

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

Weak trend was seen across Indian sugar markets on Tuesday. The prices are expected to remain steady to low for coming few days due to less demand and higher sales quota as per the consumption. Kolhapur sugar market prices stood same at Rs.3100 whereas in U.P's Khatauli market at Rs.3290INR.

Export demand for sugar has been decreasing since last month, exporting around 29LT till May'19. Exports are expected to reach upto 33-35LT till the end of this season (2018-19 SS). Domestic sugar prices are dwindling at or below MSP due to lack of demand against the huge stacks of sugar piles.

The food ministry has allocated July month's sales quota at 20.5 LT to each 534 mills in India lower than 21.5 LT in previous month. Due to unsold stocks in the previous month and due to the possibility of less demand in July because of arrival of monsoon, less sales quota has been decided for this month.

May month sugar exports of Brazil stood at 17.5 LT higher than previous month which was 12.2 LT (April) due to supportive Brazilian real at 308 \$/ton. The major export destination for Brazil were Algeria, China, Saudi Arabia, UAE and Bangladesh in the current season (April'19-Mar'20) for Brazil.

Unica reported last Wednesday that Brazil's Center-South mills sold 902 mln liters of hydrous ethanol in the domestic market in the first half of June, down -1.5% y/y. Weaker ethanol demand may encourage Brazil's mills to crush less cane for ethanol and more for sugar, thus increasing sugar supplies.

Weather Forecast:

Light to moderate rains with few heavy spells are expected over Odisha, Chhattisgarh, many parts of Madhya Pradesh particularly southern and central districts of the state, Marathwada, Vidarbha, Konkan and Goa, Gujarat region and Coastal Karnataka. Scattered light to moderate rains will be seen over Kerala, Northeast India, Gangetic West Bengal, Jharkhand, Telangana, Madhya Maharashtra, Interior Karnataka, rest of Madhya Pradesh, Southeast Rajasthan and Uttarakhand. While, light rains will be seen in a few places of Uttar Pradesh, North Rajasthan, and Bihar.

Previous Updates:

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.

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.

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.

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	326.50	-3.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon July 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190701	12.71	12.82	12.5	12.57	-0.05	137,129	460,110	1,336
20-Mar	190701	13.63	13.69	13.41	13.47	-0.08	35,978	211,995	4,818
20-May	190701	13.71	13.75	13.49	13.56	-0.07	11,202	51,022	1,414
20-Jul	190701	13.77	13.79	13.57	13.65	-0.03	7,129	37,371	554
20-Oct	190701	13.87	13.91	13.72	13.79	unch	5,863	33,818	1,324
21-Mar	190701	14.28	14.35	14.19	14.24	unch	4,626	21,084	3,385
21-May	190701	14.22	14.29	14.14	14.2	0.02	68	3,531	30
21-Jul	190701	14.15	14.24	14.11	14.15	0.01	39	2,941	5
Total Volume and Open Interest							240,324	865,373	-8,919

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon July 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190701	330	330.3	323.2	326.9	-1.5	9,903	53,194	-1,767
19-Oct	190701	335.1	335.2	328.2	331.7	-1.8	6,836	40,030	465
19-Dec	190701	342.8	343.3	337	340	-1.1	1,861	18,214	474
20-Mar	190701	353.3	354.1	348.2	350.6	-0.9	690	12,037	99
20-May	190701	361.2	361.5	356.1	358.2	-1	146	2,810	60
Total Volume and Open Interest							19,698	129,190	-693

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			2-Jul-19	1-Jul-19	
Delhi	Delhi	M-Grade	3150	3100	50
	Delhi	S-Grade	3130	3080	50
Uttar Pradesh	Khatauli	M-Grade	3290	3395	-105
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3170	3290	-120
	Dhampur	S-Grade Ex-Mill	3150	3270	-120
	Dhampur	L-Grade Ex-Mill	3220	3340	-120
Maharashtra	Mumbai	M-Grade	3320	3320	Unch
	Mumbai	S-Grade	3226	3216	10
	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	3600	3620	-20
	Vijayawada	S-Grade	3540	3560	-20
West Bengal	Kolkata	M-Grade	3640	3620	20
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)			2-Jul-19	1-Jul-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	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	4200	4100	100
		White	3600	3600	Unch
		Black	3300	3200	100
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	3100	-100
	Gulbarga/Kalaburgi	Other (Average)	NA	3300	-
	Mahalingapura	Penti (Average)	NA	3090	-
	Mandya	Achhu (Medium)	2900	2950	-50
	Mandya	Kurikatu (Medium)	2800	2850	-50
	Mandya	Other (Medium)	2750	2800	-50
	Mandya	Yellow (Medium)	2900	3050	-150
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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.