

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

Indian sugar market was firm on Friday. The prices are expected to remain firm in MH on the back of expectations of crop loss in Maharashtra and in some areas of Karnataka. Kolhapur sugar prices stood same at Rs.3300 and in U.P's Khatauli market stood at Rs. 3470 INR. Also the demand has picked up the pace in Delhi and other consuming markets due to festivals supporting the sugar prices.

As on 14th Aug'19, 78% sugarcane area in AP is sown, covering 1.06 lakh ha which is 9.6% less from corresponding period last year (0.97 lakh ha). In Telangana also, 64% area of the season normal has been sown under sugarcane and declined on large scale compared to previous year by 9,295 ha this year covering only 21,932 ha. The crop in both the states are in vegetative phases.

The government is likely to announce the sugar export policy by the end of this month of 60 to 80 LMT as the millers are not able to export as per the MIEQ quota allocated to the mills. Also, the Indian sugar miller's seek export and transport subsidy of Rs.1030 to Rs.1200 per quintal. Although lakhs of hectares is on verge of damage due to recent floods in Satara, Sangli, Kolhapur, Karad, Belgaum which are also prominent cane areas. Despite of that, there is surplus sugar in the mills and a quick decision is necessary to clear the stocks. Of the existing policy, 37 LMT to 38 LMT has been contracted and is likely to get exported by 30th Sept 2019 which actually running behind of 12 LMT.

Weather Forecast:

During the next 24 hours, moderate to heavy rains with one or two very heavy spells are expected to occur over West Madhya Pradesh, East Rajasthan, Southwest Uttar Pradesh and parts of Coastal Karnataka. Light to moderate rain with one or two heavy spells may occur over Konkan and Goa, Kerala, parts of Himachal Pradesh, and Uttarakhand. Scattered light to moderate rains are likely over parts of Punjab, Haryana, Delhi, West Bengal, eastern parts of Bihar, eastern Jharkhand, North Odisha and Northeast India. Remaining parts of the country will only receive scattered light rains with one or two moderate spells.

Previous Updates:

The heavy rains in Kolhapur, Sangli and Satara resulted in more than 90,000 ha of sugarcane is under water since last 4 days. According to Western India Sugar Mills Association (WISMA), 50% of Maharashtra has been hit by drought in the last two months and the remaining 50% has been affected by floods that hit western Maharashtra last week. More than 40% of crop could be affected as sugarcane is the main crop in the region according to the trade sources.

The Agriculture Ministry has released the sugarcane sowing data on 8th Aug'19. Sugarcane acreage remained at 52.30 lakh ha. 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. Higher area is reported in the state of UP (3.96 lakh ha), and Karnataka (1.12 lakh ha) and largest decrease in acreage is seen in Tamil Nadu, Gujarat and Maharashtra by 0.64 lakh ha, 0.51 lakh ha, 0.27 lakh ha respectively from last year.

According to Unica report released by Brazil on Friday reported that nearly 50 mln tonnes of cane were processed in 2nd half of July'19, 4.25% above the same time last year in Center-South region. The

Sugar production in Brazil's Center-South region in the second half of July fell by -5.5% y/y to 2.478 MMT, with cumulative production in the 2019-20 marketing year through July falling -9.9% y/y to 13.334 MMT.

Sugarcane belts of Maharashtra; Sangli, Satara and Kolhapur under severe conditions of floods. Maharashtra' CM took the review of flood situation in Kolhapur, Sangli & Satara. The sugarcane crop would mostly get affected which will eventually affect the state's sugar production.

Heavy rainfall in Kolhapur since last 3 days is on verge of waterlogging conditions in the standing sugarcane crop if the heavy rain continues. Although the crop area is declined by 22-25% in Maharashtra and Kolhapur contributing the major crop area around 60-70% of total sugarcane area in Maharashtra would affect the crop yield adversely in the coming sugar season.

The export target of 5 million tonnes set by the government for sugar season 2018-19 seems like not possible to achieve. Although government has offered many incentives this year to boost the export sales included transport subsidies of between Rs.1000/tonne to Rs. 3000/tonne depending on the distance to ports. According to Agriwatch, India has exported around 35 LT of sugar till July'19 from the beginning of the season in Sep'18. With this pace, India is expected to export only 2-2.5 LT in the two months left for the current season.

The Sugar Regulatory Administration (SRA) has approved Phillipines sugar industry to import 2,50,000 tonnes of refined sugar to meet the increase in demand amid low domestic production. The concerns over increase in domestic prices and to meet the rising demand made SRA to take step forward for importation.

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	314.7	Unch

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu August 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190815	11.62	11.74	11.51	11.63	0.02	58,327	533,343	148
20-Mar	190815	12.67	12.77	12.55	12.68	0.04	40,219	282,611	1,279
20-May	190815	12.82	12.92	12.71	12.83	0.03	18,805	93,822	415
20-Jul	190815	12.94	13.03	12.84	12.95	0.02	9,106	57,758	1,991
20-Oct	190815	13.14	13.2	13.02	13.14	0.02	2,746	43,295	818
21-Mar	190815	13.66	13.71	13.61	13.65	0.01	1,141	26,421	804
21-May	190815	13.68	13.68	13.63	13.67	0.01	26	4,377	0
21-Jul	190815	13.68	13.69	13.68	13.69	0.01	4	3,823	0
Total Volume and Open Interest							130,374	1,047,548	5,455

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu August 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190815	315.8	316.5	312.3	313.5	-1.2	6,254	46,769	-1,153
19-Dec	190815	324.7	325.9	321.5	323.3	-0.5	3,721	32,961	885
20-Mar	190815	335.3	336.9	332.5	334.1	-0.7	1,715	19,900	615
20-May	190815	341.3	343	339.2	341	-0.7	177	5,596	26
20-Aug	190815	349.7	351.5	348	349	-1	71	3,082	36
Total Volume and Open Interest							11,985	109,941	427

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			16-Aug-19	14-Aug-19	
Delhi	Delhi	M-Grade	3400	3350	50
	Delhi	S-Grade	3380	3330	50
Uttar Pradesh	Khatauli	M-Grade	3470	3450	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3350	3325	25
	Dhampur	S-Grade Ex-Mill	3330	3305	25
	Dhampur	L-Grade Ex-Mill	3400	3375	25
Maharashtra	Mumbai	M-Grade	3620	3600	20
	Mumbai	S-Grade	3366	3366	Unch
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3300	3250	50
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3670	3670	Unch
Tamil Nadu	Chennai	S-Grade	3620	3620	Unch
	Dindigul	M-Grade	3600	3600	Unch
	Coimbatore	M-Grade	3600	3600	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)			16-Aug-19	14-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	4600	4700	-100
		White	4400	4100	300
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3566	-
	Mandya	Achhu (Medium)	3400	3400	Unch
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3050	3050	Unch
	Mandya	Yellow (Medium)	3400	3400	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	4050	-

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