

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

The sugar market remained mixed with fall in prices in Northern states and in rest of the places the prices remained unchanged on Monday. Overall the prices are expected to be steady to firm in Indian markets. Kolhapur sugar market price stood same at Rs.3300 and in U.P's Khatauli market stood at low Rs. 3490 INR.

Weather Forecast:

Heavy rains and thundershowers with strong winds are likely over Gujarat, South Rajasthan, isolated places over Meghalaya, Assam, Nagaland and Arunachal Pradesh. Moderate rains and thundershowers are likely at many places over Gujarat, rest parts of South Rajasthan, Madhya Pradesh, Konkan and Goa, North Madhya Maharashtra, Vidarbha, Chhattisgarh, Odisha, Jharkhand, Southeast Uttar Pradesh, Bihar, West Bengal, rest Northeast states, Odisha, North Andhra Pradesh, Kerala, Tamil Nadu, South Interior Karnataka and Uttarakhand. Light rains are possible over scattered places over rest parts of the country except rest parts of Rajasthan, West Haryana, South Punjab, and Rayalaseema.

Previous Updates:

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 16th 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.

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 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.

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 Icumsa	341.4	1.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri September 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Oct	190927	11.6	11.74	11.4	11.53	-0.1	58,994	37,725	-23,487
20-Mar	190927	12.56	12.7	12.51	12.62	unch	101,556	550,649	-2,993
20-May	190927	12.64	12.78	12.6	12.71	0.02	19,964	162,396	-633
20-Jul	190927	12.76	12.88	12.7	12.82	0.02	11,061	81,566	321
20-Oct	190927	12.97	13.09	12.91	13.02	0.02	5,812	68,568	-1,348
21-Mar	190927	13.5	13.59	13.41	13.52	0.02	2,247	37,345	1,038
21-May	190927	13.46	13.56	13.39	13.5	0.04	400	5,115	2
21-Jul	190927	13.39	13.49	13.35	13.45	0.06	317	4,755	97
Total Volume and Open Interest							202,336	953,473	-25,531

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri September 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	190927	340.4	341.8	338	341.4	1.6	11,583	50,380	-538
20-Mar	190927	342.8	344.2	340.3	343.5	1.7	6,666	30,936	-215
20-May	190927	347.4	348.3	344.9	347.4	1	1,094	9,573	156
20-Aug	190927	351.8	352.6	349	351.5	0.7	517	4,313	41
20-Oct	190927	353.2	355.5	352.4	354.6	0.7	47	1,816	13
Total Volume and Open Interest							19,943	98,343	-516

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			30-Sep-19	28-Sep-19	
Delhi	Delhi	M-Grade	3390	3400	-10
	Delhi	S-Grade	3370	3380	-10
Uttar Pradesh	Khatauli	M-Grade	3490	3505	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3400	3410	-10
	Dhampur	S-Grade Ex-Mill	3380	3390	-10
	Dhampur	L-Grade Ex-Mill	3450	3460	-10
Maharashtra	Mumbai	M-Grade	3562	3562	Unch
	Mumbai	S-Grade	3326	3326	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3250	3275	-25
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3125	3150	-25
Assam	Guhawati	S-Grade	3436	3461	-25
Meghalaya	Shillong	S-Grade	3445	3470	-25
Andhra Pradesh	Vijayawada	M-Grade	3800	3800	Unch
	Vijayawada	S-Grade	3740	3740	Unch
West Bengal	Kolkata	M-Grade	3730	3720	10

Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3700	3710	-10
	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)			30-Sep-19	28-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	4300	100
		White	4100	4100	Unch
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4600	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3160	NA	-
	Mahalingapura	Penti (Average)	3350	NA	-
	Mandya	Achhu (Medium)	3150	NA	-
	Mandya	Kurikatu (Medium)	2800	NA	-
	Mandya	Other (Medium)	2800	NA	-
	Mandya	Yellow (Medium)	3150	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3750	NA	-

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



AGRIWATCH

Daily Sugar & Gur Fundamental Report

1st Oct, 2019

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.