

Sugar & Gur Domestic & International Fundamentals
Recent Update:

Mixed trend was seen in Indian sugar market on Thursday. Overall the prices are expected to be steady in Indian markets. Kolhapur sugar prices stood lower at Rs.3225 and in U.P's Khatauli market stood at Rs. 3450 INR.

The cabinet has approved to give the export subsidy incentives to the sugar mills as long awaited by the millers since last month. The government has approved Rs.10,448 per tonne of sugar upto 6 million tonnes in the marketing year 2019-20 with an estimated cost of Rs. 6268 crore against the current year's Rs.11000 per tonne for 5 million tonnes of sugar. The subsidy will be covering expenses on marketing, handling, processing and transport charges, and the amount will be credited directly to farmers' accounts on behalf of mills against cane price dues and if anything left, it will go to the mills directly. This move would encourage the exports clearing the cane arrears mounted on the sugar millers to the farmers and would also help clearing the stock as much as possible with an advantage of lower estimated crop this year, thus, supporting the prices in the coming season.

Brazil has continued to be more oriented towards ethanol production instead of sugar production. Only 35% of cane has been allocated for sugar production while the rest is being devoted on ethanol production the ongoing marketing year due to better fuel prices in the Brazilian domestic market. According to Unica, the mills crushed 42.54 million tonnes of cane early in August, 26% more than in similar period last year. Sugar production was up 24% to 2.12 million tonnes, while ethanol production was up 20% to 2.39 billion liters.

Weather Forecast:

During the next 24 hours, moderate to heavy rains are expected to continue over Andaman and Nicobar Islands. Light to moderate rains with one or two heavy spells is expected over Madhya Pradesh, Chhattisgarh, Kerala, and parts of Odisha. Scattered light to moderate rains can be seen over Gujarat, Southeast and South Rajasthan, Konkan, and Goa and parts of Himachal Pradesh, Uttarakhand, Assam, Arunachal Pradesh, and Nagaland. Weather will be dry over West Punjab, West Haryana, and West Rajasthan and rest places will witness scattered light rains with one or two moderate spells.

Previous Updates:

According to the sources, the government would set the lower sale quota around (18-19 lakh tonne) for the next month so as to protect the prices to fall further. The month started with higher sugar prices due to lower sales quota (19 lakh tonne) allotted by the government which supported the prices by Rs.50-80 in all over Indian markets. But by the last week of the month, the millers are in urge to sell their unsold stock as soon as possible of the month which made a fall in prices by Rs.10-20 in last 2-3 days.

Maharashtra millers have requested to delay crushing in the coming season which usually starts from 1st of October and likely to start from second week of November'19. Sugarcane which has survived from recent floods will require time to revive (around 75,000 ha in Kolhapur, Sangli & Satara) and similarly the drought affected cane also requires time to mature as these areas have received sufficient amount of rainfall. The number of days for crushing is also expected to reduce by 30-35 days from 160 to 130 days and around 50 mills are unlikely to crush cane for 2019-20 season due to lack of availability.

All India sugarcane sowing progress released by Government of India, as on 22nd Aug'19, the sowing has almost been completed under sugarcane. Total area stood at 52.37 lakh ha this year lower by 3.1 lakh ha (5.5%) but higher by 9.6% than normal area as on date. Sugarcane crop is expected to be lower due to the havoc caused by the floods in Maharashtra and few parts of Karnataka.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 18th Aug'19 stood at 1.53 lakh tonnes reaching 112.48 lakh tonnes (36.1%) total crush from the beginning of the season. The crush as on 19th Aug'18, was around 145.44 lakh tonnes higher by 32.96 lakh tonnes (43.2%) compared to 2019-20 crushing.

Indian domestic sugar prices has gained support by Rs.80-100 in last few days as the festive season begins and the demand for sugar has increased. This will provide relief to those sugar mills who are suffering due to low sugar rate. Also due floods in Kolhapur, Sangli, the sugarcane crop has been destroyed in the area, and the mills here have not been able to sell sugar due to the flood. Due to this, the demand for sugar from the mills in the district has increased. The sugar output in MH was expected to around 66-70 lakh tonnes which might be reduced further by 10-15% more.

Excessive rainfall in Haryana also on verge to damage of sugarcane crop after the Maharashtra and Karnataka. According to the trade sources, the crop is under submerged condition after the excess water released from the Hathnikund barrage. Mainly Yamunanagar, Karnal, Panipat and Sonipat districts in the state are affected till now.

