

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 unchanged at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3280INR.

Kisan Cooperative Sugar Mill from Uttar Pradesh has got permission from Central government to export 59,000 quintals sugar to Sri Lanka. The government is planning over framing new sugar export policy to reduce surplus and address the concerns of the glut in sugar industry.

Weather Forecast:

Light to moderate rains with one or two heavy to very heavy spells will be seen over West Madhya Pradesh. Light to moderate rains with isolated heavy spells will be seen over Southeast Rajasthan, Gujarat region, Konkan and Goa, Coastal Karnataka, Assam, Meghalaya, and Arunachal Pradesh. While scattered light to moderate rains might be seen over Bihar, Odisha, rest Northeast India, East Madhya Pradesh, Chhattisgarh, Vidarbha, Telangana, North Maharashtra, and Kerala. Also, light rain with one or two moderate spells can be a sight over Uttarakhand and West Uttar Pradesh. Isolated light rain or thundery activity can be a sight over Haryana, Delhi and North Rajasthan with scattered light rains to be seen over Jammu and Kashmir and Himachal Pradesh.

Previous Updates:

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 28th 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.

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 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.

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 | 320.50 | -0.5 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Wed July 03, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-Oct | 190703 | 12.35 | 12.62 | 12.3 | 12.54 | 0.19 | 73,850 | 459,716 | -850 |
| 20-Mar | 190703 | 13.25 | 13.5 | 13.23 | 13.42 | 0.15 | 31,171 | 222,952 | 4,175 |
| 20-May | 190703 | 13.37 | 13.6 | 13.34 | 13.52 | 0.15 | 10,659 | 51,234 | 1,142 |
| 20-Jul | 190703 | 13.47 | 13.7 | 13.46 | 13.63 | 0.14 | 7,408 | 41,597 | 2,658 |
| 20-Oct | 190703 | 13.64 | 13.84 | 13.64 | 13.79 | 0.13 | 2,283 | 33,712 | -9 |
| 21-Mar | 190703 | 14.12 | 14.29 | 14.12 | 14.28 | 0.14 | 452 | 21,489 | 197 |
| 21-May | 190703 | 14.13 | 14.25 | 14.13 | 14.25 | 0.15 | 64 | 3,536 | -4 |
| 21-Jul | 190703 | 14.11 | 14.21 | 14.11 | 14.21 | 0.13 | 16 | 2,946 | 5 |
| Total Volume and Open Interest | | | | | | | 125,912 | 838,771 | 7,317 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Wed July 03, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-Aug | 190703 | 319.9 | 323.5 | 319.2 | 320.7 | 1 | 8,092 | 49,684 | -1,411 |
| 19-Oct | 190703 | 325.8 | 330.3 | 324.7 | 328.2 | 2.5 | 8,981 | 43,326 | 2,419 |
| 19-Dec | 190703 | 334.8 | 338.6 | 333.9 | 337.1 | 2.5 | 2,346 | 18,776 | 125 |
| 20-Mar | 190703 | 345.1 | 348.6 | 344.1 | 347.6 | 2.7 | 1,101 | 11,978 | -14 |
| 20-May | 190703 | 353.4 | 356.4 | 352.4 | 355.8 | 3 | 274 | 2,887 | 63 |
| Total Volume and Open Interest | | | | | | | 20,952 | 129,685 | 1,273 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 4-Jul-19 | 3-Jul-19 | |
| Delhi | Delhi | M-Grade | 3150 | 3150 | Unch |
| | Delhi | S-Grade | 3130 | 3130 | Unch |
| Uttar Pradesh | Khatauli | M-Grade | 3280 | 3279 | 1 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3160 | 3170 | -10 |
| | Dhampur | S-Grade Ex-Mill | 3140 | 3150 | -10 |
| | Dhampur | L-Grade Ex-Mill | 3210 | 3220 | -10 |
| 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 | 3620 | Unch |
| Tamil Nadu | Chennai | S-Grade | 3600 | 3600 | Unch |
| | Dindigul | M-Grade | 3580 | 3580 | 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) | | | 4-Jul-19 | 3-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 | 3900 | 4100 | -200 |
| | | White | 3700 | 3600 | 100 |
| | | Black | 3400 | 3300 | 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 | 2900 | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | 3150 | 3200 | -50 |
| | Mahalingapura | Penti (Average) | NA | 3158 | - |
| | Mandya | Achhu (Medium) | NA | 2850 | - |
| | Mandya | Kurikatu (Medium) | NA | 2800 | - |
| | Mandya | Other (Medium) | NA | 2700 | - |
| | Mandya | Yellow (Medium) | NA | 2950 | - |
| | Shimoga/Shivamogga | Achhu (Average) | 3600 | 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.