	9.4	5,561	38,207	941
19-Dec	190627	334.4	342.9	334.3	342.7	8.6	2,578	16,539	1,236
20-Mar	190627	345.9	353.6	345.9	353.5	7.9	923	11,421	310
20-May	190627	354.8	361.4	354.4	361.4	8.1	226	2,683	87
Total Volume and Open Interest							16,789	124,822	1,758

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Jun-19	27-Jun-19	
Delhi	Delhi	M-Grade	3165	3200	-35
	Delhi	S-Grade	3145	3180	-35
Uttar Pradesh	Khatauli	M-Grade	3410	3420	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3320	3320	Unch
	Mumbai	S-Grade	3220	3240	-20
	Nagpur	M-Grade	3225	3235	-10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3110	-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	3560	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)			28-Jun-19	27-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	2938	63
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	3900	Closed	-
		White	3700	Closed	-
		Black	NA	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4300	50
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	3250	-
	Mahalingapura	Penti (Average)	3061	3038	23
	Mandya	Achhu (Medium)	2900	2900	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2850	-50
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.