

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

Indian sugar prices showed mixed trend in almost all over markets on Wednesday. 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 same at Rs.3110 and may move below MSP whereas in U.P's Khatauli market at Rs.3325INR.

Government has approved to increase the buffer stock to 40 lakh tonnes from 30 lakh tonnes for one year starting from 1st August to 31st July'20 2019-20 season. For this, the Central government would incur the estimated maximum expenditure of Rs 1,674 crore. This created a relief among the sugar mills across the country.

Gorakhpur mill in Uttar Pradesh is also likely to produce ethanol from sugarcane as directed by the government. Although the state has produced around 42.37 crore litres and is expected to increase upto 81.36 crore litres of ethanol. Uttar Pradesh has around 16-17% diversion to jiggery which is likely to surge in the coming season as state government has issued 86 new licenses for setting up of jiggery units. This increase in diversion would be able to curb the sugar stocks and thereby increasing the sugar prices.

Weather Forecast:

Moderate to heavy with very isolated heavy rains can be seen over parts of Assam, Meghalaya, Sub-Himalayan West Bengal and Sikkim, parts of Bihar and East Uttar Pradesh. Light to moderate with few heavy spells can be seen over Konkan and Goa and Coastal Karnataka. Light to moderate rains is likely over Himachal Pradesh, Uttarakhand, Coastal Andhra Pradesh, South Chhattisgarh, Kerala, South Gujarat, parts of Telangana, Marathwada and Madhya Maharashtra. Scattered light rains with one or two moderate spells are a possibility over Jammu and Kashmir, Interior Karnataka, Tamil Nadu, Jharkhand, Gangetic West Bengal, Odisha, Madhya Pradesh, West Uttar Pradesh, parts of Rajasthan with isolated rain and thundershowers over Punjab, Haryana, and Delhi.

Previous Updates:

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.

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 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.

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 lcumsa	317.5	2.5

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue July 23, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190723	11.56	11.99	11.39	11.98	0.42	60,027	491,507	6,610
20-Mar	190723	12.58	12.96	12.42	12.96	0.38	22,245	256,861	3,226
20-May	190723	12.7	13.08	12.56	13.08	0.38	5,952	59,795	1,495
20-Jul	190723	12.85	13.21	12.72	13.21	0.37	3,178	49,558	484
20-Oct	190723	13.03	13.42	12.94	13.41	0.37	1,424	37,808	244
21-Mar	190723	13.56	13.95	13.52	13.94	0.37	407	22,633	63
21-May	190723	13.56	13.93	13.56	13.93	0.35	187	3,805	42
21-Jul	190723	13.6	13.92	13.58	13.92	0.34	113	3,315	76
Total Volume and Open Interest							93,604	927,349	12,299

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue July 23, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190723	315.6	318.9	310.3	318.3	3.2	7,430	54,753	-1,084
19-Dec	190723	326.6	330.1	321.6	329.4	2.8	2,722	23,825	-357
20-Mar	190723	336.4	340	331.6	339.8	3.4	989	15,538	246
20-May	190723	342.6	347.5	338.7	347.3	4.8	450	4,926	117
20-Aug	190723	348	356.3	348	356.3	6.4	150	2,645	65
Total Volume and Open Interest							11,779	102,902	-1,001

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Jul-19	23-Jul-19	
Delhi	Delhi	M-Grade	3220	3220	Unch
	Delhi	S-Grade	3200	3200	Unch
Uttar Pradesh	Khatauli	M-Grade	3325	3325	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3225	3225	Unch
	Dhampur	S-Grade Ex-Mill	3205	3205	Unch
	Dhampur	L-Grade Ex-Mill	3275	3275	Unch
Maharashtra	Mumbai	M-Grade	3322	3322	Unch
	Mumbai	S-Grade	3226	3226	Unch
	Nagpur	M-Grade	3235	3235	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3110	3110	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	3570	10
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	Dindigul	M-Grade	3540	3520	20
	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)			24-Jul-19	23-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	3300	3200	100
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	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3241	3192	49
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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