

**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.3300 and in U.P's Khatauli market stood at low Rs. 3500 INR.

**Sugar factories are planning to start crushing before Diwali whereas Maharashtra will start only after Diwali due to the upcoming elections.** The Karnataka sugar mills could benefit from this while Maharashtra will face challenges due to the early crushing in the neighbouring state. Usually Karnataka pulls sugarcane from the bordering districts of Karnataka from Maharashtra (Kolhapur & Sangli). As the two districts ;Kolhapur and Sangli results in higher recovery compared to Karnataka, therefore, they tend to carry sugarcane from Maharashtra.

**Unica reported that sugar production in Brazil's Center-South fell -5.6% against last year to 2.037 MT** in the first half of Sep and that total 2019-20 sugar output through mid-Sep fell -4.9% to 20.01 MMT. The cane crush so far reached 437.74 mln tones as of 16<sup>th</sup> Sep'19 against 432.51 mln tonnes in 2018-19. Unica projects that increased ethanol output in Brazil will cut Brazil 2019/20 Center-South sugar production by -5.7% y/y to a 14-year low of 25 MMT.

**According to Thai Sugar Millers Corporation, Thailand exported 3.85 lakh tonnes of refined sugar and 4.59 lakh tonnes of raw sugar in Aug'19.** Total of 18.99 lakh tonnes of refined sugar (-29.59%) has been exported at an average FOB \$353.32/tonne and 36.86 lakh tonnes (-10.6% y/y) of raw sugar at an average FOB \$293.49/tonne much lower sugar has been exported so far till Aug'19 from January'19 because of lower sugar demand in 2018-19. Whereas the refined sugar exports in 2018-19 was at 26.97 lakh tonnes and 41.24 lakh tonnes of raw sugar was exported during Jan'18 to Aug'18.

**According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 22th Sep'19 fall to 14.74 lakh tonnes and the total crush reached 188.48 lakh tonnes (61.5%) total crush from the beginning of the season.** The weekly crush as on 23rd Sep'18, was around 15.24lakh tonnes and total crush as on date was 221.14 lakh tonnes (66.71%) compared to 2019-20 crushing.

**Weather Forecast:**

During the next 24 hours, moderate to heavy with one or two very heavy spells occurred over Kerala, Coastal Karnataka. Light to moderate rains with few heavy spells can be seen over Bihar, North Chhattisgarh, Southeast Uttar Pradesh, parts of Madhya Pradesh, Konkan and Goa and interior Maharashtra and parts of Gujarat. Scattered light to moderate rains spells can be seen over West Bengal, parts of Odisha, Interior Karnataka, parts of Telangana and Andhra Pradesh, rest Uttar Pradesh, parts of Uttarakhand and Himachal Pradesh along with parts of Assam. Scattered light rains over rest parts of the country can be seen.

**Previous Updates:**

**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.

**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.

## 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 Icmsa	330.9	1.6

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

Daily Futures Price Listing Wed September 25, 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>	190925	11.5	11.84	11.48	11.8	0.3	68,876	90,178	-27,838
<a href="#">20-Mar</a>	190925	12.41	12.7	12.39	12.66	0.25	81,770	547,270	11,101
<a href="#">20-May</a>	190925	12.47	12.75	12.46	12.71	0.24	15,995	160,218	1,830
<a href="#">20-Jul</a>	190925	12.56	12.84	12.55	12.8	0.23	8,850	80,525	1,305
<a href="#">20-Oct</a>	190925	12.79	13.04	12.78	13	0.2	3,631	68,796	1,110
<a href="#">21-Mar</a>	190925	13.31	13.52	13.3	13.5	0.18	1,988	35,024	1,423
<a href="#">21-May</a>	190925	13.38	13.48	13.35	13.46	0.15	334	5,075	33
<a href="#">21-Jul</a>	190925	13.38	13.42	13.31	13.41	0.12	122	4,567	58
Total Volume and Open Interest							181,607	995,536	-10,964

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

Daily Futures Price Listing Wed September 25, 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>	190925	332.4	340	332.2	339.6	8.7	7,246	51,294	-654
<a href="#">20-Mar</a>	190925	334.8	341.8	334.7	341.4	7.6	3,564	31,274	-87
<a href="#">20-May</a>	190925	339.6	346.4	339.5	345.9	7.3	661	9,463	136
<a href="#">20-Aug</a>	190925	344.8	350.9	344.7	350.5	6.5	443	4,377	-6
<a href="#">20-Oct</a>	190925	349.2	353.7	348.8	353.7	5.8	115	1,804	3
Total Volume and Open Interest							12,030	99,510	-608

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Sep-19	25-Sep-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3500	3520	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3400	3420	-20
	Dhampur	S-Grade Ex-Mill	3380	3400	-20
	Dhampur	L-Grade Ex-Mill	3450	3470	-20
Maharashtra	Mumbai	M-Grade	3570	3576	-6
	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)			26-Sep-19	25-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	4100	4200	-100
		Black	NA	3500	-
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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3160	-
	Mahalingapura	Penti (Average)	3291	3314	-23
	Mandya	Achhu (Medium)	3150	3000	150
	Mandya	Kurikatu (Medium)	2800	2800	Unch
	Mandya	Other (Medium)	2800	2800	Unch
	Mandya	Yellow (Medium)	3100	3050	50
	Shimoga/Shivamogga	Achhu (Average)	3600	3700	-100

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