

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

*Indian sugar prices remained unchanged in almost all over markets on Wednesday. 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.3279INR.*

*Kharif sowing of sugarcane crop was delayed in key growing states like Maharashtra, Karnataka. The total Kharif planting reached 49.81 lakh hectare as on 28<sup>th</sup> June'19 down by 1.46 lakh ha compared to previous year (50.68 lakh ha) in 2018-19 season. It is expected to pick up the pace due to onset of monsoon in major growing states and the revival of standing sugarcane crop is now on positive side.*

**Weather Forecast:**

*Heavy to extremely heavy rains will be seen over Vidarbha, parts of Marathwada, Southwest Madhya Pradesh and adjoining Gujarat. Light to moderate rains with one or two heavy spells can be seen over Konkan and Goa including Mumbai, East, and Central Madhya Pradesh, Madhya Maharashtra, Chhattisgarh, Coastal Karnataka, and Northeast India. Light to moderate rains will be a sight over Uttarakhand, parts of Bihar, West Bengal, Sikkim and Kerala with light scattered rains with one or two moderate spells that might be seen over Odisha, Telangana and Interior Karnataka. Isolated light rain or thunderstorm is a possibility over parts of Haryana, Rajasthan, Delhi, West Uttar Pradesh, and Kerala.*

**Previous Updates:**

*Export demand for sugar has been decreasing since last month, exporting around 31LT 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.*

*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 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.

## 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 lcumsa	320.00	-6.5

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

Daily Futures Price Listing Tue July 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">19-Oct</a>	190702	12.54	12.61	12.25	12.35	-0.22	65,380	460,566	456
<a href="#">20-Mar</a>	190702	13.42	13.49	13.18	13.27	-0.2	24,139	218,777	6,782
<a href="#">20-May</a>	190702	13.5	13.58	13.29	13.37	-0.19	9,739	50,092	-930
<a href="#">20-Jul</a>	190702	13.61	13.67	13.39	13.49	-0.16	5,442	38,939	1,568
<a href="#">20-Oct</a>	190702	13.76	13.8	13.56	13.66	-0.13	2,580	33,721	-97
<a href="#">21-Mar</a>	190702	14.21	14.21	14.06	14.14	-0.1	502	21,292	208
<a href="#">21-May</a>	190702	14.04	14.1	14.04	14.1	-0.1	31	3,540	9
<a href="#">21-Jul</a>	190702	14.01	14.08	14.01	14.08	-0.07	2	2,941	0
Total Volume and Open Interest							107,818	831,454	-33,919

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

Daily Futures Price Listing Tue July 02, 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>	190702	326.5	327.4	319.3	319.7	-7.2	7,870	51,095	-2,099
<a href="#">19-Oct</a>	190702	331.1	332.1	325.3	325.7	-6	6,121	40,907	877
<a href="#">19-Dec</a>	190702	340.3	340.7	334.3	334.6	-5.4	1,638	18,651	437
<a href="#">20-Mar</a>	190702	349.3	350.6	344.5	344.9	-5.7	516	11,992	-45
<a href="#">20-May</a>	190702	357.6	357.9	352.6	352.8	-5.4	86	2,824	14
Total Volume and Open Interest							16,273	128,412	-778

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Jul-19	2-Jul-19	
Delhi	Delhi	M-Grade	3150	3150	Unch
	Delhi	S-Grade	3130	3130	Unch
Uttar Pradesh	Khatauli	M-Grade	3279	3290	-11
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3170	3170	Unch
	Dhampur	S-Grade Ex-Mill	3150	3150	Unch
	Dhampur	L-Grade Ex-Mill	3220	3220	Unch
Maharashtra	Mumbai	M-Grade	3320	3320	Unch
	Mumbai	S-Grade	3226	3226	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	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3620	3640	-20
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3580	3560	20
	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)			3-Jul-19	2-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	3000	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	4200	-100
		White	3600	3600	Unch
		Black	3300	3300	Unch
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	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2850	2900	-50
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2700	2750	-50
	Mandya	Yellow (Medium)	2950	2900	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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