

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

Indian sugar prices remained unchanged in almost all over markets on Friday. 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.

Brazil expects rise in sugar and ethanol exports demand from European Union. It was announced recently that an agreement has been reached on different terms, allowing 562 million liters of ethanol to enter the EU without a tariff every year, and 250 million liters to receive lower tariffs. Also, the tariff will be zero for 180,000 tonnes of sugar imports per year. This could bring the value of annual exports from Brazil to the EU to BRL 2 billion, up from BRL 600 million in the past.

Weather Forecast:

During the next 24 hours, light to moderate rains with one or two heavy to very heavy spells are likely over Madhya Pradesh and parts of Uttarakhand. Scattered light to moderate rains with one or two heavy spells might prevail over Gujarat, Konkan and Goa, Kerala and Assam. Scattered light to moderate rains might be witnessed over Vidarbha, Chhattisgarh, North Coastal Andhra Pradesh, Odisha, West Bengal, rest Northeast India, Jharkhand, parts of Bihar and Uttar Pradesh. Scattered light rains are a possibility over Himachal Pradesh, Jammu and Kashmir, interior Karnataka, Madhya Maharashtra and Marathwada. Isolated rains might be witnessed over Telangana, Rayalaseema, Tamil Nadu, parts of Rajasthan, Punjab, Haryana and Delhi.

Previous Updates:

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.

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.

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	320.30	-0.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu July 04, 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 Thu July 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190704	321.6	321.6	320.2	320.3	-0.4	11,845	45,493	-4,191
19-Oct	190704	328.7	328.7	325.9	326.7	-1.5	8,714	45,037	1,711
19-Dec	190704	336.8	336.8	334.3	334.7	-2.4	2,279	18,717	-59
20-Mar	190704	347.2	347.2	345.4	345.4	-2.2	1,358	12,333	355
20-May	190704	353.9	353.9	353.6	353.6	-2.2	328	3,024	137
Total Volume and Open Interest							24,873	127,732	-1,953

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Jul-19	4-Jul-19	
Delhi	Delhi	M-Grade	3160	3150	10
	Delhi	S-Grade	3140	3130	10
Uttar Pradesh	Khatauli	M-Grade	3280	3280	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3160	Unch
	Dhampur	S-Grade Ex-Mill	3140	3140	Unch
	Dhampur	L-Grade Ex-Mill	3210	3210	Unch
Maharashtra	Mumbai	M-Grade	3312	3320	-8
	Mumbai	S-Grade	3230	3226	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	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3650	3620	30
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)			5-Jul-19	4-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	3900	Unch
		White	3700	3700	Unch
		Black	3400	3400	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	3000	2900	100
	Gulbarga/Kalaburgi	Other (Average)	3150	3150	Unch
	Mahalingapura	Penti (Average)	3156	3046	110
	Mandya	Achhu (Medium)	2850	2900	-50
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2750	2700	50
	Mandya	Yellow (Medium)	2800	2900	-100
	Shimoga/Shivamogga	Achhu (Average)	3500	3600	-100

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