

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

**Indian sugar prices showed mixed trend in almost all over 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 unchanged at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3275INR.

**According to All India Sugar Trade Association,** the Central Government should introduce dual MSP where Central Northern states MSP to be higher than that of Central Southern states or Maharashtra State Government gives transport subsidy for the difference of transportation cost which can enable Maharashtra to sell the allotted quota allotted every month.

**Since Oct'18 to May'19, the Central Government has allocated 60.50 LMT to sugar mills in Maharashtra and mills are able to sale only approximately 46 LMT** failing to sell 14 LMT and hence falling short of cash liquidity worth Rs. 4350 crores. There is excess transportation cost difference of Rs.1800 to Rs.2000 per MT which Maharashtra seeks help from the Government.

**Weather Forecast:**

Moderate to heavy rains with isolated very heavy spells will be seen over Sub-Himalayan West Bengal and Sikkim and parts of Assam. Light to moderate rains with isolated heavy spells will be seen over parts of Himachal Pradesh, Uttarakhand, Uttar Pradesh, Bihar, rest Northeast India, Konkan and Goa, and Coastal Karnataka. Scattered light to moderate rains will be seen over East and North Madhya Pradesh, parts of Chhattisgarh and Kerala. Light rain stands a chance at few places of Punjab, Haryana, Delhi, East Rajasthan, Gujarat region, West Madhya Pradesh, Vidarbha, Marathwada, Madhya Maharashtra, Odisha, Interior Karnataka, parts of Telangana and Coastal Andhra Pradesh. Weather will be dry over West Rajasthan.

**Previous Updates:**

**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.

**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 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.

#### **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	319.00	-1.1

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

Daily Futures Price Listing Mon July 08, 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>	190708	12.38	12.55	12.34	12.45	0.09	0	468,070	1,623
<a href="#">20-Mar</a>	190708	13.31	13.48	13.27	13.41	0.11	0	231,389	4,980
<a href="#">20-May</a>	190708	13.43	13.55	13.38	13.48	0.08	0	50,109	-741
<a href="#">20-Jul</a>	190708	13.55	13.65	13.51	13.58	0.06	0	45,138	1,352
<a href="#">20-Oct</a>	190708	13.79	13.79	13.7	13.74	0.05	0	34,785	397
<a href="#">21-Mar</a>	190708	14.22	14.28	14.21	14.23	0.04	0	21,467	-135
<a href="#">21-May</a>	190708	14.21	14.21	14.21	14.21	0.05	0	3,555	32
<a href="#">21-Jul</a>	190708	14.18	14.18	14.18	14.18	0.06	0	2,962	17
Total Volume and Open Interest							0	859,069	7,527

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

Daily Futures Price Listing Mon July 08, 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>	190708	321	322.4	318.9	321.5	1.7	5,207	40,430	-2,848
<a href="#">19-Oct</a>	190708	327.5	328.2	324	327.2	0.9	5,377	48,259	1,228
<a href="#">19-Dec</a>	190708	335.8	336.1	332.2	335.2	0.8	1,015	19,668	381
<a href="#">20-Mar</a>	190708	346.4	346.4	342.4	345.3	0.5	91	12,867	43
<a href="#">20-May</a>	190708	354.9	354.9	351.2	353.4	0.8	40	3,200	-8
Total Volume and Open Interest							11,746	127,587	-1,202

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			9-Jul-19	8-Jul-19	
Delhi	Delhi	M-Grade	3170	3170	Unch
	Delhi	S-Grade	3150	3150	Unch
Uttar Pradesh	Khatauli	M-Grade	3275	3270	5
	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	3276	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	3560	Unch

	Vijayawada	S-Grade	3500	3500	Unch
<b>West Bengal</b>	Kolkata	M-Grade	3640	3640	Unch
<b>Tamil Nadu</b>	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3580	3580	Unch
	Coimbatore	M-Grade	3650	3650	Unch
<b>Chattisgarh</b>	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)			9-Jul-19	8-Jul-19	
<b>Uttar Pradesh</b>	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	-
<b>Andhra Pradesh</b>	Chittur	Gold	0	0	Unch
		White	0	0	Unch
		Black	0	0	Unch
<b>Maharashtra</b>	Latur	Lal Variety	0	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	3250	3420	-170
	Mahalingapura	Penti (Average)	3207	3181	26
	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)	3600	3800	-200

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