

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

Mixed trend is seen in Indian sugar markets 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 low Rs. 3435 INR.

The government is likely to accept a proposal made by Indonesia to reduce import duty on refined palm oil from Indonesia in exchange they will import high quality raw sugar exports from India. Since India is struggling due to surplus sugar, and the next season is estimated at 120 lakh tonnes of opening stock. Such a large quantity is sufficient to meet India's six months of sugar consumption.

Thailand is making every effort to reduce the excess stock which has increased more than ever during the season of 2018-19. Sugar cane production in Thailand currently stands at 131 million tonnes in 2018-19 marketing year higher against the earlier estimates of 115 – 120 mln tonnes. The demand for sugar has dropped and there is a struggle to find a buyer for sugar traders in Thailand. According to the Thai Sugar Millers Corporation estimates, in January-June, the major buyers of Thai sugar, Myanmar and Cambodia, reported a sharp decline in refined sugar imports at 1.5 million tonnes and 2.5 million tonnes, respectively, down 8 percent and 8 percent throughout the year.

Weather Forecast:

During the next 24 hours, light to moderate rains with one or two heavy spells will continue over Madhya Pradesh, Chhattisgarh, parts of Gujarat region, east and Central Uttar Pradesh, parts of Bihar and Jharkhand, Assam and Meghalaya. Scattered light to moderate rains can be seen over rest Northeast India, West Bengal, Odisha, parts of coastal Andhra Pradesh and Telangana, parts of Vidarbha, Konkan and Goa, Coastal Karnataka, Kerala, South Interior Karnataka, Andaman and Nicobar Islands and parts of Tamil Nadu. Weather will be dry over Jammu and Kashmir, Punjab, Haryana, Delhi, West Rajasthan, and Kutch with light scattered rains over rest parts of the country.

Previous Updates:

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.

The sugar mills are all set to export the sugar stock piles from 1st 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 1st Oct'19.

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	309.8	8.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed September 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190911	10.88	10.92	10.73	10.81	-0.07	128,411	407,808	-40,371
20-Mar	190911	11.89	11.94	11.78	11.85	-0.04	100,195	365,797	24,334
20-May	190911	12.04	12.07	11.92	11.99	-0.04	21,440	116,951	604
20-Jul	190911	12.22	12.25	12.11	12.19	-0.01	11,431	75,609	1,151
20-Oct	190911	12.53	12.54	12.4	12.5	unch	7,523	57,689	1,933
21-Mar	190911	13.09	13.13	13	13.09	0.01	902	31,098	127
21-May	190911	13.13	13.18	13.06	13.16	0.02	23	4,905	2
21-Jul	190911	13.15	13.22	13.1	13.19	0.03	11	4,365	-11
Total Volume and Open Interest							269,956	1,067,424	-12,224

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed September 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190911	301.8	311.8	301.5	309.8	8.3	12,851	17,695	-4,117
19-Dec	190911	305.5	310.5	305.1	308.9	3	10,500	46,138	125
20-Mar	190911	315.4	317.1	314	315.8	1.3	3,545	29,441	487
20-May	190911	321.3	323.7	320.9	322.5	1	1,356	8,395	495
20-Aug	190911	330.2	332.2	329.7	331.1	1.1	453	3,841	133
Total Volume and Open Interest							29,268	108,063	-2,618

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Sep-19	11-Sep-19	
Delhi	Delhi	M-Grade	3350	3370	-20
	Delhi	S-Grade	3330	3350	-20
Uttar Pradesh	Khatauli	M-Grade	3435	3445	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3375	3385	-10
	Dhampur	S-Grade Ex-Mill	3355	3365	-10
	Dhampur	L-Grade Ex-Mill	3425	3435	-10
Maharashtra	Mumbai	M-Grade	Closed	3560	-
	Mumbai	S-Grade	Closed	3370	-
	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	3720	3700	20
Tamil Nadu	Chennai	S-Grade	3650	3700	-50
	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)			12-Sep-19	11-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	4600	Unch
		White	4300	4300	Unch
		Black	3700	3700	Unch
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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3450	-
	Mahalingapura	Penti (Average)	3403	3409	-6
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3950	3900	50

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