

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

***Firm trend is seen in the sugar market across India on Monday.** 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 was closed on Monday due to the Vidhan Sabha elections and in U.P's Khatauli market stood firm at Rs. 3450 INR.*

***The Karnataka government has given the sugar mills a deadline to clear all the sugarcane arrears to be given to the farmers on or before 5th of November.** 23 factories in Belagavi district have a total arrears of Rs. 84 crore to be paid to farmers out of which 99 % of arrears have been paid to farmers. Also the government likely to take action against factories that had not renewed their license for this year. The State government is also set to decide on a demand for a ban on transporting sugarcane to neighbouring States on 10th Nov'19.*

***The latest data released by USDA, projected that this year's total sugar production will decline to 29.3MMT which is 14.6% less compared to previous year.** Also, a lower than expected diversion of cane for sugar production and an expectation of a net reduction in the national average sugar recovery rate are the reasons for decline.*

Weather Forecast:

Moderate spells of rain and thundershowers with isolated heavy showers are likely in parts of Maharashtra, Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Lakshadweep and Andaman and Nicobar Islands and at one or two places of Chhattisgarh, Odisha, Gangetic West Bengal and the northeastern states. Light rain is likely over South Madhya Pradesh, North Chhattisgarh, Sub Himalayan West Bengal, Sikkim and lower Assam. Dry weather would prevail over the rest parts of the country.

Previous Updates:

***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.*

***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.

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	335.9	-3.1

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			21-Oct-19	19-Oct-19	
Delhi	Delhi	M-Grade	3400	3350	50
	Delhi	S-Grade	3380	3330	50
Uttar Pradesh	Khatauli	M-Grade	3450	3404	46
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	closed	3536	-
	Mumbai	S-Grade	closed	3330	-
	Nagpur	M-Grade	closed	3425	-
	Nagpur	S-Grade	closed	3225	-
	Kolhapur	M-Grade	closed	3300	-
	Kolhapur	S-Grade	closed	3100	-
Assam	Guhawati	S-Grade	closed	3410	-
Meghalaya	Shillong	S-Grade	closed	3420	-
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3700	3680	20
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)			21-Oct-19	19-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3153	3178	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	11000	9000	2000
	Muzaffarnagar	Khurpa (Fresh)	2613	2638	-25

	Muzaffarnagar	Laddoo (Fresh)	3113	3128	-15
	Muzaffarnagar	Rascut (Fresh)	2313	2475	-163
	Hapur	Chaurasa	Closed	2525	-
	Hapur	Balti	Closed	2625	-
Andhra Pradesh	Chittur	Gold	4700	4700	Unch
		White	4300	4300	Unch
		Black	NA	NA	-
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	3200	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3330	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3350	3370	-20
	Mandya	Kurikatu (Medium)	3100	3100	Unch
	Mandya	Other (Medium)	3100	3000	100
	Mandya	Yellow (Medium)	3450	3400	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3900	-

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