

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

Mixed trend is seen in Indian sugar markets on Monday. 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. 3420 INR.

Imports of sugar in China stood at 4.7 lakh tonnes in the month of August'19 around 217.6% higher than last year in same period. The total imports till Aug'19 stood at 4.3 mln tonnes which is around 1% lower compared to last year. From 1st Oct'19, Indian sugar producers are likely to start exporting sugar to China and among some other countries like Iran, East Africa, Bangladesh, Iran, Sri Lanka & Indonesia. After the sugar incentives subsidy announcement by India boosted the bookings of shipments across the countries for export among which Indonesia and Nepal already finalized the deal for importing Indian sugar from upcoming season.

Weather Forecast:

Heavy rains and thundershowers would affect at many places over Sub-Himalayan West Bengal, at scattered places over Northeast states, East Bihar, isolated places over Madhya Pradesh, South Chhattisgarh, Telangana, Rayalaseema, South Interior Karnataka and Lakshadweep Islands. Moderate rain and thundershowers will occur at scattered places over East Rajasthan, Madhya Pradesh, Chhattisgarh, Central and East Uttar Pradesh, Bihar, Jharkhand, rest West Bengal, rest parts of Northeast states, Coastal Odisha, Telangana, Andhra Pradesh, Vidarbha, Marathwada, North Madhya Maharashtra, South Interior Karnataka, Tamil Nadu, Kerala, Lakshadweep and Andaman and Nicobar Islands. Light rainfall is likely at scattered places over North Interior Karnataka, Konkan and Goa, South Madhya Maharashtra, Gujarat, Interior parts of Odisha, West Uttar Pradesh, Uttarakhand and Himachal Pradesh.

Previous Updates:

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.

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.

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	unch

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri September 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190920	11	11.11	10.97	11.09	0.1	100,310	118,123	-26,580
20-Mar	190920	12	12.09	11.96	12.07	0.07	100,729	513,410	12,244
20-May	190920	12.15	12.18	12.08	12.17	0.06	16,433	153,008	3,416
20-Jul	190920	12.28	12.33	12.24	12.31	0.04	6,484	77,261	1,055
20-Oct	190920	12.55	12.59	12.51	12.59	0.05	1,781	67,038	172
21-Mar	190920	13.12	13.18	13.1	13.17	0.05	578	33,515	135
21-May	190920	13.16	13.21	13.16	13.2	0.05	299	5,004	-64
21-Jul	190920	13.16	13.21	13.16	13.21	0.05	106	4,504	20
Total Volume and Open Interest							226,733	975,713	-9,598

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri September 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	190920	323	326.3	323	325.7	3.8	7,351	53,640	583
20-Mar	190920	325.6	328	325.2	327.6	2.4	4,663	30,903	-848
20-May	190920	331.3	332.6	330.3	332.3	1.5	852	9,533	-4
20-Aug	190920	337.5	338.1	336.3	337.9	1.3	197	4,330	23
20-Oct	190920	342.3	343	341	342.8	1.4	103	1,731	-23
Total Volume and Open Interest							13,321	101,271	-163

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Sep-19	21-Sep-19	
Delhi	Delhi	M-Grade	3420	3430	-10
	Delhi	S-Grade	3400	3410	-10
Uttar Pradesh	Khatauli	M-Grade	3420	3435	-15
	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	3340	Unch
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3300	3250	50
	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	3730	-10
Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3710	3680	30
	Coimbatore	M-Grade	3690	3690	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3550	50
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)			23-Sep-19	21-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	4200	Unch
		White	NA	NA	-
		Black	3900	3900	Unch
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	3200	-
	Gulbarga/Kalaburgi	Other (Average)	3180	3186	-6
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2900	2900	Unch
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3000	2950	50
	Shimoga/Shivamogga	Achhu (Average)	3750	3550	200

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.