

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. 3420 INR.

The department of Food and Public Distribution issued a notification yesterday to facilitate export of sugar during the sugar season 2019-20 thereby improving the liquidity position of sugar mills enabling them to clear cane price dues of farmers for sugar season 2019-20 notified the Scheme for providing assistance to sugar mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar. The department will also review the performance of sugar mills on quarterly basis and in case of non-performing mills, their Maximum Admissible Export Quantity (MAEQ) may be reduced and accordingly MAEQ of performing and willing sugar mills may be increased.

Weather Forecast:

Light to moderate rains with one or two moderate spells will occur over Madhya Pradesh, East and Central Uttar Pradesh, South Gujarat, Konkan and Goa, Sub Himalayan West Bengal and Sikkim. Scattered light to moderate rains will be seen over Southeast Rajasthan, Gangetic West Bengal, parts of Vidarbha, rest of Northeast India, parts of Uttarakhand and Andaman and Nicobar Islands. Subdued Monsoon will persist over rest of India.

Previous Updates:

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.

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.

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	317	7.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu September 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190912	10.8	10.83	10.68	10.76	-0.05	113,292	370,045	-37,763
20-Mar	190912	11.84	11.89	11.74	11.84	-0.01	100,714	392,227	26,430
20-May	190912	11.98	12.02	11.89	11.96	-0.03	20,229	121,733	4,782
20-Jul	190912	12.21	12.23	12.1	12.14	-0.05	13,600	76,056	447
20-Oct	190912	12.5	12.55	12.4	12.43	-0.07	11,373	60,788	3,099
21-Mar	190912	13.09	13.14	12.99	13.01	-0.08	1,301	31,471	373
21-May	190912	13.16	13.16	13.07	13.07	-0.09	284	4,952	47
21-Jul	190912	13.19	13.2	13.1	13.1	-0.09	273	4,303	-62
Total Volume and Open Interest							261,368	1,064,916	-2,508

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu September 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190912	308.1	318	308.1	317	7.2	10,539	14,245	-3,450
19-Dec	190912	308.5	309.2	305.5	308	-0.9	9,627	47,809	1,671
20-Mar	190912	315.2	316	312.6	314.7	-1.1	2,089	29,383	-58
20-May	190912	322.4	322.4	319.2	320.5	-2	789	8,846	451
20-Aug	190912	330.2	330.2	327.9	328.7	-2.4	222	3,888	47
Total Volume and Open Interest							23,464	106,824	-1,239

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Sep-19	12-Sep-19	
Delhi	Delhi	M-Grade	3350	3350	Unch
	Delhi	S-Grade	3330	3330	Unch
Uttar Pradesh	Khatauli	M-Grade	3420	3435	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3370	3375	-5
	Dhampur	S-Grade Ex-Mill	3350	3355	-5
	Dhampur	L-Grade Ex-Mill	3420	3425	-5
Maharashtra	Mumbai	M-Grade	3540	Closed	-
	Mumbai	S-Grade	3356	Closed	-
	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	3720	Unch
Tamil Nadu	Chennai	S-Grade	3650	3650	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)			13-Sep-19	12-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	NR	4600	-
		White	NR	4300	-
		Black	NR	3700	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	Belgaum	Mudde (Average)	NA	3150	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3300	3300	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3403	-
	Mandya	Achhu (Medium)	3050	3100	-50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3000	3100	-100
	Shimoga/Shivamogga	Achhu (Average)	3900	3950	-50

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