

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

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

In order to reduce the crude imports to India, OMCs have made decision to increase the ethanol blending and a step to promote ethanol production from molasses, sugarcane juice, sugar syrup and distilleries producing ethanol. For the current year 2019-20, OMCs are likely to buy 5.11 billion liters of ethanol which is 55% higher than the preceding year which stood at 3.29 billion liters. The recent hike in ethanol prices from C-heavy, B-heavy and from direct juice along with surge in the requirement of ethanol by OMCs would help government in achieving the target of 10% blending of ethanol in petrol by 2020.

Nepal has lifted import restriction on Indian sugar, therefore, India can export sugar to Nepal in the coming season as a hope of opportunity to India to decrease the existing sugar stock. Nepal has contracted to import 20,000 metric tonnes of sugar. Out of this, Food Management and Trade Company Limited and Salt Trading Corporation Limited to import 10,000 metric tonnes of sugar each. The ban earlier was imposed due to the excessive supply of cheaper foreign sugar in the Nepal domestic market which had lowered the demand for comparatively costly Nepali sugar.

The Maharashtra state sugar commissioner Shekhar Gaikwad has issued directives to mills that the millers need to sign individual agreement with farmer ahead of the start of the crushing season in the due protection of the farmers to get their FRP on time. In the agreement, millers will get a grace period till the stipulated period mentioned in the agreements. The mills have to agree to pay FRP to the farmers within 14 days in order to get crushing license in the coming season. The commissionerate has also extended the last date for obtaining crushing license to give mills more time to prepare for crushing. It is extended to September 30 from the earlier deadline of August 30.

Weather Forecast:

During the next 24 hours, scattered light to moderate rains with isolated heavy spells may occur over South Gujarat, Madhya Pradesh, parts of Vidarbha, parts of Chhattisgarh, Coastal Andhra Pradesh, parts of Telangana and Konkan and Goa. Scattered light to moderate rains are possible over parts of Jammu and Kashmir, Himachal Pradesh and Uttarakhand, Coastal Karnataka, Kerala, parts of Tamil Nadu, South and central Uttar Pradesh, parts of Bihar and Jharkhand, Sub-Himalayan West Bengal and Sikkim, West Assam, Mizoram, and Tripura. The weather will be dry over Kutch, many parts of Rajasthan with scattered light rains over rest all places.

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.

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 20, 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 20, 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			21-Sep-19	20-Sep-19	
Delhi	Delhi	M-Grade	3430	3400	30
	Delhi	S-Grade	3410	3380	30
Uttar Pradesh	Khatauli	M-Grade	3435	3435	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3370	3370	Unch
	Dhampur	S-Grade Ex-Mill	3350	3350	Unch
	Dhampur	L-Grade Ex-Mill	3420	3420	Unch
Maharashtra	Mumbai	M-Grade	3576	3576	Unch
	Mumbai	S-Grade	3340	3350	-10
	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	3730	3730	Unch
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)			21-Sep-19	20-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	4200	4300	-100
		White	NA	3900	-
		Black	3900	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	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3246	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2900	NA	-
	Mandya	Kurikatu (Medium)	2800	NA	-
	Mandya	Other (Medium)	2800	NA	-
	Mandya	Yellow (Medium)	2950	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3550	3750	-200

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