

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

Indian sugar prices stood firm in almost all over markets on the back of lower quota this month. The prices are expected to remain firm in the month of August. Kolhapur sugar prices increased by Rs.50 at Rs.3200 and in U.P's Khatauli market stood at Rs. 3400 INR.

Maharashtra millers demanded the central government's nod to convert existing sugar to ethanol, an alternate to C- Heavy Molasses, B Heavy Molasses and juice into ethanol. As oil companies are expecting 110 crore liters of ethanol from Maharashtra to meet E10 fuel (gasoline containing 10 percent ethanol). The crop in 2019-20 season is estimated lower in Maharashtra due to unavailability of water, therefore, the shortfall of B- heavy molasses may occur. The availability of ethanol will get restricted to 70 crore litre, 5 crore litre totalling 75 crore litre through the B Heavy Molasses and Juice routes separately.

Heavy rains in Maharashtra filled up the existing desiccated dams and received a surplus rainfall of 7% whereas Marathwada region is still deficit of rain by around 27 to 30%. Heavy rains in Satara and Sangli districts have ensured a healthy water stock in dams. The Koyana dam the largest source of water of the state has filled up to 74.89 TMC of its 105 TMC capacity.

Weather Forecast:

During the next 24 hours, moderate to heavy rains are possible over Gujarat region, Konkan and Goa, North Coast of Karnataka, some parts of East Rajasthan, North Chhattisgarh and in adjoining parts of East Madhya Pradesh. Moderate rains with one or two light spells are likely over rest parts of Gujarat, rest parts of East Rajasthan, many parts of Madhya Pradesh, parts of Uttar Pradesh, Himachal Pradesh, Uttarakhand, North Punjab, North Haryana, Sub-Himalayan West Bengal, Sikkim, Assam and Meghalaya. Weather will remain dry over extreme West Rajasthan and in most parts of Tamil Nadu. Rest all places will receive light rains with one or two moderate spells.

Previous Updates:

Farmers are more likely to send the cane for fodder as they are getting better prices instead of selling to the sugar mills. A lot of dried cane in the last month is sent for fodder. In Maharashtra, the Marathwada regions rainfall since June has been 29% lower than normal, while Vidarbha saw rains that were 19% below average, according to IMD. But the arrival of monsoon has brought some relief but several area are still suffering from scanty rainfall.

Brazilian Sugar exports has slumped down to 21% in the first half of the new season (2019-20) compared to the same period of 2018-19 season. Demand continues to be weaker as the buyers have already enough unsold stock. Due to which the departure of sugar from the ports of Brazil is slacking at the time when the exports increases as Brazil is approaching in its peak season.

August month's sugar quota have been fixed at 19 LT to each 535 mills in India along with added incentivised quota to those mills who have completed their export targets under MIEQ Quota. 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.

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.

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	322.6	-0.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu August 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190801	12.16	12.22	12.01	12.12	-0.09	43,802	494,561	1,303
20-Mar	190801	13.2	13.2	13.02	13.14	-0.06	19,114	265,872	328
20-May	190801	13.33	13.33	13.15	13.28	-0.05	4,628	64,378	698
20-Jul	190801	13.45	13.45	13.29	13.4	-0.07	3,348	52,018	127
20-Oct	190801	13.66	13.66	13.51	13.61	-0.07	1,361	40,002	294
21-Mar	190801	14.2	14.2	14.04	14.16	-0.06	984	23,413	397
21-May	190801	14.18	14.18	14.16	14.16	-0.06	415	3,833	12
21-Jul	190801	14.16	14.16	14.16	14.16	-0.06	208	3,463	150
Total Volume and Open Interest							73,907	949,627	3,310

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu August 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190801	324	326.9	322.1	325.6	1.6	4,439	54,997	-637
19-Dec	190801	333	335.7	331.6	334.6	1.1	2,232	25,106	346
20-Mar	190801	344.3	346.6	343.1	345.5	0.4	989	16,704	305
20-May	190801	351.6	353.5	350.4	352	-0.2	233	5,088	130
20-Aug	190801	360.4	361	357.4	359.3	-0.6	87	2,683	-21
Total Volume and Open Interest							8,010	105,933	114

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			2-Aug-19	1-Aug-19	
Delhi	Delhi	M-Grade	3320	3250	70
	Delhi	S-Grade	3300	3230	70
Uttar Pradesh	Khatauli	M-Grade	3400	3420	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3392	3350	42
	Mumbai	S-Grade	3250	3226	24
	Nagpur	M-Grade	3325	3275	50
	Nagpur	S-Grade	3245	3225	20
	Kolhapur	M-Grade	3200	3150	50
	Kolhapur	S-Grade	3120	3100	20
Assam	Guhawati	S-Grade	3431	3410	20
Meghalaya	Shillong	S-Grade	3440	3420	20
Andhra Pradesh	Vijayawada	M-Grade	3580	3580	Unch
	Vijayawada	S-Grade	3520	3520	Unch
West Bengal	Kolkata	M-Grade	3620	3570	50
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)			2-Aug-19	1-Aug-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	4100	Unch
		White	NA	NA	-
		Black	3700	3700	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	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	3000	2950	50
	Mandya	Yellow (Medium)	3250	3250	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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