

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

Indian sugar prices showed mixed trend in almost all over markets whereas international prices remained steady to 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. 3300 INR.

Weather Forecast:

During the next 24 hours, heavy rainfall is likely to occur in pockets of Southwest Rajasthan, North Telangana, Vidarbha, South Chhattisgarh, North Andhra Pradesh, Konkan and Goa coast, Upper Assam and Nagaland. Moderate rains and thundershowers are likely to occur at many places in Rajasthan, North and eastern parts of Gujarat, Madhya Pradesh, Konkan and Goa coast, Madhya Maharashtra, Odisha, Chhattisgarh, and Uttarakhand and at scattered places over Northeast states, South Bihar, Jharkhand and Gangetic West Bengal, South Uttar Pradesh, North Andhra Pradesh, in pockets of Jammu and Kashmir, Himachal Pradesh and Punjab. Light rains are expected at many places over rest parts of the country except Tamil Nadu, South Kerala, Rayalaseema, North Bihar and North Uttar Pradesh.

Previous Updates:

The Agriculture Ministry has released sowing data as on 26th July, the area progressed slightly to 52.30 lakh ha. The area is 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. Largest 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.

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	324.4	4.6

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			29-Jul-19	27-Jul-19	
Delhi	Delhi	M-Grade	3200	3250	-50
	Delhi	S-Grade	3180	3230	-50
Uttar Pradesh	Khatauli	M-Grade	3300	3330	-30
	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	3150	3155	-5
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3025	3030	-5
Assam	Guhawati	S-Grade	3334	3339	-5
Meghalaya	Shillong	S-Grade	3345	3350	-5
Andhra Pradesh	Vijayawada	M-Grade	3560	3560	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3590	3580	10
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)			29-Jul-19	27-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	0	4100
		White	NA	NA	-
		Black	3400	0	3400
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3214	NA	-
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2850	2900	-50
	Mandya	Yellow (Medium)	3150	3200	-50
	Shimoga/Shivamogga	Achhu (Average)	3800	NA	-

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