

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

***Mixed trend was seen across Indian sugar markets on Monday.*** 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.3395INR.

***ISMA estimates production of about 282 lakh tons of sugar in the season 2019-20, which is about 47 lakh tonnes lower than the current 2018-19 SS production of around 329.5 lakh tonnes, down 14.26%.*** Uttar Pradesh is estimated to have sugarcane area at 23.60 lakh ha, as against 24.11 lakh ha in 2018-19. Maharashtra's cane area has estimated down by about 30% for 2019-20 SS, due to poor rainfall from September'2018 onwards and lack of pre-monsoon rainfall, followed by low reservoir levels, which adversely affected sowing of 15 month and 12 month crops. Sugarcane area in Karnataka has also decreased for 2019-20 sugar season to be about 4.20 lakh ha as against 5.02lakh ha in 2018-19, which is lower by about 16%. Sugarcane area in Tamil Nadu for 2019-20 has also decreased to about 2.30 lakh hectare as against 2.60 lakh hectare in 2018-19 SS.

**Weather Forecast:**

Moderate to heavy rain and thundershowers with strong winds will be affecting at many places over Odisha, Chhattisgarh, Vidarbha, Southeast Madhya Pradesh and parts of Gangetic West Bengal, North Coastal Andhra Pradesh, Konkan & Goa Coast and Coastal Karnataka. Light to moderate rain and thundershowers would be affecting over many places in northeastern states, Kerala, rest Maharashtra, Central and Southwest Madhya Pradesh and Telangana. Scattered rains will occur over Jammu and Kashmir, Uttarakhand and North Interior Karnataka. Light rains will occur over Bihar, rest Jharkhand, East Rajasthan and South Gujarat. Dust storm will occur over North Rajasthan, North Madhya Pradesh, West Uttar Pradesh, Punjab, Haryana and Delhi.

**Previous Updates:**

***As Indian government is encouraging mills to divert to ethanol from sugar production, as on 17<sup>th</sup> 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.

***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 18<sup>th</sup>, 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.***

***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%.***

## 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	329.70	-1.7

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

Daily Futures Price Listing Fri June 28, 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>	190628	12.57	12.61	12.32	12.32	-0.21	58,759	63,727	-25,608
<a href="#">19-Oct</a>	190628	12.78	12.84	12.57	12.62	-0.16	102,393	458,774	5,447
<a href="#">20-Mar</a>	190628	13.64	13.72	13.5	13.55	-0.09	29,465	207,177	4,048
<a href="#">20-May</a>	190628	13.69	13.79	13.58	13.63	-0.06	8,250	49,608	1,142
<a href="#">20-Jul</a>	190628	13.72	13.84	13.63	13.68	-0.04	3,198	36,817	592
<a href="#">20-Oct</a>	190628	13.82	13.95	13.74	13.79	-0.03	1,241	32,494	315
<a href="#">21-Mar</a>	190628	14.26	14.4	14.21	14.24	-0.02	399	17,699	27
<a href="#">21-May</a>	190628	14.21	14.21	14.18	14.18	-0.03	81	3,501	36
Total Volume and Open Interest							203,884	874,292	-13,967

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

Daily Futures Price Listing Fri June 28, 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>	190628	329.1	332.6	327.5	328.4	-0.3	12,164	54,961	1,658
<a href="#">19-Oct</a>	190628	335.4	338	332.6	333.5	-1.3	7,554	39,565	1,358
<a href="#">19-Dec</a>	190628	342.9	345.7	340.2	341.1	-1.6	2,615	17,740	1,201
<a href="#">20-Mar</a>	190628	353.4	356.3	350.7	351.5	-2	1,920	11,938	517
<a href="#">20-May</a>	190628	361.1	363.5	358.4	359.2	-2.2	325	2,750	67
Total Volume and Open Interest							24,912	129,883	5,061

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Jul-19	29-Jun-19	
Delhi	Delhi	M-Grade	3100	3160	-60
	Delhi	S-Grade	3080	3140	-60
Uttar Pradesh	Khatauli	M-Grade	3395	3400	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3290	3300	-10
	Dhampur	S-Grade Ex-Mill	3270	3280	-10
	Dhampur	L-Grade Ex-Mill	3340	3350	-10
Maharashtra	Mumbai	M-Grade	3320	3312	8
	Mumbai	S-Grade	3216	3216	Unch
	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	3620	Unch
	Vijayawada	S-Grade	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3620	3630	-10
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)			1-Jul-19	29-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	Closed	3000	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3600	3700	-100
		Black	3200	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	3100	3000	100
	Gulbarga/Kalaburgi	Other (Average)	3300	NA	-
	Mahalingapura	Penti (Average)	3090	NA	-
	Mandya	Achhu (Medium)	2950	2950	Unch
	Mandya	Kurikatu (Medium)	2850	2800	50
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3050	3000	50
	Shimoga/Shivamogga	Achhu (Average)	3600	NA	-

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