

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

Mixed trend is seen in the sugar market across India on Tuesday. 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.3350 and in U.P's Khatauli market stood at low Rs. 3420 INR.

Weather Forecast:

Light to moderate rain with one or two heavy showers will occur over Coastal Andhra Pradesh, Interior Karnataka, parts of Tamil Nadu. Scattered light to moderate rain would be seen over Kerala, Telangana, Rayalaseema, Coastal Karnataka, Manipur, Mizoram and Tripura, Andaman and Nicobar Islands, Lakshadweep and parts of Madhya Maharashtra and Odisha.

Previous Updates:

In UP, the mills are all set to start crushing after 20th Oct'19 whereas some mills are intended to start crushing in 2nd 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 10th 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.

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.

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.



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	345.2	5.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon October 14, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191014	12.44	12.59	12.43	12.52	0.11	43,381	503,463	-3,361
20-May	191014	12.55	12.67	12.54	12.61	0.1	16,062	144,692	2,017
20-Jul	191014	12.69	12.79	12.67	12.71	0.06	10,466	102,440	2,369
20-Oct	191014	12.92	13.01	12.89	12.92	0.04	2,524	72,887	272
21-Mar	191014	13.49	13.57	13.43	13.46	0.01	758	41,761	143
21-May	191014	13.52	13.59	13.47	13.49	unch	297	7,170	251
21-Jul	191014	13.53	13.6	13.48	13.5	unch	60	7,039	9
21-Oct	191014	13.63	13.74	13.59	13.61	0.02	20	4,447	0
Total Volume and Open Interest							73,568	886,485	1,700

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon October 14, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191014	340.9	346.7	340.6	345.2	5.3	7,916	41,285	-421
20-Mar	191014	338.9	342.9	338.4	341.4	3.6	5,819	38,803	1,015
20-May	191014	343.3	347.1	342.7	345.8	3.5	1,422	11,249	392
20-Aug	191014	346.7	350.4	346.7	349.2	3.5	424	5,064	90
20-Oct	191014	348.7	353.4	348.7	352.2	3.3	141	2,204	1
Total Volume and Open Interest							15,967	100,762	1,246

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Oct-19	14-Oct-19	
Delhi	Delhi	M-Grade	3350	3350	Unch
	Delhi	S-Grade	3330	3330	Unch
Uttar Pradesh	Khatauli	M-Grade	3420	3460	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3315	3325	-10
	Dhampur	S-Grade Ex-Mill	3295	3305	-10
	Dhampur	L-Grade Ex-Mill	3365	3375	-10
Maharashtra	Mumbai	M-Grade	3546	3546	Unch
	Mumbai	S-Grade	3332	3336	-4
	Nagpur	M-Grade	3475	3425	50
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3350	3300	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	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3740	3730	10

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)			15-Oct-19	14-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3303	3213	90
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	2000
	Muzaffarnagar	Khurpa (Fresh)	2750	2828	-78
	Muzaffarnagar	Laddoo (Fresh)	3063	3128	-65
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2600	Closed	-
	Hapur	Balti	2600	Closed	-
Andhra Pradesh	Chittur	Gold	5200	5200	Unch
		White	4300	4300	Unch
		Black	3900	3900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4800	4600	200
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3200	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3150	3100	50
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2950	2900	50
	Mandya	Yellow (Medium)	3300	3200	100
	Shimoga/Shivamogga	Achhu (Average)	3750	3750	Unch

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