

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

Steady to weak trend is seen in the sugar market across India on Friday. Overall the prices are expected to be steady to low in the coming week in Indian markets. Kolhapur sugar market price stood same at Rs.3300 and in U.P's Khatauli market stood at low Rs. 3470 INR.

Brazil's center-south region crushed 35.08 million tonnes, 26% more, while ethanol output increased 32% to 2.18 billion liters in the second half of September. Total cane crush so far reached 472.8 mln tonnes by October 1, according to UNICA. This is 2.71% above the same time last year. Sugar production is down by 2.39% so far (Till 1st Oct'19) compared to 22.33 mln tonnes in 2018-19 in the same period. Mills in the state reported that crushing season could end earlier than usual in the season 2019-20 mainly due to the dry weather that has been favoring a faster pace of the harvest.

Weather Forecast:

During the next 24 hours, scattered light to moderate rains are possible over Konkan and Goa, Madhya Maharashtra, Kerala, Interior Karnataka, parts of Telangana, Coastal Andhra Pradesh, Odisha, Gangetic West Bengal, Manipur, Mizoram and Tripura. Light rains with one or two moderate spells are likely over Vidarbha, Marathwada, Interior Tamil Nadu, Rayalaseema, Assam, Meghalaya, Arunachal Pradesh, Sub Himalayan West Bengal, Sikkim, parts of Chhattisgarh and Jharkhand. Isolated light rains may occur over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. The weather would remain dry over rest parts of the country.

Previous Updates:

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.

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.



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	339.2	-3.5

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu October 10, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191010	12.39	12.48	12.32	12.41	unch	44,386	505,397	-420
20-May	191010	12.5	12.58	12.42	12.51	-0.01	17,381	143,600	-3,946
20-Jul	191010	12.59	12.7	12.57	12.64	-0.02	12,542	94,505	4,126
20-Oct	191010	12.85	12.92	12.8	12.86	-0.02	2,838	72,525	-27
21-Mar	191010	13.39	13.45	13.36	13.42	-0.01	1,486	41,414	-46
21-May	191010	13.48	13.48	13.4	13.45	-0.01	739	6,858	153
21-Jul	191010	13.44	13.45	13.41	13.45	-0.01	455	6,956	133
21-Oct	191010	13.54	13.54	13.54	13.54	-0.02	92	4,501	23
Total Volume and Open Interest							79,927	878,343	0

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu October 10, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191010	343	345.2	338.4	339.2	-3.5	9,243	43,687	147
20-Mar	191010	338.9	340.4	336.4	337.2	-1.6	7,084	36,981	481
20-May	191010	342.6	344.7	341	341.9	-1.5	1,287	10,372	286
20-Aug	191010	346.3	347.8	344.9	345.4	-1.9	264	4,909	11
20-Oct	191010	350.2	350.8	348.4	348.9	-2.1	85	2,195	53
Total Volume and Open Interest							18,068	99,994	1,070

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Oct-19	10-Oct-19	
Delhi	Delhi	M-Grade	3330	3350	-20
	Delhi	S-Grade	3310	3330	-20
Uttar Pradesh	Khatauli	M-Grade	3470	3480	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3380	3380	Unch
	Dhampur	S-Grade Ex-Mill	3360	3360	Unch
	Dhampur	L-Grade Ex-Mill	3430	3430	Unch
Maharashtra	Mumbai	M-Grade	3546	3546	Unch
	Mumbai	S-Grade	3336	3340	-4
	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	3760	3760	Unch
	Vijayawada	S-Grade	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3730	3730	Unch

Tamil Nadu	Chennai	S-Grade	3760	3760	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)			11-Oct-19	10-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3213	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2950	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3178	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2625	NA	-
	Hapur	Balti	2625	NA	-
Andhra Pradesh	Chittur	Gold	5300	5300	Unch
		White	4400	4300	100
		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	3350	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3252	3252	Unch
	Mahalingapura	Penti (Average)	3361	3342	19
	Mandya	Achhu (Medium)	3150	3150	Unch
	Mandya	Kurikatu (Medium)	2850	2850	Unch
	Mandya	Other (Medium)	2850	2850	Unch
	Mandya	Yellow (Medium)	3150	3150	Unch
	Shimoga/Shivamogga	Achhu (Average)	3700	3750	-50

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