

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

Indian sugar prices showed mixed trend in almost all over markets on Monday. 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.3270INR.

Kharif sowing of sugarcane crop was delayed in key growing states like Maharashtra, Karnataka. The total Kharif planting reached 49.98 lakh hectare as on 4th July'19, 1.66 lakh ha higher than last week and down by 1.43 lakh ha compared to previous year (51.41 lakh ha) in 2018-19 season.

Weather Forecast:

Moderate to heavy rain and thundershowers will continue in Bihar, parts of Jharkhand, Uttar Pradesh, North Madhya Pradesh, Northeast Rajasthan, northern parts of Haryana, Uttarakhand, and in parts of Himachal Pradesh, Konkan Coast, and Coastal Karnataka. Light to moderate rain and thundershowers will occur in parts of Jammu and Kashmir, Punjab, remaining parts of Haryana and Rajasthan, Gujarat, South Madhya Pradesh, Chhattisgarh, Odisha, North Telangana, North Coastal Andhra Pradesh, Gangetic West Bengal, and Kerala.

Previous Updates:

Brazil CS sugar production for 2019-20 season reached 42.4 mln tonnes till first half of June whereas by June 30th, 2.451 mln tonnes of cane have been crushed by Australia compared to 3.77 mln tonnes crushed by July last year.

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.

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.

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	320.10	-0.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri July 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190705	12.57	12.65	12.33	12.36	-0.18	76,902	466,447	6,731
20-Mar	190705	13.45	13.54	13.28	13.3	-0.12	28,274	226,409	3,457
20-May	190705	13.54	13.63	13.38	13.4	-0.12	9,286	50,850	-384
20-Jul	190705	13.65	13.74	13.49	13.52	-0.11	7,139	43,786	2,189
20-Oct	190705	13.81	13.9	13.67	13.69	-0.1	3,588	34,388	676
21-Mar	190705	14.28	14.32	14.18	14.19	-0.09	1,106	21,602	113
21-May	190705	14.16	14.16	14.16	14.16	-0.09	45	3,523	-13
21-Jul	190705	14.12	14.12	14.12	14.12	-0.09	5	2,945	-1
Total Volume and Open Interest							126,349	851,542	12,771

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri July 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190705	321.5	323.4	319.1	319.8	-0.5	9,073	43,278	-2,215
19-Oct	190705	327.6	329.3	325.5	326.3	-0.4	10,650	47,031	1,994
19-Dec	190705	336.7	337.3	333.6	334.4	-0.3	2,978	19,287	570
20-Mar	190705	345.8	348.3	344.5	344.8	-0.6	1,529	12,824	491
20-May	190705	355.7	356.5	352	352.6	-1	359	3,208	184
Total Volume and Open Interest							24,731	128,789	1,057

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			8-Jul-19	6-Jul-19	
Delhi	Delhi	M-Grade	3170	3160	10
	Delhi	S-Grade	3150	3140	10
Uttar Pradesh	Khatauli	M-Grade	3270	3270	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	3276	3312	-36
	Mumbai	S-Grade	3230	3230	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	3560	3580	-20
	Vijayawada	S-Grade	3500	3520	-20
West Bengal	Kolkata	M-Grade	3640	3650	-10
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)			8-Jul-19	6-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	Closed	3000	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	0	3900	-3900
		White	0	3700	-3700
		Black	0	3400	-3400
Maharashtra	Latur	Lal Variety	0	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)	2900	2900	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	2900	2900	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3800	-

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