

**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 to firm in Indian markets. Kolhapur sugar market price stood at Rs.3250 and in U.P's Khatauli market stood at Rs. 3460 INR.

***According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 1<sup>st</sup> Sep'19 jumped to 1.534 lakh tonnes reaching 14.33 lakh tonnes (46.5%) total crush from the beginning of the season. The crush as on 2<sup>nd</sup> Sep'18, was around 3.26 lakh tonnes higher at 17.59 lakh tonnes compared to 2019-20 crushing.***

**The Conab projects Brazil's 2019-2020 crop to reach 31.8 million tonnes of sugar, up 9.5% from the previous one.** The current crop started last April and runs till March 2020. There is an increase of 0.3% in sugarcane planting from the last crop, with a harvest of 622.3 million tonnes. In ethanol, Brazil will see 30.3 billion litres from sugarcane, as well as 1.35 billion of corn ethanol. Overall, it is expected to reach 31.6 billion litres. From the cane ethanol, anhydrous (which is mixed into gasoline) will see a 10.5 billion litres production, while hydrated ethanol (used pure as a fuel) will reach 19.8 billion litres.

**Weather Forecast:**

*During the next 24 hours, heavy to very heavy rains will continue along the West coast including Valsad, Ratnagiri, Mumbai, Goa. Isolated very heavy rains are also possible in parts of North Telangana, Northwest Madhya Pradesh, and South Gujarat. Meanwhile, moderate rains with isolated heavy spells are expected over Uttarakhand, Arunachal Pradesh, Sikkim, Sub-Himalayan West Bengal, West Assam, Madhya Pradesh, Chhattisgarh, Odisha, Southeast Rajasthan, rest Gujarat, Maharashtra, Telangana, Andhra Pradesh coast and South Kerala. Scattered light rains with isolated moderate spells can be seen over rest parts of the country except most parts of Jammu and Kashmir, South Punjab and adjoining Haryana and extreme west of Rajasthan.*

**Previous Updates:**

***Crushing licenses in 2019-20 season will be issued to the same sugar mills in Maharashtra, which have paid 100% of the crushing season 2018-19 of the farmers.*** State sugar commissioner Shekhar Gaikwad told that there is still a balance of Rs 589.59 crore left on the state's sugar mills. He said that out of 195 sugar mills in the state, 130 sugar mills have paid 100 percent so far. He said that sugar mills have time till 31 September 2019 to pay the dues.

***The world sugar prices is on declining trend after the announcement made by the Indian government for export subsidy incentive spending Rs.6268 crores in an effort to cut the nation's record stock piles.*** Already the world inventory is on high and addition to this, recently the Brazil government last week agreed to increase tariff-free U.S. ethanol imports to 800 mln liters per year from the current 600 mln liters per year. The increased imports from the U.S. may prompt Brazil's sugar mills to decrease ethanol output in favor of increased sugar production. Also, Mexico will likely try to export as much as 500,000 metric tons into the world market to clear some storage space before the next season begins on 1<sup>st</sup> Oct'19.

**The cabinet approved rising the ethanol prices for supply to Public Sector Oil Marketing Companies for procurement of ethanol with the effect from 1<sup>st</sup> Dec'19 for one year.** The price of ethanol from **C heavy molasses** route increased from Rs.43.46 per litre to Rs.43.75 per litre. The price of ethanol from **B heavy molasses** route be increased from Rs.52.43 per litre to Rs.54.27 per litre. The price of ethanol from **sugarcane juice/sugar/sugar syrup** route be fixed at Rs. 59.48 per litre. Remunerative price to ethanol suppliers will help in reduction of cane farmer's arrears, in the process contributing to minimizing difficulty of sugarcane farmers.

**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 stood 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.

**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.

## 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	303.2	-1.2

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

Daily Futures Price Listing Wed September 04, 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>	190904	11.16	11.27	11	11.01	-0.18	58,742	512,235	-2,371
<a href="#">20-Mar</a>	190904	12.16	12.22	12.03	12.04	-0.13	40,260	310,266	1,129
<a href="#">20-May</a>	190904	12.26	12.34	12.17	12.18	-0.11	17,830	100,491	1,256
<a href="#">20-Jul</a>	190904	12.4	12.48	12.32	12.35	-0.08	9,264	69,549	3,601
<a href="#">20-Oct</a>	190904	12.65	12.69	12.55	12.63	-0.02	2,609	48,876	30
<a href="#">21-Mar</a>	190904	13.18	13.25	13.1	13.18	-0.01	992	29,177	128
<a href="#">21-May</a>	190904	13.21	13.27	13.14	13.22	0.01	152	4,745	1
<a href="#">21-Jul</a>	190904	13.2	13.27	13.17	13.22	0.02	58	4,241	19
Total Volume and Open Interest							129,939	1,082,628	3,807

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

Daily Futures Price Listing Wed September 04, 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>	190904	306	307.7	302.9	303.2	-1.2	7,659	36,761	-1,883
<a href="#">19-Dec</a>	190904	314.6	315.4	310.6	310.8	-2.4	5,727	39,606	753
<a href="#">20-Mar</a>	190904	321.9	322.5	317.5	317.7	-2.9	1,866	24,023	673
<a href="#">20-May</a>	190904	328.9	329.3	324.6	325	-3.2	490	7,213	265
<a href="#">20-Aug</a>	190904	337.5	337.5	333.1	333.3	-3.5	76	3,534	61
Total Volume and Open Interest							15,839	113,236	-126

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Sep-19	4-Sep-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3460	3460	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3405	3405	Unch
	Dhampur	S-Grade Ex-Mill	3385	3385	Unch
	Dhampur	L-Grade Ex-Mill	3455	3455	Unch
Maharashtra	Mumbai	M-Grade	3610	3610	Unch
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3375	3425	-50
	Nagpur	S-Grade	3275	3325	-50
	Kolhapur	M-Grade	3250	3300	-50
	Kolhapur	S-Grade	3150	3200	-50
Assam	Guhawati	S-Grade	3461	3512	-51
Meghalaya	Shillong	S-Grade	3470	3520	-50
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3690	3680	10
Tamil Nadu	Chennai	S-Grade	3740	3740	Unch
	Dindigul	M-Grade	3700	3700	Unch
	Coimbatore	M-Grade	3690	3690	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	3550	-
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)			5-Sep-19	4-Sep-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	4800	4800	Unch
		White	4300	4300	Unch
		Black	NA	4000	-
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	3462	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3250	NA	-
	Mandya	Kurikatu (Medium)	3050	NA	-
	Mandya	Other (Medium)	3050	NA	-
	Mandya	Yellow (Medium)	3250	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3950	4000	-50

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