

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.3250INR.

According to the ministry, India has huge potential of manufacturing ethanol as in 2018, country's ethanol market was of Rs 11,000 crore and this year it will probably go up to Rs 20,000 crore. The government has decided to proceed with a phase wise approach to achieve this target. The first generation of ethanol is expected to be produced from molasses, second generation will be from sugar cane juice and the third generation of ethanol will be generated from biomass. The government wants to accelerate the use of ethanol as fuel and also requested the petroleum ministry to start giving permission for setting up of ethanol pumps. This step will encourage the sugar mills to divert the sugar production to ethanol production from next year and would help clearing the sugar stockpiles in India.

Weather Forecast:

Moderate to heavy rain and thundershowers at many places associated with very heavy showers will be seen along the foothills of Himalayas from Punjab to Arunachal Pradesh, Himachal Pradesh, Uttarakhand, Coastal Karnataka, and South Konkan coast. Dust storm and thundershowers with strong winds over parts of Rajasthan, and Haryana. Light to moderate rain and thundershowers at many places of Jammu and Kashmir, Punjab, Haryana, Uttar Pradesh, Bihar, Odisha, South Chhattisgarh, Andhra Pradesh, Madhya Maharashtra, South Interior Karnataka, Kerala, Tamil Nadu, Andaman, and Nicobar Islands, Lakshadweep Islands, and North Konkan coast. Light rain at isolated places of Gujarat, South Madhya Pradesh, Vidarbha, and North Interior Karnataka. Flood-like and landslide conditions will continue over Northern parts of Uttar Pradesh, Bihar, Sub-Himalayan West Bengal, and Sikkim, Northeast states and Uttarakhand.

Previous Updates:

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.

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.

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 | 317.70 | 2.40 |



International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Fri July 12, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-Oct | 190712 | 12.38 | 12.42 | 12.28 | 12.3 | -0.08 | 50,031 | 463,373 | -2,067 |
| 20-Mar | 190712 | 13.37 | 13.41 | 13.27 | 13.3 | -0.08 | 22,426 | 243,142 | 2,921 |
| 20-May | 190712 | 13.46 | 13.5 | 13.37 | 13.39 | -0.09 | 4,215 | 51,670 | 419 |
| 20-Jul | 190712 | 13.56 | 13.6 | 13.47 | 13.49 | -0.09 | 2,020 | 45,883 | -151 |
| 20-Oct | 190712 | 13.74 | 13.76 | 13.64 | 13.65 | -0.09 | 605 | 35,864 | 118 |
| 21-Mar | 190712 | 14.24 | 14.26 | 14.12 | 14.13 | -0.1 | 235 | 21,442 | 65 |
| 21-May | 190712 | 14.21 | 14.21 | 14.09 | 14.1 | -0.1 | 4 | 3,560 | 1 |
| 21-Jul | 190712 | 14.19 | 14.19 | 14.08 | 14.08 | -0.1 | 0 | 2,960 | 0 |
| Total Volume and Open Interest | | | | | | | 79,536 | 869,488 | 1,306 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Fri July 12, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-Aug | 190712 | 318 | 318 | 305.7 | 306.8 | -10.9 | 13,208 | 25,407 | -5,328 |
| 19-Oct | 190712 | 325 | 325.8 | 323 | 323.2 | -1.8 | 13,898 | 57,338 | 3,084 |
| 19-Dec | 190712 | 333.7 | 334.6 | 331.9 | 332.2 | -1.2 | 2,225 | 22,314 | 866 |
| 20-Mar | 190712 | 344.7 | 345.2 | 342.5 | 342.9 | -1.1 | 764 | 14,500 | 359 |
| 20-May | 190712 | 352.1 | 352.2 | 350.1 | 350.4 | -1.2 | 224 | 3,473 | 45 |
| Total Volume and Open Interest | | | | | | | 30,490 | 126,410 | -833 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 15-Jul-19 | 13-Jul-19 | |
| Delhi | Delhi | M-Grade | 3190 | 3150 | 40 |
| | Delhi | S-Grade | 3170 | 3130 | 40 |
| Uttar Pradesh | Khatauli | M-Grade | 3250 | 3245 | 5 |
| | 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 | 3312 | 3312 | Unch |
| | Mumbai | S-Grade | 3230 | 3230 | Unch |
| | Nagpur | M-Grade | 3225 | 3225 | Unch |
| | Nagpur | S-Grade | 3155 | 3175 | -20 |
| | Kolhapur | M-Grade | 3100 | 3100 | Unch |
| | Kolhapur | S-Grade | 3030 | 3050 | -20 |
| Assam | Guhawati | S-Grade | 3339 | 3360 | -20 |
| Meghalaya | Shillong | S-Grade | 3350 | 3370 | -20 |
| Andhra Pradesh | Vijayawada | M-Grade | 3560 | 3560 | Unch |
| | Vijayawada | S-Grade | 3500 | 3500 | Unch |
| West Bengal | Kolkata | M-Grade | 3630 | 3620 | 10 |
| 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) | | | 15-Jul-19 | 13-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 | 0 | 0 | Unch |
| Karnataka | Bangalore | Mudde (Average) | 4350 | NA | - |
| | Belgaum | Mudde (Average) | NA | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur/Vijayapura | Achhu | 3100 | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | 3340 | NA | - |
| | Mahalingapura | Penti (Average) | NA | NA | - |
| | Mandya | Achhu (Medium) | 3250 | 3200 | 50 |
| | Mandya | Kurikatu (Medium) | 3000 | 3100 | -100 |
| | Mandya | Other (Medium) | 2950 | 3000 | -50 |
| | Mandya | Yellow (Medium) | 3200 | 3150 | 50 |
| | Shimoga/Shivamogga | Achhu (Average) | 3800 | NA | - |

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