

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 at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3320INR.

As India is focusing on diversion of cane crush to ethanol production, India has so far around 29.5 crores of litres of ethanol have been supplied to oil manufacturing companies. A few months ago, the Centre approved incentives worth Rs 3,300 crore to help sugar mills boost ethanol production capacity. Since India is struggling to clear the sugar stocks due to higher price of sugar in India compared to other countries, it becomes necessary to opt ethanol production instead of sugar production in the coming season.

Weather Forecast:

During the next 24 hours, heavy to very heavy rains are likely at many places with extremely heavy at isolated places over Kerala, Coastal Karnataka, South Konkan Coast, Sikkim, Sub-Himalayan West Bengal, Lower Assam, Meghalaya and in pockets of Rayalaseema. Moderate rain and thundershowers are likely at many places over Northeast states, Rayalaseema, Tamil Nadu, parts of South Interior Karnataka, Madhya Maharashtra, Lakshadweep, Andaman and Nicobar Islands and Southeast parts of Gujarat. Light rains are expected at many places with moderate rains at isolated places over South Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Chhattisgarh, South Jharkhand, South Odisha, North Bihar, South Madhya Pradesh, Gujarat, rest Maharashtra, Telangana, rest Andhra Pradesh and Karnataka. Mostly dry and warm weather expected over parts of Punjab, Haryana, parts of Uttar Pradesh, North Madhya Pradesh, West Bihar, Gangetic West Bengal and North Odisha.

Previous Updates:

The widespread awareness of sugar consumption among the people is concerning the sugar industry adversely. The recent decision made by the big industries like Nestle to make sugar free chocolate bars to avoid excess sugar content usage. Although Nestle has cut down 32 per cent of table sugar in its products, especially on children's foods, between 2000 and 2013. Another change was made by FSSAI that proposed changes for the FMCG sector where the packaged food companies are to label high fat, sugar and salt content levels on the front side of the package with a code of "Red" colour which will depict the consumers that sugar consumption is harmful for health. However, this will reduce the consumption to lower levels in the coming season against this year.

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.

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.

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 2900–Rs 3150 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	315.0	-0.20

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri July 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190719	11.59	11.7	11.56	11.59	0.04	73,983	475,932	7,461
20-Mar	190719	12.66	12.72	12.61	12.62	unch	24,300	253,412	2,108
20-May	190719	12.77	12.84	12.73	12.74	-0.01	9,627	57,199	1,518
20-Jul	190719	12.95	12.98	12.88	12.89	-0.02	6,501	48,914	1,288
20-Oct	190719	13.18	13.18	13.09	13.1	-0.02	1,836	37,626	-48
21-Mar	190719	13.71	13.71	13.63	13.63	-0.03	444	22,453	-22
21-May	190719	13.69	13.69	13.64	13.64	-0.04	204	3,698	15
21-Jul	190719	13.69	13.69	13.65	13.65	-0.03	82	3,167	-4
Total Volume and Open Interest							117,100	904,208	12,335

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri July 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190719	314.2	316.8	314	315.7	3.1	6,808	58,059	11
19-Dec	190719	324.3	326.8	324.3	326.4	4	2,240	23,734	294
20-Mar	190719	336.3	336.5	334	336.1	3.4	728	15,184	293
20-May	190719	342.1	342.1	339.6	341.3	2.6	330	4,619	164
20-Aug	190719	350	350.2	346.8	348.5	1.8	99	2,480	35
Total Volume and Open Interest							10,261	105,274	826

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Jul-19	20-Jul-19	
Delhi	Delhi	M-Grade	3220	3215	5
	Delhi	S-Grade	3200	3195	5
Uttar Pradesh	Khatauli	M-Grade	3320	3300	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3326	3392	-66
	Mumbai	S-Grade	3226	3226	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	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	3580	Unch
Tamil Nadu	Chennai	S-Grade	3580	3600	-20
	Dindigul	M-Grade	3520	3520	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)			22-Jul-19	20-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	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	NR	-
		White	NA	NR	-
		Black	3500	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3100	3200	-100
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3200	3150	50
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2900	50
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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