

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 at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3250INR.

The Agriculture Ministry has released the sugarcane area as on 18th July, the area progressed slightly to 50.01 lakh ha. The area is slightly higher by 1.69 lakh ha against the normal area and lagging behind by 2.03 lakh ha from the corresponding period in the previous year. The large decrease in area is seen in Telangana, Maharashtra, Tamil Nadu and AP by 35%, 23.64%, 22.9%, and 10.85% respectively from last year. The south India and some parts of Maharashtra have been affected adversely due to bad rainfall scenario in the current monsoon.

Weather Forecast:

During the next 24 hours, heavy to very heavy rains are likely over Kerala. Light to moderate rains with isolated heavy spells might occur over Coastal Karnataka. Scattered light to moderate rains with isolated heavy spells are a possibility over South Konkan and Goa, Vidarbha, Marathwada, North Telangana, South Chhattisgarh, South Odisha, Northeast India, parts of Himachal Pradesh, Uttarakhand, Haryana, Punjab and West Uttar Pradesh. Light rains with one or two moderate spells are likely over Delhi, Madhya Maharashtra, East Madhya Pradesh, North Odisha, Gangetic West Bengal, Bihar and Jharkhand. Isolated light rains are likely over North Rajasthan and parts of Gujarat.

Previous Updates:

India has allowed 1239 tonnes of raw sugar exports to US upto 30th 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.

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	315.2	0.70

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu July 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190718	11.81	11.84	11.53	11.55	-0.24	52,582	468,471	-44
20-Mar	190718	12.86	12.87	12.61	12.62	-0.23	24,112	251,304	1,655
20-May	190718	12.98	12.99	12.74	12.75	-0.22	6,035	55,681	1,020
20-Jul	190718	13.12	13.13	12.89	12.91	-0.2	3,109	47,626	699
20-Oct	190718	13.32	13.32	13.1	13.12	-0.18	1,311	37,674	361
21-Mar	190718	13.85	13.85	13.64	13.66	-0.18	494	22,475	129
21-May	190718	13.83	13.84	13.67	13.68	-0.16	168	3,683	65
21-Jul	190718	13.8	13.8	13.68	13.68	-0.15	122	3,171	95
Total Volume and Open Interest							88,072	891,873	4,086

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu July 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190718	312.5	315	311.9	312.6	0.3	6,645	58,048	58
19-Dec	190718	322.9	324.5	322.2	322.4	-0.5	2,529	23,440	282
20-Mar	190718	334.4	335.3	332.4	332.7	-1.6	721	14,891	56
20-May	190718	342	342.1	338.5	338.7	-2.7	261	4,455	208
20-Aug	190718	350.5	350.7	346.5	346.7	-3.8	79	2,445	-13
Total Volume and Open Interest							10,270	104,448	-15,938

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Jul-19	18-Jul-19	
Delhi	Delhi	M-Grade	3180	3180	Unch
	Delhi	S-Grade	3160	3160	Unch
Uttar Pradesh	Khatauli	M-Grade	3250	3250	Unch
	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	3326	3326	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3225	3245	-20
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3100	3120	-20
	Kolhapur	S-Grade	3050	3050	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3370	3370	Unch
Andhra Pradesh	Vijayawada	M-Grade	3560	3560	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3580	3570	10
Tamil Nadu	Chennai	S-Grade	3600	3600	Unch
	Dindigul	M-Grade	3520	3560	-40
	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)			19-Jul-19	18-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	3200	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3100	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2900	-
	Mandya	Yellow (Medium)	NA	3150	-
	Shimoga/Shivamogga	Achhu (Average)	3650	3600	50

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