

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Mixed trend is seen in Indian sugar markets on Friday. 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.

Weather Forecast:

During the next 24 hours, scattered light to moderate rains are likely over Madhya Pradesh, North Madhya Maharashtra, East and South Gujarat, Vidarbha, parts of Marathwada, South Chhattisgarh, Coastal Andhra Pradesh, parts of Telangana, East Uttar Pradesh, parts of Bihar, Sub Himalayan West Bengal, Sikkim, Assam and in isolated pockets of Himachal Pradesh and Uttarakhand. Also, light to moderate rains with one or two heavy spells were witnessed over Konkan and Goa and Madhya Maharashtra. Moderate to heavy rains are likely to be witnessed over Andaman and Nicobar Islands. Kutch and West Rajasthan will remain dry. Rest all places will witness scattered light rains.

Previous Updates:

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.

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 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.

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	321.9	0.9



International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu September 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190919	11.01	11.1	10.92	10.99	-0.01	95,617	144,703	-36,604
20-Mar	190919	12.06	12.13	11.92	12	-0.07	127,612	501,166	-12,014
20-May	190919	12.18	12.24	12.05	12.11	-0.08	26,894	149,592	2,405
20-Jul	190919	12.33	12.41	12.22	12.27	-0.07	9,976	76,206	1,090
20-Oct	190919	12.6	12.68	12.49	12.54	-0.07	3,617	66,866	-233
21-Mar	190919	13.15	13.26	13.08	13.12	-0.05	1,620	33,380	832
21-May	190919	13.2	13.31	13.15	13.15	-0.06	90	5,068	-4
21-Jul	190919	13.2	13.2	13.16	13.16	-0.06	53	4,484	25
Total Volume and Open Interest							265,545	985,311	-44,485

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu September 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	190919	320.8	324.3	319.6	321.9	0.9	9,872	53,057	-125
20-Mar	190919	325.7	327.4	323.5	325.2	-0.9	5,227	31,751	-239
20-May	190919	332	333.1	329.5	330.8	-0.9	1,084	9,537	-17
20-Aug	190919	337.3	339.1	336.3	336.6	-1.2	184	4,307	36
20-Oct	190919	342.2	344.1	341.4	341.4	-1.3	44	1,754	15
Total Volume and Open Interest							16,468	101,434	-308

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Sep-19	19-Sep-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3435	3485	-50
	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	3576	3570	6
	Mumbai	S-Grade	3350	3350	Unch
	Nagpur	M-Grade	3375	3325	50
	Nagpur	S-Grade	3275	3225	50
	Kolhapur	M-Grade	3250	3200	50
	Kolhapur	S-Grade	3150	3100	50
Assam	Guhawati	S-Grade	3461	3410	51
Meghalaya	Shillong	S-Grade	3470	3420	50
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3730	3740	-10
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)			20-Sep-19	19-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	4300	Unch
		White	3900	NA	-
		Black	NA	3700	-
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	3100	3200	-100
	Gulbarga/Kalaburgi	Other (Average)	3246	3225	21
	Mahalingapura	Penti (Average)	NA	3307	-
	Mandya	Achhu (Medium)	NA	2900	-
	Mandya	Kurikatu (Medium)	NA	2800	-
	Mandya	Other (Medium)	NA	2800	-
	Mandya	Yellow (Medium)	NA	3050	-
	Shimoga/Shivamogga	Achhu (Average)	3750	3850	-100

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