

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

Indian sugar prices were weaker in almost all over markets on Wednesday. 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.3090 and may move below MSP whereas in U.P's Khatauli market at Rs.3240INR.

Weather Forecast:

Moderate rain with one or two heavy spells will be seen over parts of Himachal Pradesh, Uttarakhand, Punjab, Haryana, West Uttar Pradesh, Konkan and Goa, Kerala, parts of Rayalaseema, Interior Tamil Nadu and South Interior Karnataka. Scattered light to moderate rains will be seen over Coastal Andhra Pradesh, South Odisha, South Chhattisgarh. While light rains can be seen in Delhi with one or two moderate spells in Uttar Pradesh, and Northeast Bihar. Scattered light rains can be seen over Jharkhand, Gangetic West Bengal, North Odisha, Chhattisgarh, rest Tamil Nadu, Interior Karnataka. Whereas isolated light rains will be seen over South Gujarat, Madhya Maharashtra, Rayalaseema, and East Madhya Pradesh. Weather to be dry over Rajasthan, Gujarat, West Madhya Pradesh, Vidarbha, Marathwada, North Madhya Maharashtra.

Previous Updates:

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.

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.

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	315.1	21.7

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue July 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190716	12.06	12.07	11.9	11.99	-0.07	48,496	462,826	-757
20-Mar	190716	13.11	13.11	12.96	13.03	-0.09	18,210	247,590	3,036
20-May	190716	13.22	13.22	13.09	13.16	-0.07	4,012	52,911	612
20-Jul	190716	13.34	13.34	13.23	13.29	-0.07	3,093	46,558	233
20-Oct	190716	13.5	13.51	13.42	13.48	-0.06	1,199	36,793	411
21-Mar	190716	14.03	14.03	13.96	14.02	-0.04	564	22,210	387
21-May	190716	13.98	14.02	13.96	14.02	-0.03	24	3,571	14
21-Jul	190716	13.97	14.01	13.96	14.01	-0.03	6	2,981	5
Total Volume and Open Interest							75,608	877,036	3,943

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue July 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190716	292.8	300.1	291.7	295	1	10,003	18,305	-4,640
19-Oct	190716	316.6	316.6	312.8	314.3	-1.7	11,981	57,892	-621
19-Dec	190716	327.5	327.5	323.9	324.9	-2.2	2,102	22,813	200
20-Mar	190716	338.9	338.9	335.6	336.4	-2.4	465	14,718	137
20-May	190716	346	346.1	343.1	343.8	-2.5	197	3,874	177
Total Volume and Open Interest							24,809	121,037	-4,729

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Jul-19	16-Jul-19	
Delhi	Delhi	M-Grade	3180	3260	-80
	Delhi	S-Grade	3160	3240	-80
Uttar Pradesh	Khatauli	M-Grade	3240	3250	-10
	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	3322	3326	-4
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3215	3225	-10
	Nagpur	S-Grade	3155	3155	Unch
	Kolhapur	M-Grade	3090	3100	-10
	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	3570	3630	-60
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)			17-Jul-19	16-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	3320	-
	Mahalingapura	Penti (Average)	NA	3236	-
	Mandya	Achhu (Medium)	3100	3250	-150
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3150	3250	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	3800	-

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