

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

The sugar market across is firm on Friday. Overall the prices are expected to be firm in Indian markets on the back of upcoming Indian festivals. Kolhapur sugar market price stood same at Rs.3400 and in U.P's Khatauli market stood at low Rs. 3515 INR.

Sugar mills in Maharashtra urge to commence 2019-2020 sugar season from November 1. State government has decided to delay the new season considering the recent floods in Kolhapur, Sangli, Pune and Satara. The sugarcane in western Maharashtra should be used quickly as most of them are damaged because of the flood. As farmers from Marathwada have uprooted sugarcane to feed their animals as fodders were not available. So, if the crushing season gets delay, there is a likelihood of more cane being diverted towards fodder. The decision regarding the start of crushing would be taken after the election only as code of conduct is enforced now.

Recently, in August to avoid possible sugar price hike in the Philippines, the SRA had allowed the importation of 250,000 metric tonnes of refined sugar to fulfil the deficit in domestic production to meet the rising demand. 100,000 MT was allocated for industrial users, while the rest 150,000 MT was for consumers, and sugar producers. This imported sugar will be coming in until October 31, and this will be good until next year. According to SRA (Sugar Regulatory Administration), further importation might lower the prices and the imported sugar so far is enough to feed the country's demand.

Weather Forecast:

During the next 24 hours, scattered light to moderate rains are expected over Bihar, West Bengal, Northeast India, Rajasthan, West Madhya Pradesh, Marathwada, Madhya Maharashtra, Karnataka, parts of Telangana, parts of Chhattisgarh, Coastal Odisha, Andhra Pradesh and in one or two parts of Kerala and Tamil Nadu. Isolated light rains are likely over East Madhya Pradesh, East Uttar Pradesh, Jammu and Kashmir, Himachal Pradesh and Uttarakhand.

Previous Updates:

The Food Ministry has allocated 21LT monthly sales quota for October which is higher than previous month allocation of 19.5 LT to each of 535 mills in India along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota. The allocated quota is 1 LT lower than previous year's allocated quota which stood at 22LT. The prices would remain firm amid upcoming Indian festivals along with export demand this year would supplement the sugar market.

Till 29th Sep'19, around 171 sugar mills have applied for online crushing license with the maximum mills reported from Solapur district (24 mills). The crushing in Maharashtra is going to start quite late this year after Diwali. Recently, the Sugar commissioner office extended the deadline for issuing the crushing license to 30 September. It has become difficult for the mills to get the crushing license as recently the government has that the same sugar mills will be issued crushing licenses for the new season, which will pay the farmers fair and remunerative price (FRP) within 14 days.

The data released by UNICA indicate that hydrous ethanol consumption reached 1.87 billion liters, 49% compared to August 2018 in Brazil. This figure is all time highest for August in the historical series started in 2000 and also the highest monthly average volume demanded by biofuel. In 2019, the value reaches 1.81 billion liters, 26% higher than in 2018. This represents that the consumption for ethanol has

been increasing since 2019 season has started in Brazil in April'19 which subsequently encourages to increase the ethanol production instead of sugar production this year.

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.

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	340.6	-2.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu October 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191003	12.87	12.89	12.59	12.74	-0.15	75,381	512,948	-10,434
20-May	191003	12.95	13	12.74	12.87	-0.13	24,982	155,746	-2,087
20-Jul	191003	13.05	13.09	12.87	12.98	-0.12	10,950	85,517	1,423
20-Oct	191003	13.25	13.29	13.09	13.2	-0.1	6,817	70,107	394
21-Mar	191003	13.74	13.79	13.63	13.72	-0.08	2,992	39,868	279
21-May	191003	13.71	13.75	13.65	13.7	-0.07	401	5,353	183
21-Jul	191003	13.63	13.7	13.6	13.65	-0.06	173	5,109	-7
21-Oct	191003	13.66	13.71	13.66	13.69	-0.06	337	3,219	255
Total Volume and Open Interest							122,100	880,474	-10,020

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu October 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191003	342.6	345	339.6	340.6	-2.4	9,105	45,489	-1,142
20-Mar	191003	345.3	346.9	341.3	342.1	-3.5	5,001	34,123	424
20-May	191003	349.6	351	345.6	346.6	-3.5	1,301	9,867	-126
20-Aug	191003	353.8	355.2	349.9	351	-3.4	506	4,434	18
20-Oct	191003	357.4	359.2	353.7	354.8	-3.1	170	2,018	118
Total Volume and Open Interest							16,096	97,592	-711

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Oct-19	3-Oct-19	
Delhi	Delhi	M-Grade	3450	3420	30
	Delhi	S-Grade	3430	3400	30
Uttar Pradesh	Khatauli	M-Grade	3515	3525	-10
	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	3560	3570	-10
	Mumbai	S-Grade	3336	3340	-4
	Nagpur	M-Grade	3525	3475	50
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3400	3350	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	3760	3760	Unch
	Vijayawada	S-Grade	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3720	3720	Unch

Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3680	3680	Unch
	Coimbatore	M-Grade	3700	3700	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)			4-Oct-19	3-Oct-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	4700	4500	200
		White	4300	4100	200
		Black	NA	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	3200	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3155	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3350	3350	Unch
	Mandya	Kurikatu (Medium)	3000	2800	200
	Mandya	Other (Medium)	3000	2950	50
	Mandya	Yellow (Medium)	3300	3300	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3800	-

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