

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

***Steady trend is seen in the sugar market across India on Monday.*** 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. 3460 INR.

***In UP, the mills are all set to start crushing after 20<sup>th</sup> Oct'19 whereas some mills are intended to start crushing in 2<sup>nd</sup> week of Nov'19.*** Farmer organization have started demanding for hiking (State advised price) SAP from Rs. 325 to 450 per quintal. The 119 sugar mills in the state are ready to begin operations. Last year, these mills across the state collectively owe the cane farmers dues to the tune Rs 4,600 crore. The farmers have two demands: first sugarcane prices be hiked and secondly, payment with interest be made in time.

***India is expecting good export trade deals this year. Brazil has estimated to produce around 25 mln tonnes of sugar slightly lower than India's sugar production.*** Thailand, Australia, EU, Pakistan and India are expected to produce less sugar in 2019-20. Therefore, India with ending stock this year has good opportunity to capture markets for raw sugar in China, Indonesia, Iran, Bangladesh and Sri Lanka. Indonesia has already reduced the import tariffs to 5% from 13% for India recently.

***After the Chinese officials visited India for trade deal on 10<sup>th</sup> Oct'19, China signed an MOU with India to purchase 50,000 tonnes of raw sugar in this marketing year.*** As China is likely to produce 10 mln tonnes of sugar and their annual consumption is 15 mln tonnes, so the country have a shortfall of 5 mln tonnes. India's trade relation with China is likely to improve with this move. Recently, India has also signed trade deals to export 100,000-150,000 tn sugar to Iran, Sri Lanka and Afghanistan.

***With the domestic output and imports under the quota, China's domestic demand can be met.*** Supply and demand is balanced. China has set the 2020 sugar import quota at 1.945 million tonnes. Among the total import quota for the commodity, 70% would be allocated to state-owned firms. Companies applying for the quota must have processed 600 tonnes and more raw sugar per day in 2018, or sold 450 million yuan (\$63.73 million) and more worth of sugar during the year.

**Weather Forecast:**

Light to moderate rain with isolated heavy showers will occur in parts of Andhra Pradesh, South Interior Karnataka, Telangana, Tamil Nadu, South Chhattisgarh, and Tripura. Scattered light rain would be seen over Maharashtra and northeastern states. Isolated light rain is likely in higher reaches of Uttarakhand, Himachal Pradesh, Jammu, and Kashmir. Dry and warm weather would prevail over rest parts of the country.

**Previous Updates:**

***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 1<sup>st</sup> 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.

**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 2<sup>nd</sup> 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.

## 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	339.9	0.7

## International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri October 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Mar</a>	191011	12.4	12.48	12.22	12.41	unch	36,474	506,824	1,427
<a href="#">20-May</a>	191011	12.5	12.57	12.35	12.51	unch	17,174	142,675	-925
<a href="#">20-Jul</a>	191011	12.63	12.7	12.5	12.65	0.01	13,695	100,071	5,566
<a href="#">20-Oct</a>	191011	12.86	12.94	12.74	12.88	0.02	2,705	72,615	90
<a href="#">21-Mar</a>	191011	13.42	13.48	13.32	13.45	0.03	1,298	41,618	204
<a href="#">21-May</a>	191011	13.49	13.51	13.37	13.49	0.04	863	6,919	61
<a href="#">21-Jul</a>	191011	13.51	13.52	13.39	13.5	0.05	351	7,030	74
<a href="#">21-Oct</a>	191011	13.61	13.62	13.59	13.59	0.05	68	4,447	-54
Total Volume and Open Interest							72,632	884,785	6,442

## International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri October 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-Dec</a>	191011	340.2	341.9	336.7	339.9	0.7	10,083	41,706	-1,981
<a href="#">20-Mar</a>	191011	337.9	338.9	334.7	337.8	0.6	9,228	37,788	807
<a href="#">20-May</a>	191011	342.1	343	339.3	342.3	0.4	1,735	10,857	485
<a href="#">20-Aug</a>	191011	345.1	346	343	345.7	0.3	287	4,974	65
<a href="#">20-Oct</a>	191011	346.8	348.9	346.3	348.9	unch	49	2,203	8
Total Volume and Open Interest							21,536	99,516	-478

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			14-Oct-19	12-Oct-19	
Delhi	Delhi	M-Grade	3350	3330	20
	Delhi	S-Grade	3330	3310	20
Uttar Pradesh	Khatauli	M-Grade	3460	3470	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3325	3380	-55
	Dhampur	S-Grade Ex-Mill	3305	3360	-55
	Dhampur	L-Grade Ex-Mill	3375	3430	-55
Maharashtra	Mumbai	M-Grade	3546	3546	Unch
	Mumbai	S-Grade	3336	3340	-4
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3275	3250	25
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3150	3125	25
Assam	Guhawati	S-Grade	3461	3436	25
Meghalaya	Shillong	S-Grade	3470	3445	25
Andhra Pradesh	Vijayawada	M-Grade	3740	3760	-20
	Vijayawada	S-Grade	3680	3700	-20
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)			14-Oct-19	12-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3213	3238	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	11000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2828	2900	-73
	Muzaffarnagar	Laddoo (Fresh)	3128	3125	3
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	Closed	2625	-
	Hapur	Balti	Closed	2625	-
Andhra Pradesh	Chittur	Gold	5200	5300	-100
		White	4300	4300	Unch
		Black	3900	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)	NA	3200	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	2900	2850	50
	Mandya	Other (Medium)	2900	2850	50
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	3750	NA	-

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