

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

Positive 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.3300 and in U.P's Khatauli market stood at low Rs. 3455 INR.

All India sugarcane sowing progress released by Government of India, as on 12th Sep'19, the sowing has almost been completed under sugarcane. The total area stood same as of last week at 52.45 lakh ha area has been covered this year lower by 3.06 lakh ha (5.5%) but higher by 4.5% 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 rain advanced in the southern states in AP, Telangana and Karnataka and the Belagavi district of Karnataka has been affected with floods due to which the shortage of sugarcane is reported this year. The flood had destroyed sugarcane crop on 1.15 lakh hectares, which is around 45 per cent of the total cane that stands on 2.5 lakh hectares in the district. This would affect the overall production of the state and the farmers are worried that they would be get paid if the mills are struggling with shortage of cane.

The recent floods in Kolhapur, Sangli and Satara had created havoc in the districts by damaging around 50-60 lakh tonnes of cane and another 30-40 lakh tonnes of cane was drastically affected by the drought in earlier of season. Cooperative sugar millers in Maharashtra have urged state sugar commissioner Shekhar Gaikwad to postpone the crushing season of 2019-20 to December 1 which is requested to be delayed by around 1 month.

Weather Forecast:

During the next 24 hours, heavy rains and thundershowers are expected at isolated places over North Madhya Pradesh, Central Uttar Pradesh, Sub-Himalayan West Bengal, Assam, Nagaland, Arunachal Pradesh, North Konkan Coast and Northern Bay Islands. Moderate spells of rain and thundershowers are likely at many places over central and Northeast parts of Uttar Pradesh, North Madhya Pradesh, East Rajasthan, Bihar. Light rainfall is expected at scattered places over rest Uttar Pradesh, eastern states, central parts of the country, rest northeast states, Gujarat, Andhra Pradesh, Telangana, Marathwada, Karnataka, rest Tamil Nadu, Kerala and at one or two places over Jammu and Kashmir, Himachal Pradesh, Delhi, and Western parts of Uttarakhand. Dry and warm weather is expected over most parts of Punjab, Haryana, West Rajasthan, Kutch and parts of Rayalaseema.

Previous Updates:

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.

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.

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	316.9	-0.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri September 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190913	10.73	10.98	10.72	10.89	0.13	133,703	335,193	-34,852
20-Mar	190913	11.83	12.07	11.82	11.94	0.1	117,489	421,112	28,885
20-May	190913	11.94	12.17	11.94	12.04	0.08	22,070	126,873	5,140
20-Jul	190913	12.14	12.33	12.12	12.19	0.05	14,462	76,410	354
20-Oct	190913	12.4	12.6	12.4	12.47	0.04	9,693	63,069	2,281
21-Mar	190913	12.99	13.18	12.97	13.03	0.02	798	31,757	286
21-May	190913	13.04	13.09	13.03	13.09	0.02	177	4,983	31
21-Jul	190913	13.08	13.12	13.06	13.12	0.02	131	4,389	86
Total Volume and Open Interest							298,684	1,067,282	2,366

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri September 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Oct	190913	316.8	329.4	316.7	329.4	12.4	12,808	7,149	-7,096
19-Dec	190913	308	319.2	308	316.9	8.9	19,109	52,566	4,757
20-Mar	190913	314.5	322.9	314.5	321.4	6.7	5,794	31,081	1,698
20-May	190913	320.8	328.2	320.8	326.2	5.7	855	9,011	165
20-Aug	190913	329.4	335.1	329.4	332.6	3.9	426	4,088	200
Total Volume and Open Interest							39,236	106,607	-217

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			16-Sep-19	14-Sep-19	
Delhi	Delhi	M-Grade	3380	3425	-45
	Delhi	S-Grade	3360	3405	-45
Uttar Pradesh	Khatauli	M-Grade	3455	3420	35
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3375	3370	5
	Dhampur	S-Grade Ex-Mill	3355	3350	5
	Dhampur	L-Grade Ex-Mill	3425	3420	5
Maharashtra	Mumbai	M-Grade	3570	3550	20
	Mumbai	S-Grade	3366	3356	10
	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	3720	3720	Unch
Tamil Nadu	Chennai	S-Grade	3650	3650	Unch
	Dindigul	M-Grade	3680	3700	-20
	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)			16-Sep-19	14-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	NR	-
		White	4400	NR	-
		Black	3900	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4600	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3150	2850	300
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2900	3000	-100
	Mandya	Kurikatu (Medium)	2850	2900	-50
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	2950	3000	-50
	Shimoga/Shivamogga	Achhu (Average)	4000	NA	-

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