

**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.3200 and in U.P's Khatauli market stood at low Rs. 3485 INR.

**Erratic rainfall in Karnataka has affected the sugarcane crop which might reduce the state's production by 5-8% in 2019-20.** At least 14 of the 25 private sector sugar mills in Tamil Nadu will not commence operations in the 2019-20 sugar season according to the South Indian Sugar Mills Association (SISMA) representatives due to shortage of cane in the coming season.

**Weather Forecast:**

During the next 24 hours, moderate to heavy rains with one or two very heavy spells can be seen over Andaman and Nicobar Islands. Moderate rains with one or two heavy to very heavy spells can be seen over Konkan and Goa, adjoining Madhya Maharashtra, parts of Vidarbha and North Telangana. Light to moderate rains with isolated heavy spells can be seen over Madhya Pradesh, east and central Uttar Pradesh, parts of Jharkhand, Chhattisgarh, Marathwada, North Interior Karnataka, Coastal Karnataka, Kerala, Andhra Pradesh, parts of Tamil Nadu, and rest Telangana. Weather will be dry over Jammu and Kashmir, many parts of Punjab and Haryana, West Rajasthan, and Kutch with rest places to witness scattered light rains.

**Previous Updates:**

**Indonesia has agreed to import sugar and rice from India.** Earlier Indonesia had asked India to cut its tariff on refined palm oil matching the levy faced by rival producer Malaysia, and offered market access for Indian sugar in exchange. This move will help to reduce trade deficit between the two sides and push trade volume to \$ 50 billion by 2025.

**The falling prices of sugar in the international market has helped Brazil to emphasise more on ethanol production.** Further the country will allocate more sugarcane towards ethanol production due to its increasing demand. According to the Sugar group Biosev, Brazil's 2019-20 centre-south sugar output seen at 25.9 million tonnes as against 26.5 million tonnes in 2018-19. While the ethanol production in 2019-20 is seen at 32.1 billion as against the 30.9 billion litres in 2018-19.

**First distillery unit which will produce ethanol from direct juice going to be establish in Gorakhpur district of Uttar Pradesh in the coming 2 years.** The unit is likely to crush 1,250 tonnes of cane/day and produce 95,000 liters of ethanol. The Centre has also provided soft loans to sugar mills to build new distilleries and enhance existing ones in India. The government has recently hiked the prices of ethanol made from 100% cane juice and C-heavy molasses to 59.48 rupees a ltr and 43.75 rupees a ltr respectively encouraging the ethanol production so as reduce sugar production.

**According to the trade sources, India exported around 2.7 LT of sugar in Aug'19 around 1.5 LT higher than previous month.** Iran imported maximum quantity of sugar from India around 78056 tonnes at \$347/tonne FOB followed by Sri Lanka which imported 30995 tonnes at \$344/tonne FOB and Somalia importing around 29619 tonne at \$346/tonne.

**All India sugarcane sowing progress released by Government of India, as on 12<sup>th</sup> 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.

**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.

## 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	321	0.2

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

Daily Futures Price Listing Wed September 18, 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>	190918	10.9	11.07	10.88	11	0.06	152,369	181,307	-41,241
<a href="#">20-Mar</a>	190918	12.07	12.19	12.04	12.07	-0.03	176,151	513,180	21,571
<a href="#">20-May</a>	190918	12.2	12.31	12.16	12.19	-0.03	28,769	147,187	6,401
<a href="#">20-Jul</a>	190918	12.35	12.45	12.32	12.34	-0.04	14,412	75,116	-1,077
<a href="#">20-Oct</a>	190918	12.65	12.72	12.59	12.61	-0.04	7,733	67,099	3,360
<a href="#">21-Mar</a>	190918	13.22	13.27	13.15	13.17	-0.05	1,337	32,548	393
<a href="#">21-May</a>	190918	13.25	13.28	13.2	13.21	-0.04	322	5,072	9
<a href="#">21-Jul</a>	190918	13.23	13.23	13.21	13.22	-0.01	235	4,459	59
Total Volume and Open Interest							381,864	1,029,796	-10,231

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

Daily Futures Price Listing Wed September 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-Dec</a>	190918	322.1	323	317.9	321	0.2	13,006	53,182	-74
<a href="#">20-Mar</a>	190918	326.3	327.8	323.5	326.1	0.1	5,115	31,990	-57
<a href="#">20-May</a>	190918	330.8	333.2	329.4	331.7	unch	761	9,554	50
<a href="#">20-Aug</a>	190918	336.3	339.1	336.3	337.8	-0.4	155	4,271	-40
<a href="#">20-Oct</a>	190918	342.6	344.3	342	342.7	-0.9	18	1,739	-3
Total Volume and Open Interest							19,080	101,742	-121

### DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Sep-19	18-Sep-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3485	3460	25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3375	3375	Unch
	Dhampur	S-Grade Ex-Mill	3355	3355	Unch
	Dhampur	L-Grade Ex-Mill	3425	3425	Unch
Maharashtra	Mumbai	M-Grade	3570	3570	Unch
	Mumbai	S-Grade	3350	3376	-26
	Nagpur	M-Grade	3325	3375	-50
	Nagpur	S-Grade	3225	3275	-50
	Kolhapur	M-Grade	3200	3250	-50
	Kolhapur	S-Grade	3100	3150	-50
Assam	Guhawati	S-Grade	3410	3461	-51
Meghalaya	Shillong	S-Grade	3420	3470	-50
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3740	3700	40
Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3680	3680	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)			19-Sep-19	18-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	4300	4400	-100
		White	NA	NA	-
		Black	3700	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4600	4600	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3200	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3225	NA	-
	Mahalingapura	Penti (Average)	3307	3299	8
	Mandya	Achhu (Medium)	2900	2900	Unch
	Mandya	Kurikatu (Medium)	2800	2850	-50
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3050	3000	50
	Shimoga/Shivamogga	Achhu (Average)	3850	3800	50

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