

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

Mixed trend is seen in the sugar market across India on Wednesday. Overall the prices are expected to be steady 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. 3490 INR.

Syrian state agency has issued an international tender to purchase and import 80,000 tonnes of white refined sugar. According to the reports, the deadline mentioned in the tender from the General Foreign Trade Organisation is November 11. Out of 80,000 tonnes consignments, shipment is sought in two 40,000 tonne consignments. The first consignment being shipped 60 days after the letter of credit opening on the deal and the other one 180 days after supply of the first shipment. Indian sugar millers would definitely gain some advantage in exporting its refined sugar helping to clear off some stock from India.

Crushing in Maharashtra is delayed and would likely to commence from 2nd week of November as the mills in the state are facing difficulty in getting the crushing licenses this year. As to ensure the early payment for sugarcane farmers, Maharashtra government has decided that sugar mills would be issued crushing licences only if they agree to pay fair and remunerative price (FRP) dues to cane growers within 14 days.

Weather Forecast:

Scattered light to moderate rain with one or two heavy spells is expected over West Bengal, parts of Odisha and South Chhattisgarh. Scattered light to moderate rain can be seen over Northeastern states, Sikkim, Telangana, Coastal Andhra Pradesh, Rayalaseema, interior Karnataka, parts of Madhya Maharashtra, interior Tamil Nadu and parts of Kerala. Whereas isolated light rain is a possibility over Jammu and Kashmir, Himachal Pradesh, Uttarakhand, parts of East Bihar with dry weather to prevail over rest all places. The dry northwesterly are prevailing over Northwest India, therefore, moisture reduction is seen which is indicative of the withdrawal of Monsoon around October 10.

Previous Updates:

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.

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	341.63	0.03

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue October 08, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191008	12.59	12.59	12.36	12.46	-0.06	41,570	499,849	-1,207
20-May	191008	12.7	12.7	12.51	12.58	-0.06	16,075	151,387	-769
20-Jul	191008	12.85	12.85	12.66	12.74	-0.06	11,450	87,118	530
20-Oct	191008	13.08	13.08	12.91	12.98	-0.06	7,459	72,210	297
21-Mar	191008	13.64	13.65	13.47	13.54	-0.06	4,549	40,842	64
21-May	191008	13.68	13.69	13.53	13.59	-0.05	1,402	6,184	381
21-Jul	191008	13.69	13.7	13.56	13.61	-0.05	861	5,785	429
21-Oct	191008	13.78	13.79	13.67	13.71	-0.05	325	3,774	173
Total Volume and Open Interest							83,815	869,732	-119

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue October 08, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191008	339.9	342.6	338.2	341.6	2	9,500	45,273	-123
20-Mar	191008	339.3	341.5	337	338.9	-0.2	6,695	35,963	1,358
20-May	191008	342.4	346.1	342	343.4	-0.9	749	9,789	-73
20-Aug	191008	348	350.5	347.4	347.9	-0.8	208	4,774	87
20-Oct	191008	353.3	354.2	350.8	351.9	-0.7	43	2,124	35
Total Volume and Open Interest							17,209	99,674	1,290

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			9-Oct-19	7-Oct-19	
Delhi	Delhi	M-Grade	3425	3400	25
	Delhi	S-Grade	3405	3380	25
Uttar Pradesh	Khatauli	M-Grade	3490	3500	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3380	3400	-20
	Dhampur	S-Grade Ex-Mill	3360	3380	-20
	Dhampur	L-Grade Ex-Mill	3430	3450	-20
Maharashtra	Mumbai	M-Grade	3550	3570	-20
	Mumbai	S-Grade	3340	3336	4
	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	3760	3760	Unch

	Vijayawada	S-Grade	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3730	3720	10
Tamil Nadu	Chennai	S-Grade	3800	Closed	-
	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	
			9-Oct-19	7-Oct-19		
Jaggery(Gur)						
	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	Closed	-	
		White	Closed	Closed	-	
		Black	Closed	Closed	-	
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)	NA	NA	-	
	Mahalingapura	Penti (Average)	3326	NA	-	
	Mandya	Achhu (Medium)	3200	NA	-	
	Mandya	Kurikatu (Medium)	2900	NA	-	
	Mandya	Other (Medium)	2900	NA	-	
	Mandya	Yellow (Medium)	3200	NA	-	
	Shimoga/Shivamogga	Achhu (Average)	NA	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 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.