

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.

August month's quota is likely to be higher than previous month around 21.5 LT to 22LT due to festive demand. The government has increased the buffer stock to 40 LT that would help to maintain the supply and demand. Also, the festive demand will help the sugar mills to liquidate the stocks in the August month.

Weather Forecast:

Light to moderate with few heavy spells will be seen over parts of Konkan and Goa, parts of Vidarbha and North Telangana, Southeast Rajasthan, Punjab, and Haryana. Moderate rains with few light spells can be seen over South Gujarat, rest Konkan and Goa, parts of Coastal Karnataka, Marathwada, South Chhattisgarh, West Madhya Pradesh. Extreme western parts of Rajasthan, parts of Rayalaseema, South Interior Karnataka, Tamil Nadu and parts of Uttar Pradesh will witness dry weather conditions. Rest all places to record scattered light rains with one or two moderate spells.

Previous Updates:

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.

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 lesser 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	323.1	0.01

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon July 30, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190730	12.07	12.3	12.05	12.15	0.08	26,025	492,952	-5,187
20-Mar	190730	13.05	13.25	13.04	13.12	0.07	9,890	265,497	1,496
20-May	190730	13.18	13.36	13.15	13.25	0.08	3,281	62,666	132
20-Jul	190730	13.29	13.49	13.28	13.39	0.08	1,096	51,263	246
20-Oct	190730	13.55	13.7	13.47	13.61	0.01	541	39,511	93
21-Mar	190730	13.98	14.24	13.96	14.14	0.11	175	23,040	62
21-May	190730	13.96	14.23	14.02	14.15	0.13	15	3,824	7
21-Jul	190730	13.94	14.23	13.94	14.15	0.14	0	3,313	0
Total Volume and Open Interest							41,023	944,152	-3,151

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon July 30, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190730	323	325.9	322.2	323	0.9	1,752	56,161	-386
19-Dec	190730	333.3	336.3	331.9	332.7	0.2	709	25,076	75
20-Mar	190730	347.7	347.8	343.6	344.3	0.3	625	16,097	195
20-May	190730	352	353.7	350.8	351.1	0.8	121	4,929	36
20-Aug	190730	359.2	361.1	358.6	358.8	1	59	2,704	3
Total Volume and Open Interest							3,266	106,331	-77

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			31-Jul-19	30-Jul-19	
Delhi	Delhi	M-Grade	3220	3200	20
	Delhi	S-Grade	3200	3180	20
Uttar Pradesh	Khatauli	M-Grade	3350	3335	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3250	Unch
	Dhampur	S-Grade Ex-Mill	3230	3230	Unch
	Dhampur	L-Grade Ex-Mill	3300	3300	Unch
Maharashtra	Mumbai	M-Grade	3326	3322	4
	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	3035	3030	5
Assam	Guhawati	S-Grade	3339	3339	5
Meghalaya	Shillong	S-Grade	3350	3350	5
Andhra Pradesh	Vijayawada	M-Grade	3560	3560	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3595	3590	5
Tamil Nadu	Chennai	S-Grade	3910	3875	135
	Dindigul	M-Grade	3750	3640	110
	Coimbatore	M-Grade	3695	3620	75
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)		Prices (Rs/Qtl)
Jaggery(Gur)			31-Jul-19	30-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	4200	4500	-300
		White	NA	NA	-
		Black	3500	3700	-200
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)	3300	3320	-20
	Mahalingapura	Penti (Average)	3243	3231	12
	Mandya	Achhu (Medium)	3300	3200	100
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2950	100
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	3700	3700	Unch

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