

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

Indian sugar prices were unchanged 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.3250INR.

India is likely to continue the export subsidies on sugar even after Brazil, Guatemala and Australia lodged complaint at WTO as it is against the global trade practices. Export subsidies are important so as to clear increase the shipment of sugar and thus helping in reducing the rising sugar inventories.

Weather Forecast:

Light to moderate rains with one or two heavy spells is expected over Punjab, Uttar Pradesh, Coastal Karnataka and parts of Kerala. Scattered light to moderate rains can be seen over Himachal Pradesh, Uttarakhand, Northeast Bihar, Sub-Himalayan West Bengal, and Sikkim, parts of Assam, parts of Odisha, Konkan and Goa, Andaman and Nicobar Islands, and Lakshadweep Islands. Scattered light rain with one or two moderate spells will be seen over parts of Haryana, East Uttar Pradesh, Gangetic West Bengal, Jharkhand, parts of Chhattisgarh, rest northeastern states, Rayalaseema, Tamil Nadu, and Interior Karnataka. Light rains will be seen in a few places of Delhi, North Rajasthan, South Gujarat, and Telangana.

Previous Updates:

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.

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	293.40	-24.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon July 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190715	12.3	12.32	11.95	12.06	-0.24	48,833	463,583	210
20-Mar	190715	13.29	13.32	13.02	13.12	-0.18	18,122	244,554	1,412
20-May	190715	13.4	13.42	13.14	13.23	-0.16	4,317	52,299	629
20-Jul	190715	13.49	13.52	13.26	13.36	-0.13	2,989	46,325	442
20-Oct	190715	13.66	13.66	13.44	13.54	-0.11	1,334	36,382	518
21-Mar	190715	14.05	14.06	13.97	14.06	-0.07	584	21,823	381
21-May	190715	14.03	14.05	13.96	14.05	-0.05	29	3,557	-3
21-Jul	190715	13.97	14.04	13.95	14.04	-0.04	25	2,976	16
Total Volume and Open Interest							76,236	873,093	3,605

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon July 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190715	307.2	307.7	291.5	294	-12.8	7,028	22,945	-2,462
19-Oct	190715	323.5	323.5	315	316	-7.2	7,514	58,513	1,175
19-Dec	190715	332.3	332.8	326.6	327.1	-5.1	1,495	22,613	299
20-Mar	190715	343	343.5	338	338.8	-4.1	515	14,581	81
20-May	190715	350.5	351	345.9	346.3	-4.1	274	3,697	224
Total Volume and Open Interest							16,931	125,766	-644

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			16-Jul-19	15-Jul-19	
Delhi	Delhi	M-Grade	3260	3190	70
	Delhi	S-Grade	3240	3170	70
Uttar Pradesh	Khatauli	M-Grade	3250	3250	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	3326	3312	14
	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	3630	3630	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)			16-Jul-19	15-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	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3340	-
	Mahalingapura	Penti (Average)	3236	3240	-4
	Mandya	Achhu (Medium)	3250	3250	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2950	Unch
	Mandya	Yellow (Medium)	3250	3200	50
	Shimoga/Shivamogga	Achhu (Average)	3800	3800	Unch

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