

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

Indian sugar prices showed mixed trend in almost all over markets whereas international prices remained firm. The prices are expected to remain steady for coming few days due to less demand. Kolhapur sugar market prices stood same at Rs.3100 and may move below MSP whereas in U.P's Khatauli market at Rs.3330 INR.

The Agriculture Ministry has released the sugarcane area as on 26th July, the area progressed slightly to 52.30 lakh ha. The area is slightly higher by 3.98 lakh ha against the normal area and lagging behind by 3.15 lakh ha from the corresponding period in the previous year. The large decrease in area is seen in Tamil Nadu, Maharashtra and Gujarat by 28.22%, 23.64% and 25.68% 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.

International Sugar prices were boosted after the Unica's report that sugar production in Brazil's Center-South region in the first half of July fell sharply by -19.1% y/y to 1.939 MMT, with cumulative production in the 2019-20 marketing year through mid-July falling -10.8% compared to last year to 10.857 MMT. World sugar production in 2019-20 (Apr/Mar) will climb +1% to 180.7 MMT according to USDA after the +0.6% rise to a record 185.2 MMT in 2018/19. The world sugar surplus in 2018-19 fell to 1.832 MMT from the larger 2017-18 surplus of 7.3 MMT according to ISO.

Weather Forecast:

Moderate to heavy rains are expected over East Rajasthan and adjoining parts of Madhya Pradesh, South Konkan and Goa, adjoining North Coastal Karnataka, South Chhattisgarh and parts of North Coastal Andhra Pradesh. Light to moderate rains with one or two heavy spells can be seen over West Bengal, Sikkim, Assam, parts of Meghalaya, Jharkhand, Chhattisgarh, rest Madhya Pradesh, parts of Uttar Pradesh, Haryana, parts of Punjab, Uttarakhand, Himachal Pradesh, southern districts of Bihar, South Gujarat, North Konkan and Goa. The weather of West Rajasthan and Kutch will remain dry with light rain over the rest places of India.

Previous Updates:

Recently the central government has fixed around 10,000 tonnes of sugar of export quota to the European Union for the period starting from 1st Nov'19 to 30th Sep'20 under CXL concession. By availing the CXL concession on export to the EU, traders can export sugar at relatively low or zero customs duty. The central government is putting efforts in making new sugar export policy to cut the hindrance faced by the country this year. New policy should be released in the coming days to ease the export supply and curbing the sugar stocks by the sugar mills.

The sugarcane area in Marathwada and vidarbha region in Maharashtra have been affected severely due to weaker monsoon this year. The availability of green fodder has declined adversely in these areas for the cattle, therefore, farmers are uprooting the dried sugarcane for fodder purpose. According to Agriwatch estimates, sugarcane crop would be reduced by around 25% in Maharashtra due to less rainfall, diversion in fodder.

The area under sugarcane has slightly risen to 20,369 ha from 16,275 ha previous year also higher than normal area as on 24th July at 17,866 ha in Telangana. The area planting under sugarcane has almost been completed in the state.

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.

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 | 319.8 | -2.9 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Fri July 26, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-Oct | 190726 | 12.02 | 12.11 | 11.93 | 12.02 | 0.02 | 86,997 | 498,317 | -3,525 |
| 20-Mar | 190726 | 13.01 | 13.08 | 12.92 | 13.02 | 0.04 | 34,771 | 261,761 | 1,334 |
| 20-May | 190726 | 13.13 | 13.21 | 13.05 | 13.15 | 0.05 | 7,947 | 62,762 | -686 |
| 20-Jul | 190726 | 13.29 | 13.35 | 13.19 | 13.29 | 0.06 | 4,799 | 50,776 | 52 |
| 20-Oct | 190726 | 13.47 | 13.55 | 13.42 | 13.5 | 0.07 | 1,927 | 39,209 | 393 |
| 21-Mar | 190726 | 13.98 | 14.07 | 13.97 | 14.02 | 0.07 | 444 | 22,950 | 147 |
| 21-May | 190726 | 13.98 | 14.01 | 13.96 | 14.01 | 0.07 | 47 | 3,819 | -12 |
| 21-Jul | 190726 | 14 | 14 | 14 | 14 | 0.07 | 4 | 3,315 | 0 |
| Total Volume and Open Interest | | | | | | | 136,941 | 944,994 | -2,296 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Fri July 26, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-Oct | 190726 | 320 | 323.4 | 319.1 | 321 | 1 | 7,404 | 56,435 | 456 |
| 19-Dec | 190726 | 330.2 | 333.9 | 329.6 | 331.7 | 1.2 | 2,506 | 24,864 | 479 |
| 20-Mar | 190726 | 341.3 | 345 | 340.7 | 343.2 | 1.5 | 1,041 | 15,613 | 259 |
| 20-May | 190726 | 347.7 | 350.7 | 347.3 | 349.4 | 0.9 | 321 | 4,755 | 100 |
| 20-Aug | 190726 | 355.9 | 358.1 | 355.3 | 356.9 | 0.3 | 115 | 2,659 | 12 |
| Total Volume and Open Interest | | | | | | | 11,400 | 105,682 | 1,297 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|---|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 27-Jul-19 | 26-Jul-19 | |
| Delhi | Delhi | M-Grade | 3250 | 3210 | 40 |
| | Delhi | S-Grade | 3230 | 3190 | 40 |
| Uttar Pradesh | Khatauli | M-Grade | 3330 | 3325 | 5 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3240 | 3240 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3220 | 3220 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3290 | 3290 | Unch |
| Maharashtra | Mumbai | M-Grade | 3322 | 3322 | Unch |
| | Mumbai | S-Grade | 3222 | 3222 | Unch |
| | Nagpur | M-Grade | 3225 | 3225 | Unch |
| | Nagpur | S-Grade | 3155 | 3155 | Unch |
| | Kolhapur | M-Grade | 3100 | 3100 | Unch |
| | Kolhapur | S-Grade | 3030 | 3030 | Unch |
| Assam | Guhawati | S-Grade | 3339 | 3339 | Unch |
| Meghalaya | Shillong | S-Grade | 3350 | 3350 | 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 | 3600 | 3600 | Unch |
| | Dindigul | M-Grade | 3540 | 3540 | Unch |
| | Coimbatore | M-Grade | 3520 | 3520 | 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) | | | 27-Jul-19 | 26-Jul-19 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | NA | 0 | - |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA | 0 | - |
| | Muzaffarnagar | Khurpa (Fresh) | NA | 0 | - |
| | Muzaffarnagar | Laddoo (Fresh) | NA | 0 | - |
| | Muzaffarnagar | Rascut (Fresh) | NA | 0 | - |

| | | | | | |
|----------------|--------------------|-------------------|----|------|-------|
| | Hapur | Chaurasa | NA | 0 | - |
| | Hapur | Balti | NA | 0 | - |
| Andhra Pradesh | Chittur | Gold | 0 | 4200 | -4200 |
| | | White | 0 | NA | - |
| | | Black | 0 | 3300 | -3300 |
| Maharashtra | Latur | Lal Variety | NR | 0 | - |
| Karnataka | Bangalore | Mudde (Average) | NA | 4350 | - |
| | 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 | 3226 | - |
| | Mandya | Achhu (Medium) | NA | 3200 | - |
| | Mandya | Kurikatu (Medium) | NA | 3000 | - |
| | Mandya | Other (Medium) | NA | 2900 | - |
| | Mandya | Yellow (Medium) | NA | 3200 | - |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3600 | - |

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