

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

The sugar market across is steady on Monday. Overall the prices are expected to be steady to firm in Indian markets on the back of upcoming Indian festivals. Kolhapur sugar market price stood same at Rs.3300 and in U.P's Khatauli market stood at low Rs. 3500 INR.

The delegation of China will be coming to New Delhi on October 10. China imports 50 lakh tonne of sugar every year. India is looking forward to every opportunity to clear off the stocks. As the international sugar production is expected to decline in the following countries: Brazil, Thailand India is expected to decline. The central government had announced sugar export quota of 60 LMT, and the policy involves financial aid of Rs 10,448 per metric tonne (mt) to sugar mills.

According to Australian Sugar report released by Australian sugar milling council, the weekly crush in the week ending on 29th Sep'19 fall to 13.83 lakh tonnes and the total crush reached 202.31 lakh tonnes (66%) total crush from the beginning of the season. The weekly crush as on 30th Sep'18, was around 15.33 lakh tonnes and total crush as on date was 236.47 lakh tonnes (71.6%) compared to 2019-20 crushing as this year the country is facing from drought conditions.

Weather Forecast:

Light to moderate rain and thundershowers would occur in many parts of Maharashtra, Southwest Madhya Pradesh, Chhattisgarh, Odisha, Jharkhand, West Bengal, East Bihar, Northeast India, Telangana, Andhra Pradesh, Karnataka, and North Andaman and Nicobar islands. Heavy showers would be seen in some parts of Madhya Maharashtra and at one or two places over North Odisha, Assam, and Nagaland. Isolated light rain would be seen in Gujarat, Tamil Nadu, Kerala, Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Dry and warm weather with pleasant night would persist over most parts of Delhi and northwestern plains, North Madhya Pradesh, Uttar Pradesh, and West Bihar.

Previous Updates:

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.

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.

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	345.5	4.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri October 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191004	12.72	12.83	12.69	12.76	0.02	61,825	506,444	-6,504
20-May	191004	12.85	12.95	12.83	12.89	0.02	20,839	154,276	-1,470
20-Jul	191004	12.95	13.06	12.95	13.01	0.03	11,446	86,503	986
20-Oct	191004	13.16	13.26	13.16	13.23	0.03	7,172	71,027	920
21-Mar	191004	13.68	13.81	13.68	13.79	0.07	2,893	40,721	853
21-May	191004	13.68	13.84	13.68	13.81	0.11	472	5,487	134
21-Jul	191004	13.68	13.84	13.64	13.8	0.15	341	5,176	67
21-Oct	191004	13.72	13.92	13.69	13.87	0.18	446	3,581	362
Total Volume and Open Interest							105,595	875,737	-4,737

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri October 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191004	340.9	347.9	340	345.5	4.9	7,010	45,574	85
20-Mar	191004	341.4	346.3	341.2	344.5	2.4	4,037	34,154	31
20-May	191004	346.9	349.9	345.7	348.5	1.9	693	9,890	23
20-Aug	191004	350.3	353.9	349.8	352.3	1.3	235	4,539	105
20-Oct	191004	353.7	357.6	353.7	356	1.2	15	2,027	9
Total Volume and Open Interest							11,996	97,844	252

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Oct-19	5-Oct-19	
Delhi	Delhi	M-Grade	3400	3400	Unch
	Delhi	S-Grade	3380	3380	Unch
Uttar Pradesh	Khatauli	M-Grade	3500	3500	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3400	3400	Unch
	Dhampur	S-Grade Ex-Mill	3380	3380	Unch
	Dhampur	L-Grade Ex-Mill	3450	3450	Unch
Maharashtra	Mumbai	M-Grade	3570	3560	10
	Mumbai	S-Grade	3336	3336	Unch
	Nagpur	M-Grade	3425	3525	-100
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3300	3400	-100
	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	Closed	3800	-
	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)			7-Oct-19	5-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	Closed	4700	-
		White	Closed	4300	-
		Black	Closed	3800	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4600	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3300	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3430	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3350	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3250	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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