Since the beginning of this month, around 15 days the sugarcane crop remained in water logging (submerged) conditions upto 5-5.5 ft of muddy water after the continuous heavy rainfall in Kolhapur, Sangli and Satara. East Kolhapur and south Sangli were the most affected areas (around 75000 ha sugarcane area) accounting more than 50% loss in crop, overall crop loss is estimated to be around 40-50% till date in Maharashtra. Eventually in this condition, the average sugar recovery of the state is likely to reduce by approximately 20-30% to 8-10% recovery rate. The Adsali crop planted during May-June'19 for 2020-21 crushing season is also been damaged according to the trade sources.

According to the Maharashtra state government, 10-15% sugar reduction after floods is likely to be observed in the coming crushing season 2019-20 as only around 570 lakh tonnes of sugarcane would be available for crushing from 8.40 lakh ha in Maharashtra. Sugarcane has been damaged by excessive waterlogging. Therefore, it is expected that this may have an impact on sugar production in the state. Once the water level recedes, clarity of total crop loss can be assessed by the end of this week.

All India sugarcane sowing progress released by Government of India, as on 16th Aug'19, the sowing has almost been completed under sugarcane. Total area stood at 52.30 lakh ha this year lower by 3.15 lakh ha (5.6%) but higher by 9.5% than normal area as on date. The acreage in Tamil Nadu, Maharashtra, Telangana, AP, and UP declined this year by 28%, 24%, 18%, 8% and by 2% respectively due to unfavourable prolonged drought conditions in all the states.

Weekly Outlook:

Indian Sugar markets remained weak during last week. We expect sugar prices may trade steady to firm due to growth in demand in the market. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3200–Rs 3350 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	306.1	-4.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed August 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190828	11.26	11.46	11.09	11.37	0.13	40,148	515,895	-2,204
20-Mar	190828	12.38	12.55	12.24	12.48	0.13	23,019	294,005	-519
20-May	190828	12.51	12.65	12.39	12.59	0.1	9,103	99,247	1,092
20-Jul	190828	12.63	12.75	12.52	12.7	0.1	5,317	61,339	947
20-Oct	190828	12.81	12.94	12.77	12.89	0.08	2,644	46,750	269
21-Mar	190828	13.31	13.48	13.3	13.4	0.05	1,363	28,209	251
21-May	190828	13.51	13.53	13.38	13.41	0.01	742	4,583	147
21-Jul	190828	13.53	13.54	13.39	13.4	-0.02	620	4,065	182
Total Volume and Open Interest							83,790	1,056,884	784

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed August 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190828	305.4	309.7	303.7	309.2	3.1	2,620	43,704	-885
19-Dec	190828	315.8	319.8	313.6	319.5	3.5	1,741	36,110	188
20-Mar	190828	324.8	329	323	328.8	3.5	814	21,664	67
20-May	190828	333.2	336.8	330.8	336.8	3.5	114	6,305	-28
20-Aug	190828	340	345.1	340	345.1	3.6	28	3,253	-6
Total Volume and Open Interest							5,317	112,793	-664

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			29-Aug-19	28-Aug-19	
Sugar					
Delhi	Delhi	M-Grade	3350	3320	30
	Delhi	S-Grade	3330	3300	30
Uttar Pradesh	Khatauli	M-Grade	3450	3440	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3350	3340	10
	Dhampur	S-Grade Ex-Mill	3330	3320	10
	Dhampur	L-Grade Ex-Mill	3400	3390	10
Maharashtra	Mumbai	M-Grade	3636	3620	16
	Mumbai	S-Grade	3326	3326	Unch
	Nagpur	M-Grade	3350	3375	-25
	Nagpur	S-Grade	3250	3245	5
	Kolhapur	M-Grade	3225	3250	-25
	Kolhapur	S-Grade	3125	3120	5
Assam	Guhawati	S-Grade	3436	3431	5

Meghalaya	Shillong	S-Grade	3445	3440	5
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3690	3690	Unch
Tamil Nadu	Chennai	S-Grade	3660	3660	Unch
	Dindigul	M-Grade	3700	3700	Unch
	Coimbatore	M-Grade	3600	3600	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3550	3550	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
			29-Aug-19	28-Aug-19	
Jaggery(Gur)					
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	4400	Unch
		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	3400	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3450	-
	Mahalingapura	Penti (Average)	3461	3469	-8
	Mandya	Achhu (Medium)	3550	3600	-50
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3100	3150	-50
	Mandya	Yellow (Medium)	3600	3600	Unch
	Shimoga/Shivamogga	Achhu (Average)	4150	4150	Unch

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