

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

*Indian sugar prices showed mixed trend in almost all over markets on Tuesday. The prices are expected to remain steady for coming few days due to less demand and higher sales quota as per the consumption. Kolhapur sugar market prices stood at Rs.3110 and may move below MSP whereas in U.P's Khatauli market at Rs.3325INR.*

*In Brazil, at the beginning of the current harvest until July 1, the total crushing reached 216.88 million tons, down 3.02% from the 223.65 million tons observed in the same period last year. In the current season, sugar production totaled 8.91 million tons, compared to 9.78 million tons in 2018. Accumulated ethanol production totaled 10.64 billion litres, of which 7.40 billion metric tons litres of hydrous ethanol and 3.23 billion litres of anhydrous ethanol. In June, sales reached 2.68 billion litres, with 185.05 million litres destined for export and 2.50 billion litres for the domestic market.*

**Weather Forecast:**

*Moderate rains with one or two heavy to very heavy spells will occur over Kerala, Coastal Karnataka, and South Interior Karnataka. Light to moderate rains with one or two heavy spells are expected over Konkan and Goa, Sub-Himalayan West Bengal and Sikkim, foothills of Uttar Pradesh and Bihar, and parts of Assam. Scattered light to moderate rains can be seen over Coastal Andhra Pradesh, parts of Telangana, Madhya Maharashtra, Gujarat region, Southwest Madhya Pradesh, and parts of Uttarakhand. Scattered light rains will be seen over Tamil Nadu, Rayalaseema, North Interior Karnataka, remaining parts of Madhya Pradesh, Chhattisgarh, Jharkhand, Southeast Rajasthan, Himachal Pradesh and rest northeast India.*

**Previous Updates:**

*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.*

*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 18<sup>th</sup> 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 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.

**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.

## 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	unch

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

Daily Futures Price Listing Mon July 22, 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>	190722	11.61	11.66	11.54	11.56	-0.03	83,131	484,897	8,965
<a href="#">20-Mar</a>	190722	12.62	12.68	12.57	12.58	-0.04	29,630	253,635	223
<a href="#">20-May</a>	190722	12.76	12.78	12.69	12.7	-0.04	8,095	58,300	1,101
<a href="#">20-Jul</a>	190722	12.91	12.93	12.83	12.84	-0.05	4,806	49,074	160
<a href="#">20-Oct</a>	190722	13.1	13.1	13.03	13.04	-0.06	1,340	37,564	-62
<a href="#">21-Mar</a>	190722	13.63	13.63	13.57	13.57	-0.06	775	22,570	117
<a href="#">21-May</a>	190722	13.58	13.58	13.58	13.58	-0.06	190	3,763	65
<a href="#">21-Jul</a>	190722	13.59	13.59	13.58	13.58	-0.07	116	3,239	72
Total Volume and Open Interest							128,346	915,050	10,842

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

Daily Futures Price Listing Mon July 22, 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>	190722	315.7	316.6	314.6	315.1	-0.6	11,365	55,837	-2,222
<a href="#">19-Dec</a>	190722	325.9	327.7	325.4	326.6	0.2	5,115	24,182	448
<a href="#">20-Mar</a>	190722	335.6	337.3	334.9	336.4	0.3	1,278	15,292	108
<a href="#">20-May</a>	190722	340.7	343.2	340.3	342.5	1.2	470	4,809	190
<a href="#">20-Aug</a>	190722	347.8	350.4	347.8	349.9	1.4	151	2,580	100
Total Volume and Open Interest							18,384	103,903	-1,371

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Jul-19	22-Jul-19	
Delhi	Delhi	M-Grade	3220	3220	Unch
	Delhi	S-Grade	3200	3200	Unch
Uttar Pradesh	Khatauli	M-Grade	3325	3320	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3225	3200	25
	Dhampur	S-Grade Ex-Mill	3205	3180	25
	Dhampur	L-Grade Ex-Mill	3275	3250	25
Maharashtra	Mumbai	M-Grade	3322	3326	-4
	Mumbai	S-Grade	3226	3226	Unch
	Nagpur	M-Grade	3235	3225	10
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3110	3100	10
	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	3570	3580	-10
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	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)			23-Jul-19	22-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	4100	4100	Unch
		White	NA	NA	-
		Black	3200	3500	-300
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	3100	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3192	3204	-12
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	3550	3600	-50

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