

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

**Mixed trend was seen in Indian sugar market on Friday.** Overall the prices are expected to be steady in Indian markets. Kolhapur sugar prices stood lower at Rs.3250 and in U.P's Khatauli market stood at Rs. 3450 INR.

**Weather Forecast:**

During the next 24 hours, light to moderate rains with one or two heavy spells are likely over Southeast Rajasthan, adjoining West Madhya Pradesh and Andaman and Nicobar Islands. Scattered light to moderate rains are forecast for parts of South Uttar Pradesh, isolated pockets of foothills of Uttar Pradesh, Madhya Pradesh, Chhattisgarh, parts of Vidarbha, parts of Telangana, parts of Assam, Konkan and Goa, coastal Karnataka, Jammu and Kashmir, Himachal Pradesh, Uttarakhand. Rest parts of the country will remain mainly dry with chances of isolated light rain with one or two moderate spells.

**Previous Updates:**

**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.

**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 1<sup>st</sup> 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 22<sup>nd</sup> 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 18<sup>th</sup> 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 19<sup>th</sup> 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 16<sup>th</sup> 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<br>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 | 304.3 | -4.9   |

## International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Thu August 29, 2019 |        |       |       |       |       |        |              |           |        |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|--------|
| Most Recent Information                         |        |       |       |       |       |        | Previous Day |           |        |
| Mth   | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int  | Change |
| Sugar #11(ICE)                                  |        |       |       |       |       |        |              |           |        |
| <a href="#">19-Oct</a>                          | 190829 | 11.38 | 11.45 | 11.15 | 11.21 | -0.16  | 86,255       | 522,014   | 6,119  |
| <a href="#">20-Mar</a>                          | 190829 | 12.5  | 12.55 | 12.26 | 12.31 | -0.17  | 46,820       | 302,385   | 8,380  |
| <a href="#">20-May</a>                          | 190829 | 12.6  | 12.66 | 12.39 | 12.44 | -0.15  | 12,480       | 100,203   | 956    |
| <a href="#">20-Jul</a>                          | 190829 | 12.72 | 12.77 | 12.5  | 12.56 | -0.14  | 9,490        | 63,256    | 1,917  |
| <a href="#">20-Oct</a>                          | 190829 | 12.94 | 12.98 | 12.73 | 12.78 | -0.11  | 3,701        | 47,433    | 683    |
| <a href="#">21-Mar</a>                          | 190829 | 13.43 | 13.5  | 13.26 | 13.29 | -0.11  | 1,548        | 28,355    | 146    |
| <a href="#">21-May</a>                          | 190829 | 13.43 | 13.49 | 13.26 | 13.29 | -0.12  | 244          | 4,656     | 73     |
| <a href="#">21-Jul</a>                          | 190829 | 13.41 | 13.45 | 13.24 | 13.27 | -0.13  | 127          | 4,094     | 29     |
| Total Volume and Open Interest                  |        |       |       |       |       |        | 160,755      | 1,075,205 | 18,321 |

## International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Thu August 29, 2019 |        |       |       |       |       |        |              |          |        |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                         |        |       |       |       |       |        | Previous Day |          |        |
| Mth   | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| London Sugar(LCE)                               |        |       |       |       |       |        |              |          |        |
| <a href="#">19-Oct</a>                          | 190829 | 309   | 309.6 | 303   | 304.3 | -4.9   | 12,177       | 42,728   | -976   |
| <a href="#">19-Dec</a>                          | 190829 | 320.4 | 320.4 | 313.8 | 315   | -4.5   | 6,420        | 36,345   | 235    |
| <a href="#">20-Mar</a>                          | 190829 | 329.9 | 329.9 | 322.7 | 324   | -4.8   | 2,514        | 21,978   | 314    |
| <a href="#">20-May</a>                          | 190829 | 336.4 | 337.2 | 330.6 | 332.2 | -4.6   | 611          | 6,462    | 157    |
| <a href="#">20-Aug</a>                          | 190829 | 344.7 | 345.6 | 339.9 | 341.1 | -4     | 266          | 3,347    | 94     |
| Total Volume and Open Interest                  |        |       |       |       |       |        | 22,074       | 112,672  | -121   |

## DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |          |                 |                 |           |        |
|-----------------------------------|----------|-----------------|-----------------|-----------|--------|
| Commodity                         | Centre   | Variety         | Prices (Rs/Qtl) |           | Change |
| Sugar                             |          |                 | 30-Aug-19       | 29-Aug-19 |        |
| Delhi                             | Delhi    | M-Grade         | 3350            | 3350      | Unch   |
|                                   | Delhi    | S-Grade         | 3330            | 3330      | Unch   |
| Uttar Pradesh                     | Khatauli | M-Grade         | 3450            | 3450      | Unch   |
|                                   | Ramala   | M-Grade         | NA              | NA        | -      |
|                                   | Dhampur  | M-Grade Ex-Mill | 3350            | 3350      | Unch   |
|                                   | Dhampur  | S-Grade Ex-Mill | 3330            | 3330      | Unch   |
|                                   | Dhampur  | L-Grade Ex-Mill | 3400            | 3400      | Unch   |
| Maharashtra                       | Mumbai   | M-Grade         | 3640            | 3636      | 4      |
|                                   | Mumbai   | S-Grade         | 3330            | 3326      | 4      |
|                                   | Nagpur   | M-Grade         | 3375            | 3350      | 25     |
|                                   | Nagpur   | S-Grade         | 3275            | 3250      | 25     |
|                                   | Kolhapur | M-Grade         | 3250            | 3225      | 25     |
|                                   | Kolhapur | S-Grade         | 3150            | 3125      | 25     |
| Assam                             | Guhawati | S-Grade         | 3461            | 3436      | 25     |
| Meghalaya                         | Shillong | S-Grade         | 3470            | 3445      | 25     |

|   |            |                        |      |      |      |
|---|------------|------------------------|------|------|------|
| 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 |
|----------------|--------------------|--------------------------|-----------------|-----------|--------|
|                |                    |                          | 30-Aug-19       | 29-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                     | 4700            | 4600      | 100    |
|                |                    | White                    | 4400            | 4400      | Unch   |
|                |                    | Black                    | 3700            | 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              | 3400      | -      |
|                | Gulbarga/Kalaburgi | Other (Average)          | NA              | NA        | -      |
|                | Mahalingapura      | Penti (Average)          | NA              | 3461      | -      |
|                | Mandya             | Achhu (Medium)           | 3500            | 3550      | -50    |
|                | Mandya             | Kurikatu (Medium)        | 3200            | 3200      | Unch   |
|                | Mandya             | Other (Medium)           | 3150            | 3100      | 50     |
|                | Mandya             | Yellow (Medium)          | 3550            | 3600      | -50    |
|                | Shimoga/Shivamogga | Achhu (Average)          | 4150            | 4150      | Unch   |

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