

**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 to firm in Indian markets. Kolhapur sugar market price stood at Rs.3300 and in U.P's Khatauli market stood at Rs. 3450 INR.

**According to Thai Sugar Millers Corporation, Thailand exported 71,782 tonnes of white sugar and 4.82 lakh tonnes of raw sugar in July'19.** Total of 4.03 lakh tonnes of white sugar at an average FOB \$320/tonne and 32.26 lakh tonnes of raw sugar at an average FOB \$292.5/tonne has been exported so far till July'19 from January'19.

**There is likely to be global sugar deficit of nearly 4.76 mln tonnes in 2019-20 driven partly by lower production in India and Thailand.** According to the report, Global production is falling by 2.35 per cent to 171.98 million tonnes, while consumption will rise by 1.34 per cent to 176.74 mt in 2019-20 (FY20) season which begins on 1<sup>st</sup> Oct'19.

**Weather Forecast:**

During the next 24 hours, moderate to heavy rains are possible over South Chhattisgarh, parts of Vidarbha, South Coastal Odisha, North coast of Andhra Pradesh, parts of Telangana, South Konkan and Goa, parts of North Kerala and in parts of Saurashtra and Kutch. Scattered light to moderate rains are likely over Himachal Pradesh, Uttarakhand, East Rajasthan, Gujarat, Madhya Pradesh, North Konkan and Goa, rest Odisha, parts of Jharkhand, parts of Uttar Pradesh, Sub-Himalayan West Bengal and Sikkim. Scattered light rains with isolated light spells are a possibility over rest parts of the country.

**Previous Updates:**

**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.

**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.

## 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	302.5	-0.7

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

Daily Futures Price Listing Thu September 05, 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>	190905	11.04	11.14	10.86	10.97	-0.04	106,349	507,071	-5,164
<a href="#">20-Mar</a>	190905	12.06	12.15	11.89	11.97	-0.07	72,303	313,919	3,653
<a href="#">20-May</a>	190905	12.21	12.27	12.03	12.08	-0.1	22,408	105,290	4,799
<a href="#">20-Jul</a>	190905	12.36	12.43	12.21	12.26	-0.09	11,429	70,270	721
<a href="#">20-Oct</a>	190905	12.63	12.69	12.48	12.53	-0.1	4,210	49,600	724
<a href="#">21-Mar</a>	190905	13.18	13.2	13.04	13.09	-0.09	1,803	30,076	899
<a href="#">21-May</a>	190905	13.22	13.24	13.11	13.14	-0.08	265	4,782	37
<a href="#">21-Jul</a>	190905	13.24	13.24	13.13	13.16	-0.06	241	4,333	92
Total Volume and Open Interest							219,067	1,088,400	5,772

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

Daily Futures Price Listing Thu September 05, 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>	190905	304.9	304.9	300	302.5	-0.7	18,879	32,348	-4,413
<a href="#">19-Dec</a>	190905	310.7	312.2	307.9	309.8	-1	12,037	42,148	2,542
<a href="#">20-Mar</a>	190905	318	319.3	314.8	316.8	-0.9	4,331	25,759	1,736
<a href="#">20-May</a>	190905	325.2	326.6	322.2	323.9	-1.1	565	7,376	163
<a href="#">20-Aug</a>	190905	333.7	335	330.7	332.2	-1.1	176	3,584	50
Total Volume and Open Interest							36,123	113,364	128

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Sep-19	5-Sep-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3450	3460	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3400	3405	-5
	Dhampur	S-Grade Ex-Mill	3380	3385	-5
	Dhampur	L-Grade Ex-Mill	3450	3455	-5
Maharashtra	Mumbai	M-Grade	3596	3610	-14
	Mumbai	S-Grade	3380	3360	20
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3325	3275	50
	Kolhapur	M-Grade	3300	3250	50
	Kolhapur	S-Grade	3200	3150	50
Assam	Guhawati	S-Grade	3512	3461	51
Meghalaya	Shillong	S-Grade	3520	3470	50
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3680	3690	-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)	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)			6-Sep-19	5-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	3500	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)	3406	3455	-49
	Mandya	Achhu (Medium)	3250	3250	Unch
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3050	3050	Unch
	Mandya	Yellow (Medium)	3200	3250	-50
	Shimoga/Shivamogga	Achhu (Average)	4000	3950	50

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