

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

**Mixed trend is seen in the sugar market across India on Thursday.** Overall the prices are expected to be steady to low in the coming week in Indian markets. Kolhapur sugar market price stood unchanged at Rs.3300 and in U.P's Khatauli market stood at low at Rs. 3395 INR.

**India is driving towards exporting as much sugar possible in 2019-20 after the announced subsidy by the government which will move down the global sugar prices.** India has been exporting old season sugar stock to Iran. India have contracted to export to Iran about 350,000 tonnes of sugar for shipments in October to December at about \$302/tonne FOB. And contracted another 150,000 tonnes from Sri Lanka, Afghanistan and African countries at around \$315/ tonne for shipments in the last quarter of 2019.

**Weather Forecast:**

Light to moderate rains with one or two heavy spells are expected over Andhra Pradesh, Tamil Nadu, Kerala, South Interior Karnataka and Lakshadweep. Scattered light rains with one or two moderate spells are likely over South Chhattisgarh, Odisha, Telangana, Coastal and North Interior Karnataka, South Konkan and Goa. Light rain is likely in a few parts of Jammu and Kashmir, Himachal Pradesh, while isolated rains are possible over Uttarakhand, West Punjab, Andaman and Nicobar islands. Scattered light rain is likely over the northeastern states.

**Previous Updates:**

**Malaysia is looking forward to enhance the bilateral trade with India and reducing the trade tensions between the two countries.** Malaysia is planning to import more raw sugar in the coming year 2020 amid reports India is considering restricting imports of palm oil from Malaysia. Malaysia's exports to India were worth \$10.8 billion in the fiscal year that ended on March 31, while imports totalled \$6.4 billion which shows that India is one of the major revenue generator for Malaysia.

**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.

**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.

## 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	341.7	-5.9

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

Daily Futures Price Listing Wed October 16, 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>	191016	12.53	12.55	12.28	12.35	-0.24	37,724	507,355	235
<a href="#">20-May</a>	191016	12.65	12.65	12.39	12.44	-0.25	12,070	147,387	33
<a href="#">20-Jul</a>	191016	12.79	12.79	12.52	12.57	-0.24	7,485	106,535	-212
<a href="#">20-Oct</a>	191016	13.03	13.03	12.75	12.81	-0.22	4,167	74,024	462
<a href="#">21-Mar</a>	191016	13.54	13.54	13.34	13.38	-0.2	2,144	42,647	959
<a href="#">21-May</a>	191016	13.55	13.57	13.39	13.44	-0.18	422	7,135	-63
<a href="#">21-Jul</a>	191016	13.56	13.59	13.43	13.47	-0.17	376	7,129	7
<a href="#">21-Oct</a>	191016	13.67	13.7	13.57	13.6	-0.16	228	4,701	191
Total Volume and Open Interest							64,619	899,456	1,615

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

Daily Futures Price Listing Wed October 16, 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>	191016	346.4	346.8	341.2	341.7	-5.9	6,544	40,450	-282
<a href="#">20-Mar</a>	191016	342.5	342.5	337	337.6	-5.9	4,627	39,428	561
<a href="#">20-May</a>	191016	347	347	341.3	341.8	-6	1,572	11,926	297
<a href="#">20-Aug</a>	191016	350.8	350.8	345.4	346	-5.3	339	5,143	-19
<a href="#">20-Oct</a>	191016	351.9	351.9	349.5	349.9	-4.6	54	2,222	11
Total Volume and Open Interest							13,183	101,361	603

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Oct-19	16-Oct-19	
Delhi	Delhi	M-Grade	3300	3330	-30
	Delhi	S-Grade	3280	3310	-30
Uttar Pradesh	Khatauli	M-Grade	3395	3415	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3290	3310	-20
	Dhampur	S-Grade Ex-Mill	3270	3290	-20
	Dhampur	L-Grade Ex-Mill	3340	3360	-20
Maharashtra	Mumbai	M-Grade	3536	3536	Unch
	Mumbai	S-Grade	3330	3330	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3225	3175	50
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3100	3050	50
Assam	Guhawati	S-Grade	3410	3360	51
Meghalaya	Shillong	S-Grade	3420	3370	50
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3670	3670	Unch
Tamil Nadu	Chennai	S-Grade	3740	3760	-20
	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)			17-Oct-19	16-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3253	3263	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	8000	1000
	Muzaffarnagar	Khurpa (Fresh)	2625	2738	-113

	Muzaffarnagar	Laddoo (Fresh)	3063	3053	10
	Muzaffarnagar	Rascut (Fresh)	2600	NA	-
	Hapur	Chaurasa	2600	2575	25
	Hapur	Balti	2600	2600	Unch
Andhra Pradesh	Chittur	Gold	5100	5100	Unch
		White	4200	4200	Unch
		Black	3900	3900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4800	4800	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3425	-
	Mandya	Achhu (Medium)	NA	3150	-
	Mandya	Kurikatu (Medium)	NA	2900	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3300	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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