

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

**Mixed trend is seen in Indian sugar markets on Wednesday.** 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. 3520 INR.

**Maharashtra this year have been in the adverse weather conditions with 50% area in dry and remaining area in flooded conditions.** The total loss of sugarcane in Maharashtra is expected to around 35-40% according to the trade sources. The sugarcane loss is included from the Marathwada region (20-25%) and from the flooded affected region in Kolhapur, Satara and Sangli (15-20%). The farmers are selling sugarcane in the cattle feed market, which is getting Rs 3,500 per tonne higher from Rs.2750 per tonne which is offered by the mills. Sugarcane was sold for cattle feed due to lack of fodder in several districts of Marathwada, Vidarbha along with some districts of western Maharashtra in the state, which gave attractive returns to farmers.

**The UP government has issued an amount of Rs. 1,100 crore to revive two defunctional state-owned sugar mills in the eastern part of the state (Munderwa and Pipraich in Basti and Gorakhpur districts).** Both plants will be made operational from the upcoming 2019-20 crushing season. As there is huge demand of Sulphur free sugar which is of premium quality and the prices range Rs.150-200 higher compared to normal sugar, therefore, the new technology would be installed by 2020-21 to produce sulphur free sugar in the same districts.

**Weather Forecast:**

During the next 24 hours, Light to moderate rains with few heavy spells can be seen over West Bengal, parts of Odisha, Tamil Nadu, South Kerala, South Interior Karnataka, Rayalaseema, Chhattisgarh, and many parts of Madhya Pradesh. Scattered light to moderate rains with isolated heavy spells can be seen over Lakshadweep Islands, East Uttar Pradesh, Bihar, parts of Assam, Andhra Pradesh, Telangana, parts of Vidarbha, Madhya Maharashtra, Konkan and Goa, and parts of Gujarat. Isolated light rains can be seen over a few parts of the country except Punjab, Haryana, Delhi, West Uttar Pradesh and West Rajasthan where weather will be nearly dry with isolated light rains.

**Previous Updates:**

**Many sugar mills in India are going to close due to shortage of cane this year and due to bad financial conditions, the government is planning frame a policy to revive the sugar mills** by utilizing the land area of mill for ethanol production. The ethanol economy has the potential to reach Rs. 1 lakh crore from about Rs. 25,000 crore and can reduce the annual Rs. 7 lakh crore crude imports according to the Indian government. This will promote the Sugar industry to accelerate the ethanol production and thus supporting the sugar prices also by the estimation of lower sugar in 2019-20 season.

**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 1<sup>st</sup> 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.

***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.***

#### **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	329.3	3.6

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

Daily Futures Price Listing Tue September 24, 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>	190924	11.19	11.57	11.19	11.5	0.28	67,729	118,016	-2,899
<a href="#">20-Mar</a>	190924	12.19	12.5	12.17	12.41	0.2	70,617	536,169	9,026
<a href="#">20-May</a>	190924	12.26	12.56	12.25	12.47	0.18	12,426	158,388	3,762
<a href="#">20-Jul</a>	190924	12.38	12.66	12.37	12.57	0.17	5,923	79,220	1,703
<a href="#">20-Oct</a>	190924	12.62	12.89	12.62	12.8	0.16	1,933	67,686	378
<a href="#">21-Mar</a>	190924	13.17	13.43	13.17	13.32	0.13	600	33,601	-2
<a href="#">21-May</a>	190924	13.21	13.42	13.21	13.31	0.11	61	5,042	34
<a href="#">21-Jul</a>	190924	13.2	13.37	13.2	13.29	0.11	20	4,509	4
Total Volume and Open Interest							159,309	1,006,500	12,006

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

Daily Futures Price Listing Tue September 24, 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>	190924	330	333	327.7	330.9	1.6	7,333	51,948	-1,262
<a href="#">20-Mar</a>	190924	331.2	335.4	330.8	333.8	2.6	4,245	31,361	-68
<a href="#">20-May</a>	190924	335.9	340.1	335.7	338.6	2.9	511	9,327	-12
<a href="#">20-Aug</a>	190924	340.7	345.6	340.5	344	3.3	144	4,383	69
<a href="#">20-Oct</a>	190924	344.9	349.8	344.9	347.9	3.1	11	1,801	10
Total Volume and Open Interest							12,321	100,118	-1,189

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Sep-19	24-Sep-19	
Delhi	Delhi	M-Grade	3400	3450	-50
	Delhi	S-Grade	3380	3430	-50
Uttar Pradesh	Khatauli	M-Grade	3520	3500	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3420	3380	40
	Dhampur	S-Grade Ex-Mill	3400	3360	40
	Dhampur	L-Grade Ex-Mill	3470	3430	40
Maharashtra	Mumbai	M-Grade	3576	3576	Unch
	Mumbai	S-Grade	3330	3330	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3300	3300	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	3710	3710	Unch
	Coimbatore	M-Grade	3690	3690	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			25-Sep-19	24-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	4400	4400	Unch
		White	4200	4200	Unch
		Black	3500	3500	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)	3160	3160	Unch
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3000	2950	50
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2750	50
	Mandya	Yellow (Medium)	3050	3050	Unch
	Shimoga/Shivamogga	Achhu (Average)	3700	3600	100

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