

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Firm trend is seen in the sugar market across India on Saturday. Overall the prices are expected to be steady to firm in the coming week in Indian markets on the occasion of Diwali. Kolhapur sugar market price stood firm at Rs.3395 and in U.P's Khatauli market stood firm at Rs. 3404INR.

Mansoorpur sugar mill in Muzaffarnagar district is likely to start crushing by 30th Oct'19. Sugar mills of Uttar Pradesh are preparing to start new crushing season. Sugarcane procurement centers are also being set up for farmers. Many mills are due to start a little late due to rain. With the central government boosting sugar exports, many sugar mills are coming forward for increased sugar exports, which has given some relief to the mills from the problem of economic liquidity.

Weather Forecast:

Moderate to heavy rains are likely over Konkan and Goa, parts of Madhya Maharashtra. Scattered light to moderate rains with one or two heavy spells is likely over Coastal Karnataka, North Interior Karnataka. Light to moderate rains is expected over Tamil Nadu, Kerala, Andhra Pradesh, Lakshadweep, parts of Marathwada, Vidarbha, Telangana, Jammu, and Kashmir. Scattered light showers with one or two moderate spells over Chhattisgarh, Madhya Pradesh, and Jharkhand.

Previous Updates:

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.

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 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.

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 Icmsa	339	-2.7

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri October 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191018	12.21	12.34	12.2	12.32	0.08	61,926	505,610	-2,805
20-May	191018	12.32	12.43	12.31	12.41	0.07	17,056	149,080	588
20-Jul	191018	12.46	12.55	12.44	12.54	0.07	10,525	104,977	-1,008
20-Oct	191018	12.71	12.8	12.68	12.78	0.06	8,327	74,609	639
21-Mar	191018	13.28	13.37	13.26	13.36	0.05	4,821	44,024	896
21-May	191018	13.36	13.43	13.35	13.41	0.04	1,597	7,670	424
21-Jul	191018	13.43	13.47	13.39	13.45	0.04	861	7,731	326
21-Oct	191018	13.56	13.61	13.52	13.59	0.04	437	5,236	332
Total Volume and Open Interest							105,616	901,517	-582

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri October 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191018	339.5	340	333	335.9	-3.1	4,472	37,733	-1,778
20-Mar	191018	335.5	335.9	331	333.4	-1.8	4,085	40,012	177
20-May	191018	340	340.6	337	338.9	-0.6	1,348	11,958	-79
20-Aug	191018	344	344.4	341.1	343.4	-0.2	306	5,204	21
20-Oct	191018	347.9	347.9	345	347.2	-0.1	27	2,246	20
Total Volume and Open Interest							10,239	99,368	-1,639

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Oct-19	18-Oct-19	
Delhi	Delhi	M-Grade	3350	3300	50
	Delhi	S-Grade	3330	3280	50
Uttar Pradesh	Khatauli	M-Grade	3404	3395	9
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3290	10
	Dhampur	S-Grade Ex-Mill	3280	3270	10
	Dhampur	L-Grade Ex-Mill	3350	3340	10
Maharashtra	Mumbai	M-Grade	3536	3536	Unch
	Mumbai	S-Grade	3330	3322	8
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3300	3250	50
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	3740	3740	Unch
	Dindigul	M-Grade	3640	3640	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)			19-Oct-19	18-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3178	3313	-135
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	9000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2638	2625	13
	Muzaffarnagar	Laddoo (Fresh)	3128	3088	40
	Muzaffarnagar	Rascut (Fresh)	2475	2500	-25

	Hapur	Chaurasa	2525	2538	-13
	Hapur	Balti	2625	2625	Unch
Andhra Pradesh	Chittur	Gold	4700	5100	-400
		White	4300	4200	100
		Black	NA	3900	-
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)	3330	3345	-15
	Mahalingapura	Penti (Average)	NA	3476	-
	Mandya	Achhu (Medium)	NA	3350	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	3030	-
	Mandya	Yellow (Medium)	NA	3380	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

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