

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

Indian sugar prices remained steady in almost all over markets on Thursday. 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.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3325INR.

Weather Forecast:

Moderate to heavy rains with one or two very heavy spells is expected over parts of Punjab, Haryana, West Uttar Pradesh, parts of East Rajasthan, Delhi, Konkan and Goa, and Coastal Karnataka. Scattered light to moderate rains can be seen over rest Himachal Pradesh, Uttarakhand, parts of Jammu and Kashmir, South Gujarat, Uttar Pradesh, Bihar, Jharkhand, West Bengal, Odisha, Assam, Meghalaya, Arunachal Pradesh, Nagaland, Chhattisgarh, parts of Madhya Pradesh, Telangana, Kerala, and Interior Karnataka. Light rains with one or two moderate spells will be a sight over rest parts of the country except West Rajasthan where weather will be almost dry.

Previous Updates:

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.

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 Icumsa	322.7	5.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed July 24, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190724	11.94	12.23	11.85	12.06	0.08	55,406	497,780	6,273
20-Mar	190724	12.96	13.17	12.82	13.03	0.07	17,548	260,888	4,027
20-May	190724	13.07	13.27	12.94	13.15	0.07	4,737	61,611	1,816
20-Jul	190724	13.15	13.4	13.08	13.28	0.07	2,389	49,677	119
20-Oct	190724	13.38	13.59	13.32	13.47	0.06	664	38,161	353
21-Mar	190724	13.91	14.1	13.84	14	0.06	149	22,678	45
21-May	190724	13.9	13.99	13.89	13.99	0.06	9	3,798	-7
21-Jul	190724	13.9	13.98	13.89	13.98	0.06	5	3,312	-3
Total Volume and Open Interest							80,942	939,984	12,635

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed July 24, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190724	317.1	323.5	316.5	321.2	2.9	6,384	54,441	-312
19-Dec	190724	327.4	333.8	327.4	331.5	2.1	2,397	23,698	-127
20-Mar	190724	337.7	344.5	337.7	342.4	2.6	984	15,398	-140
20-May	190724	346.1	351.5	346.1	349.4	2.1	266	4,813	-113
20-Aug	190724	356	358.6	355.3	358.1	1.8	41	2,653	8
Total Volume and Open Interest							10,083	102,219	-683

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			25-Jul-19	24-Jul-19	
Sugar					
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	3225	3235	-10
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3100	3110	-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	3580	3580	Unch
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	Dindigul	M-Grade	3540	3540	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
			25-Jul-19	24-Jul-19	
Jaggery(Gur)					
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	4200	4100	100
		White	NA	NA	-
		Black	3300	3300	Unch
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	3200	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3246	3241	5
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2900	50
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	3700	3700	Unch

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