

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

*Indian sugar prices showed mixed trend in almost all over markets on Thursday. 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 at Rs.3120 and may move below MSP whereas in U.P's Khatauli market at Rs.3250INR.*

*India has allowed 1239 tonnes of raw sugar exports to US upto 30<sup>th</sup> September '19 under TRQ (Tariff rate quota) which enables shipments on relatively low tariffs. It is a preferential quota that the country enjoys duty free exports upto 10,000 tonnes to US and additional quantity to the allotted quota would be charged higher tariffs on the imports to US.*

**Weather Forecast:**

*Heavy to very heavy rains are likely in parts of Kerala, and South Coastal Karnataka. Moderate rains likely in parts of South Konkan and Goa, Telangana, adjoining North Andhra Pradesh, South Odisha, South Chhattisgarh, Delhi, Haryana, extreme North Rajasthan, North Punjab, South Himachal Pradesh, Uttarakhand and many parts of Northeast states. Dry weather to prevail over most parts of Rajasthan, North Gujarat and Kutch, most parts of Madhya Pradesh, Central and East Uttar Pradesh, West Bihar and adjoining North Jharkhand. Rest part of India to witness scattered light rains.*

**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 11<sup>th</sup> 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	314.5	-0.6

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

Daily Futures Price Listing Wed July 17, 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>	190717	12.05	12.14	11.76	11.79	-0.2	98,754	468,515	5,689
<a href="#">20-Mar</a>	190717	13.1	13.15	12.82	12.85	-0.18	35,222	249,649	2,059
<a href="#">20-May</a>	190717	13.2	13.26	12.96	12.97	-0.19	8,656	54,661	1,750
<a href="#">20-Jul</a>	190717	13.3	13.37	13.1	13.11	-0.18	3,933	46,927	369
<a href="#">20-Oct</a>	190717	13.44	13.56	13.29	13.3	-0.18	2,000	37,313	520
<a href="#">21-Mar</a>	190717	14.04	14.06	13.83	13.84	-0.18	896	22,346	136
<a href="#">21-May</a>	190717	14.02	14.06	13.84	13.84	-0.18	384	3,618	47
<a href="#">21-Jul</a>	190717	14.05	14.06	13.83	13.83	-0.18	161	3,076	95
Total Volume and Open Interest							150,162	887,787	10,751

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

Daily Futures Price Listing Wed July 17, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-Oct</a>	190717	315.3	318.6	311.5	312.3	-2	15,046	57,990	98
<a href="#">19-Dec</a>	190717	325.6	328.1	322.2	322.9	-2	4,141	23,158	345
<a href="#">20-Mar</a>	190717	336.9	339.4	333.6	334.3	-2.1	1,143	14,835	117
<a href="#">20-May</a>	190717	344.5	346.4	340.9	341.4	-2.4	742	4,247	373
<a href="#">20-Aug</a>	190717	354	355.9	350.5	350.5	-2.6	361	2,458	104
Total Volume and Open Interest							29,772	120,386	-651

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Jul-19	16-Jul-19	
Delhi	Delhi	M-Grade	3180	3260	-80
	Delhi	S-Grade	3160	3240	-80
Uttar Pradesh	Khatauli	M-Grade	3250	3250	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3170	3160	10
	Dhampur	S-Grade Ex-Mill	3150	3140	10
	Dhampur	L-Grade Ex-Mill	3220	3210	10
Maharashtra	Mumbai	M-Grade	3326	3326	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3245	3225	20
	Nagpur	S-Grade	3175	3155	20
	Kolhapur	M-Grade	3120	3100	20
	Kolhapur	S-Grade	3050	3030	20
Assam	Guhawati	S-Grade	3360	3339	20
Meghalaya	Shillong	S-Grade	3370	3350	20
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)			18-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)	3600	3800	-200

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