

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. 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

NCDEX Stock & Fed Position					
Stocks	Grade	Demat	In-Process	Total	FED
		29-Jun-19	29-Jun-19	29-Jun-19	29-Jun-19
Delhi	M	3828	0	3828	3828
Sangli	M	759	0	759	759
Sholapur	M	-	-	-	-
Kolhapur	M	7953	0	7953	7953
Belgaum	M	1959	0	1959	1959
Delhi	S	149	0	149	149
Sangli	S	1199	0	1199	1949
Sholapur	S	2358	0	2358	2359
Kolhapur	S	10275	0	10275	10275
Belgaum	S	3328	0	3328	3827

Sugar Futures ICE& LIFFE as on 26 Aug,2016					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
16-May	20.66	20.72	20.32	20.61	0.06
16-Jul	21.17	21.17	20.80	21.09	0.07
16-Oct	20.49	20.52	20.21	20.49	0.08
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
16-Aug	541.10	541.90	533.50	540.20	1.50
16-Oct	548.80	550.20	542.80	549.10	2.40
16-Dec	552.60	554.10	547.10	553.70	2.90

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Jun-19	28-Jun-19	
Delhi	Delhi	M-Grade	3160	3165	-5
	Delhi	S-Grade	3140	3145	-5
Uttar Pradesh	Khatauli	M-Grade	3400	3410	-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	3312	3320	-8
	Mumbai	S-Grade	3216	3220	-4
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	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	3660	-40
	Vijayawada	S-Grade	3560	3600	-40
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)			29-Jun-19	28-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	3900	200
		White	3700	3700	Unch
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3061	-
	Mandya	Achhu (Medium)	2950	2900	50
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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