

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

Indian sugar prices showed mixed trend in almost all over markets. 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. 3335 INR.

According to the Thailand government, the tax on sugar has been surged again second time this year which is going to take effect from 1st October'19. Also, third increase is scheduled for 1st Oct'21. This will impact the sugar consumption so as to promote a better and healthy life. Many countries, like the United Kingdom, France, Ireland, Saudi Arabia, & Portugal have introduced a tax on sugary drinks over the past few years.

Weather Forecast:

Moderate to heavy with one or two very heavy spells are expected over Konkan and Goa, North Coastal Karnataka, parts of Vidarbha, Marathwada, South Chhattisgarh, South Odisha, and North Telangana. Light to moderate with one or two heavy spells will be seen over Himachal Pradesh, Uttarakhand, northern districts of Punjab and Haryana, Assam, Meghalaya, and parts of Nagaland. Scattered light to moderate can be seen over Southeast Rajasthan, many parts of Madhya Pradesh, rest Chhattisgarh, some parts of Odisha, rest Telangana, rest Northeast India, Sub-Himalayan West Bengal, and Sikkim, Madhya Maharashtra and parts of South Gujarat. Light rains can be seen over rest parts of the country.

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.

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 | 323.0 | -1.4 |



International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Mon July 29, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-Oct | 190729 | 12.04 | 12.21 | 12 | 12.07 | 0.05 | 43,545 | 498,139 | -178 |
| 20-Mar | 190729 | 13.04 | 13.18 | 13 | 13.05 | 0.03 | 15,581 | 264,001 | 2,240 |
| 20-May | 190729 | 13.17 | 13.28 | 13.13 | 13.17 | 0.02 | 3,368 | 62,534 | -228 |
| 20-Jul | 190729 | 13.34 | 13.42 | 13.26 | 13.31 | 0.02 | 1,897 | 51,017 | 241 |
| 20-Oct | 190729 | 13.48 | 13.61 | 13.46 | 13.51 | 0.01 | 778 | 39,418 | 209 |
| 21-Mar | 190729 | 14.08 | 14.12 | 14.02 | 14.03 | 0.01 | 108 | 22,978 | 28 |
| 21-May | 190729 | 14.08 | 14.08 | 14.02 | 14.02 | 0.01 | 3 | 3,817 | -2 |
| 21-Jul | 190729 | 14.01 | 14.01 | 14.01 | 14.01 | 0.01 | 3 | 3,313 | -2 |
| Total Volume and Open Interest | | | | | | | 65,286 | 947,303 | 2,309 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Mon July 29, 2019 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-Oct | 190729 | 322.7 | 325.6 | 321.9 | 322.1 | 1.1 | 2,762 | 56,547 | 112 |
| 19-Dec | 190729 | 333.3 | 335.4 | 332.1 | 332.5 | 0.8 | 1,382 | 25,001 | 137 |
| 20-Mar | 190729 | 344.8 | 346.6 | 343.4 | 344 | 0.8 | 652 | 15,902 | 289 |
| 20-May | 190729 | 351.1 | 352.3 | 350.3 | 350.3 | 0.9 | 312 | 4,893 | 138 |
| 20-Aug | 190729 | 359 | 359.7 | 357.8 | 357.8 | 0.9 | 111 | 2,701 | 42 |
| Total Volume and Open Interest | | | | | | | 5,233 | 106,408 | 726 |

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 30-Jul-19 | 29-Jul-19 | |
| Delhi | Delhi | M-Grade | 3200 | 3200 | Unch |
| | Delhi | S-Grade | 3180 | 3180 | Unch |
| Uttar Pradesh | Khatauli | M-Grade | 3335 | 3300 | 35 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3250 | 3240 | 10 |
| | Dhampur | S-Grade Ex-Mill | 3230 | 3220 | 10 |
| | Dhampur | L-Grade Ex-Mill | 3300 | 3290 | 10 |
| Maharashtra | Mumbai | M-Grade | 3322 | 3322 | Unch |
| | Mumbai | S-Grade | 3222 | 3222 | Unch |
| | Nagpur | M-Grade | 3225 | 3225 | Unch |
| | Nagpur | S-Grade | 3155 | 3150 | 5 |
| | Kolhapur | M-Grade | 3100 | 3100 | Unch |
| | Kolhapur | S-Grade | 3030 | 3025 | 5 |
| Assam | Guhawati | S-Grade | 3339 | 3334 | 5 |
| Meghalaya | Shillong | S-Grade | 3350 | 3345 | 5 |
| Andhra Pradesh | Vijayawada | M-Grade | 3560 | 3560 | Unch |
| | Vijayawada | S-Grade | 3500 | 3500 | Unch |
| West Bengal | Kolkata | M-Grade | 3590 | 3590 | 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) | | | 30-Jul-19 | 29-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 | 4500 | 4100 | 400 |
| | | White | NA | NA | - |
| | | Black | 3700 | 3400 | 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 | 3200 | -100 |
| | Gulbarga/Kalaburgi | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3231 | 3214 | 17 |
| | Mandya | Achhu (Medium) | 3200 | 3100 | 100 |
| | Mandya | Kurikatu (Medium) | 3000 | 3000 | Unch |
| | Mandya | Other (Medium) | 2950 | 2850 | 100 |
| | Mandya | Yellow (Medium) | 3150 | 3150 | Unch |
| | Shimoga/Shivamogga | Achhu (Average) | 3700 | 3800 | -100 |

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