

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

**Mostly all the cotton markets stood unchanged on Wednesday.** 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. 3445 INR.

**The current hike in ethanol prices should result in enhancement of the ethanol production** addition to the subsidised loans, the long-term policy on ethanol pricing and procurement policies. As India targeted to achieve 20% ethanol blending by 2020, then there is need to introduce fuel cars to utilize ethanol blended fuel. For 2018-19, 10% blending requires 3.3 bln litres annually and contracts were entered into for 2.4 bn litres (over 7% blend levels). As per the current supplies, about 6% blending is expected and India currently has over 80-90 lakh tonne of surplus sugar. The drawback in achieving the target is the lack of current capacity which is only 3.5 billion litres but the country has huge demand which requires around 7-8 billion litres.

**Weather Forecast:**

During the next 24 hours, light to moderate rains with one or two heavy spells is expected over East Madhya Pradesh, adjoining Southeast Uttar Pradesh, Sub-Himalayan West Bengal and Sikkim, parts of Assam and Arunachal Pradesh. Scattered light to moderate rains can be seen over the Gujarat region, rest Madhya Pradesh, parts of Vidarbha, parts of Chhattisgarh, West Bengal, parts of Jharkhand, parts of Odisha, rest Northeast India, Coastal Karnataka, Andaman, and Nicobar Islands and isolated pockets of South Interior Karnataka. Weather will be dry over Jammu and Kashmir, Punjab, Haryana, Delhi, West Rajasthan with light scattered rains over rest parts of the country.

**Previous Updates:**

**The sugar mills are all set to export the sugar stock piles from 1<sup>st</sup> Oct'19** instead of waiting for the new sugar crop to become available to utilize the time until April, when supplies from rival Brazil start to flood in the market. India is likely to export sugar to China, East Africa, Bangladesh, Iran and Sri Lanka with the shipments starting from next month. As the accelerating exports might affect the global prices, therefore, Australia, Brazil and Guatemala have jointly asked the WTO to set up a panel to challenge India's subsidies. But from the point of view of India, the ever since 2 years piled sugar stocks can be relieved in the new season to clear off the cane arrears.

**The higher cost of production of sugar in China and some countries are exporting the sugar below the cost prices has hampered the domestic sugar prices.** The ministry of commerce has been urged to increase the tariffs on sugar imports. According to the reports, the plan to request an extension of the tariffs was discussed at a meeting organized by the China Sugar Association on September 5. China in 2017 to protect the domestic industry imposed 15 per cent tariffs on sugar imports within 1.94 million tonnes, and 50 per cent levy on Imports beyond 1.94 million tonnes. China's trade measures on sugar imports, set to expire on May 21, 2020.

**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.

***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.

## 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	301.5	-1.8

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

Daily Futures Price Listing Tue September 10, 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>	190910	10.89	11.07	10.85	10.88	-0.04	85,498	448,179	-24,463
<a href="#">20-Mar</a>	190910	11.87	12.05	11.85	11.89	-0.01	69,773	341,463	12,302
<a href="#">20-May</a>	190910	12.02	12.17	11.99	12.03	unch	18,636	116,347	2,350
<a href="#">20-Jul</a>	190910	12.19	12.34	12.16	12.2	unch	14,081	74,458	2,330
<a href="#">20-Oct</a>	190910	12.47	12.63	12.44	12.5	unch	8,817	55,756	3,303
<a href="#">21-Mar</a>	190910	13.05	13.17	13.03	13.08	unch	1,174	30,971	391
<a href="#">21-May</a>	190910	13.2	13.21	13.1	13.14	0.02	147	4,903	19
<a href="#">21-Jul</a>	190910	13.22	13.24	13.11	13.16	0.01	54	4,376	30
Total Volume and Open Interest							198,281	1,079,648	-3,664

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

Daily Futures Price Listing Tue September 10, 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>	190910	303.5	306.6	301.2	301.5	-1.8	12,633	21,812	-3,843
<a href="#">19-Dec</a>	190910	307.3	308.8	305.1	305.9	-1.7	13,163	46,013	2,645
<a href="#">20-Mar</a>	190910	315.1	317.3	313.9	314.5	-0.8	3,443	28,954	757
<a href="#">20-May</a>	190910	321.7	324.6	320.8	321.5	-0.3	690	7,900	188
<a href="#">20-Aug</a>	190910	330	333.2	329.6	330	unch	143	3,708	46
Total Volume and Open Interest							30,178	110,681	-167

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Sep-19	10-Sep-19	
Delhi	Delhi	M-Grade	3370	3370	Unch
	Delhi	S-Grade	3350	3350	Unch
Uttar Pradesh	Khatauli	M-Grade	3445	3450	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3385	3385	Unch
	Dhampur	S-Grade Ex-Mill	3365	3365	Unch
	Dhampur	L-Grade Ex-Mill	3435	3435	Unch
Maharashtra	Mumbai	M-Grade	3560	3560	Unch
	Mumbai	S-Grade	3370	3370	Unch
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3700	3700	Unch
Tamil Nadu	Chennai	S-Grade	3700	Closed	-
	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)			11-Sep-19	10-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	4600	4300	300
		White	4300	NA	-
		Black	3700	3500	200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3409	NA	-
	Mandya	Achhu (Medium)	3100	NA	-
	Mandya	Kurikatu (Medium)	3050	NA	-
	Mandya	Other (Medium)	3000	NA	-
	Mandya	Yellow (Medium)	3100	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3900	NA	-

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