

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

Indian sugar prices showed steadiness 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.3245INR.

Sugarcane acreage in the latest report released by Ministry of Agriculture as on 11th July'19 stood same at 49.98 lakh hectare 3.96% lower compared to last year in the same period (52.04 lakh ha) whereas ahead by 3.51% compared to normal area of the corresponding week. The crop condition is average but the deficient rainfall in the coming weeks would affect the crop adversely on yield.

The all India sugar consumption has been declined since last month and the higher sales quota is being severely affecting the sugar industry. The mills are not able to sell sugar according the total quota allocated to them due to lower demand. Due to disparity in prices as Indian sugar is much costlier than any country and due to quality issues, India is facing hurdles in exporting its stock as well as due to the global glut the demand has seen a dip this year.

Weather Forecast:

Heavy to very heavy rains would continue to lash East Uttar Pradesh, Bihar Assam, and Meghalaya. Moderate to heavy rains with few very heavy showers are expected over Central and West Uttar Pradesh, Arunachal Pradesh, Sub-Himalayan West Bengal, Sikkim, Nagaland, South Konkan and Goa and North Coastal Karnataka. Light to moderate rains with few heavy spells would be seen over parts of Uttarakhand, Himachal Pradesh, and rest of Northeast India. Scattered light to moderate rain and thundershowers are likely over Jammu and Kashmir, Jharkhand, Odisha, South Chhattisgarh, and Kerala. Light rain at few places are likely over Interior Maharashtra, Telangana, North Punjab, North Haryana, Odisha and Coastal Andhra Pradesh and Tamil Nadu. Weather to remain mainly dry over rest of the country.

Previous Updates:

Severe drought circumstances has reduced the total sugar production estimates to 13 million tonnes in Thailand around 7% reduction is expected compared to this year (2018-19). Sugarcane output is expected to decline about 8% to 120 million tonnes in 2019-20 season which will start from Nov'19 due to scanty rainfalls and decreased acreage compared to 130.9 million tonnes of cane in 2018-19. But it is highly dependent on rainfall whether the output would increase or decrease.

The Brazilian real rallied to a 3-1/2 month high against the dollar on Wednesday, which discourages export selling by Brazil's sugar producers. Sugar prices also have support from reduced sugar output in Brazil, the world's biggest sugar producer, after Unica reported Wednesday that Brazil's 2019/20 Center-South sugar production through June fell -8.9% y/y to 8.905 MMT.

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.

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.

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	315.30	-5.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu July 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190711	12.5	12.62	12.36	12.38	-0.12	54,018	465,440	-2,598
20-Mar	190711	13.45	13.58	13.35	13.38	-0.09	24,881	240,221	2,059
20-May	190711	13.55	13.66	13.45	13.48	-0.07	5,524	51,251	-229
20-Jul	190711	13.64	13.75	13.55	13.58	-0.06	2,264	46,034	-475
20-Oct	190711	13.8	13.8	13.72	13.74	-0.06	1,049	35,746	348
21-Mar	190711	14.3	14.3	14.21	14.23	-0.06	306	21,377	79
21-May	190711	14.2	14.2	14.2	14.2	-0.06	17	3,559	4
21-Jul	190711	14.26	14.26	14.18	14.18	-0.05	0	2,960	0
Total Volume and Open Interest							88,059	868,182	-812

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu July 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190711	321.9	321.9	317	317.7	-3.7	7,688	30,735	-2,480
19-Oct	190711	327.1	328.4	324.5	325	-2.1	8,054	54,254	999
19-Dec	190711	334.9	336.8	333.1	333.4	-1.6	2,102	21,448	752
20-Mar	190711	346	348.1	343.6	344	-2.1	942	14,141	437
20-May	190711	354	355	351.3	351.6	-2.5	224	3,428	149
Total Volume and Open Interest							19,204	127,243	-94

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Jul-19	11-Jul-19	
Delhi	Delhi	M-Grade	3150	3160	-10
	Delhi	S-Grade	3130	3140	-10
Uttar Pradesh	Khatauli	M-Grade	3245	3250	-5
	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	3312	3312	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3155	3155	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3030	3030	Unch
Assam	Guhawati	S-Grade	3339	3339	Unch
Meghalaya	Shillong	S-Grade	3350	3350	Unch
Andhra Pradesh	Vijayawada	M-Grade	3560	3560	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3620	3620	Unch

Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3560	3560	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)			12-Jul-19	11-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	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	0	0	Unch
		White	0	0	Unch
		Black	0	0	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	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3250	3230	20
	Mandya	Achhu (Medium)	3000	3000	Unch
	Mandya	Kurikatu (Medium)	2850	2850	Unch
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3500	NA	-

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