

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

**Mixed trend was seen in Indian sugar market on Monday.** Overall the prices are expected to be steady to firm in Indian markets. Kolhapur sugar prices stood is closed due to Ganesh Chaturthi and in U.P's Khatauli market stood at Rs. 3470 INR.

**Monthly sales quota has been announced by the government for September at 19.5 LT to each 535 mills in India.** This month's quota is slightly higher by 0.5 LT compared to previous month in the view of upcoming festivals which would stabilize the sugar prices, maintain the supply demand balance and to improve their liquidity position. 9 sugar mills face action for selling excessive sugar quota and were issued by Show Cause Notices (SCNs) for violation of stock holding order for the month of April 2019.

**All India sugarcane sowing progress released by Government of India, as on 30<sup>th</sup> Aug'19, the sowing has almost been completed under sugarcane.** A slight increase in total area sown is reported, 52.41 lakh ha area has been covered this year lower by 3.06 lakh ha (5.5%) but higher by 4.4% than normal area as on date. The acreage in Tamil Nadu, Maharashtra, Telangana, AP, and UP declined this year by 0.81 lakh ha, 2.6 lakh ha, 0.07 lakh ha, 0.11 lakh ha and by 0.56 lakh ha respectively due to unfavourable prolonged drought conditions (delayed monsoon) in all the states.

**Weather Forecast:**

During the next 24 hours, moderate to heavy rains with one or two very heavy spells are likely over Andaman and Nicobar Islands. Light to moderate rains with one or two heavy spells is forecast for South Odisha, South Chhattisgarh, parts of Vidarbha, parts of Telangana, Madhya Pradesh, Southeast Rajasthan, Gujarat region, Coastal Karnataka and Konkan and Goa. Scattered light to moderate rains can be seen over North Coastal Andhra Pradesh, Kerala, West Uttar Pradesh, parts of Uttarakhand, Himachal Pradesh, Jammu and Kashmir, Sub-Himalayan West Bengal and Sikkim, Assam, parts of Jharkhand, parts of Punjab, Haryana, and Delhi. The 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.

**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.

## 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	304.3	-4.9

## International Sugar Futures ICE (USCent/lb)

Daily Futures Price Listing Fri August 30, 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>	190830	11.2	11.3	11.05	11.14	-0.07	72,130	516,512	-5,502
<a href="#">20-Mar</a>	190830	12.32	12.38	12.15	12.23	-0.08	45,202	306,899	4,514
<a href="#">20-May</a>	190830	12.45	12.51	12.3	12.38	-0.06	13,587	100,333	130
<a href="#">20-Jul</a>	190830	12.56	12.63	12.43	12.52	-0.04	10,778	64,906	1,650
<a href="#">20-Oct</a>	190830	12.77	12.85	12.65	12.75	-0.03	5,579	48,548	1,115
<a href="#">21-Mar</a>	190830	13.27	13.38	13.19	13.29	unch	2,865	29,152	797
<a href="#">21-May</a>	190830	13.26	13.31	13.21	13.31	0.02	367	4,728	72
<a href="#">21-Jul</a>	190830	13.24	13.3	13.2	13.3	0.03	206	4,196	102
Total Volume and Open Interest							151,005	1,078,226	3,021

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

Daily Futures Price Listing Fri August 30, 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>	190830	304.7	306.2	301	301.6	-2.7	8,218	41,339	-1,389
<a href="#">19-Dec</a>	190830	315.5	316.4	310.2	311.3	-3.7	5,409	37,380	1,035
<a href="#">20-Mar</a>	190830	324.5	325.3	319.9	320.8	-3.2	2,215	22,203	225
<a href="#">20-May</a>	190830	331.4	333.3	328.2	328.9	-3.3	337	6,589	127
<a href="#">20-Aug</a>	190830	340.5	340.6	337	337.7	-3.4	46	3,358	11
Total Volume and Open Interest							16,278	112,716	44

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			02-Sep-19	31-Aug-19	
Delhi	Delhi	M-Grade	3420	3420	Unch
	Delhi	S-Grade	3400	3400	Unch
Uttar Pradesh	Khatauli	M-Grade	3470	3485	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3400	3375	25
	Dhampur	S-Grade Ex-Mill	3380	3355	25
	Dhampur	L-Grade Ex-Mill	3450	3425	25
Maharashtra	Mumbai	M-Grade	Closed	3590	-
	Mumbai	S-Grade	Closed	3350	-
	Nagpur	M-Grade	Closed	3375	-
	Nagpur	S-Grade	Closed	3275	-
	Kolhapur	M-Grade	Closed	3250	-
	Kolhapur	S-Grade	Closed	3150	-
Assam	Guhawati	S-Grade	Closed	3461	-
Meghalaya	Shillong	S-Grade	Closed	3470	-
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3700	3690	10
Tamil Nadu	Chennai	S-Grade	Closed	3680	-
	Dindigul	M-Grade	NR	3700	-
	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
Jaggery(Gur)			02-Sep-19	31-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	Closed	4900	-
		White	Closed	4400	-
		Black	Closed	3900	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4650	-
	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	NA	-
	Mandya	Achhu (Medium)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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