

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.

The Agriculture Ministry has released the sugarcane sowing data on 2nd Aug'19. Sugarcane acreage remained same at 52.30 lakh ha from last week. The area is higher by 4.56 lakh ha compared to the normal area and lagging behind by 3.15 lakh ha from that in corresponding period previous year. Largest decrease in acreage is seen in Maharashtra, Tamil Nadu, UP and Gujarat by 2.6 lakh ha, 0.81 lakh ha, 0.56 lakh ha and 0.47 lakh ha respectively from last year.

Weather Forecast:

During the next 24 hours, Moderate rains with one or two heavy spells are likely over East Rajasthan, North and West Madhya Pradesh, South Gujarat, Konkan and Goa, parts of Coastal Karnataka. Moderate rains with few light spells can be seen over Himachal Pradesh, Uttarakhand, North Madhya Maharashtra, Vidarbha, Marathwada, Chhattisgarh, North Coastal Andhra Pradesh and parts of Odisha. Light rain with one or two moderate spells can be seen over North Rajasthan, Punjab, Haryana, Delhi, Jharkhand, parts of Uttar Pradesh, South Bihar, Sub-Himalayan West Bengal, and Sikkim, Northeast India, parts of Telangana and Saurashtra and Kutch. Weather of Rayalaseema, Tamil Nadu, South Interior Karnataka will be dry. Light rain will be seen over rest places.

Previous Updates:

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.

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 Fri August 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190802	12.11	12.12	11.89	12.02	-0.1	37,245	498,479	3,918
20-Mar	190802	13.11	13.13	12.92	13.03	-0.11	20,623	267,976	2,104
20-May	190802	13.28	13.28	13.06	13.17	-0.11	9,326	66,678	2,300
20-Jul	190802	13.38	13.38	13.2	13.28	-0.12	5,130	52,722	704
20-Oct	190802	13.58	13.58	13.4	13.48	-0.13	1,028	40,147	145
21-Mar	190802	14.11	14.11	14	14	-0.16	385	23,608	195
21-May	190802	14.02	14.02	13.99	13.99	-0.17	125	3,833	0
21-Jul	190802	14.01	14.01	13.98	13.98	-0.18	130	3,545	82
Total Volume and Open Interest							74,099	959,021	9,394

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri August 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190802	323.3	324.4	321.4	323.7	-1.9	3,870	54,441	-556
19-Dec	190802	332.3	333.2	330.7	332.2	-2.4	2,399	25,552	446
20-Mar	190802	343.5	343.8	341.7	343.1	-2.4	1,140	17,039	335
20-May	190802	351	351	348.8	349.8	-2.2	246	5,188	100
20-Aug	190802	356.9	358.4	356.3	357.7	-1.6	102	2,668	-15
Total Volume and Open Interest							7,758	106,244	311

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Aug-19	2-Aug-19	
Delhi	Delhi	M-Grade	3320	3320	Unch
	Delhi	S-Grade	3300	3300	Unch
Uttar Pradesh	Khatauli	M-Grade	3400	3400	Unch
	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	3396	3392	4
	Mumbai	S-Grade	3246	3250	-4
	Nagpur	M-Grade	3325	3325	Unch
	Nagpur	S-Grade	3225	3245	-20
	Kolhapur	M-Grade	3200	3200	Unch
	Kolhapur	S-Grade	3100	3120	-20
Assam	Guhawati	S-Grade	3410	3431	-20
Meghalaya	Shillong	S-Grade	3420	3440	-20
Andhra Pradesh	Vijayawada	M-Grade	3580	3580	Unch
	Vijayawada	S-Grade	3520	3520	Unch
West Bengal	Kolkata	M-Grade	3620	3620	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)			3-Aug-19	2-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	4200	4100	100
		White	NA	NA	-
		Black	3800	3700	100
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)	3400	3350	50
	Mahalingapura	Penti (Average)	NA	3210	-
	Mandya	Achhu (Medium)	3250	3300	-50
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3200	3250	-50
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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