

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

Firm trend is seen in the sugar market across India on Tuesday. 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 prices stood at Rs.3300/q and in U.P's Khatauli market stood firm at Rs. 3460 INR.

Sugarcane factories in Uttar Pradesh have started sugarcane sowing. But the mills still have the arrears to be paid to the farmers which is causing hindrance in thought of sowing sugarcane. The millers have demanded the state government to give the subsidy of Rs.30/q to the farmers to pay the dues. As the sugar industry is facing crisis with not been able to fulfill the payment dues to the farmers as the problem lies in the higher cost of making sugar around Rs.34-35/kg than they receive at Rs.31/kg. Also the UP government had earlier fixed the reserve quota for molasses from 12.5% to 16% for the state manufacturers of country made liquor to maintain adequate supply of molasses for distilleries to produce country liquor. The millers have strongly opposed reservation of molasses, claiming it is a vital byproduct and the revenue generated by it contributes towards sugarcane payments to farmers.

Weather Forecast:

Moderate to heavy rain with one or two heavy showers are likely over Kerala and Coastal Karnataka. Light to moderate rain with one or two heavy spells is likely over Interior Karnataka, Rayalaseema, Madhya Maharashtra, parts of Tamil Nadu, Coastal Andhra Pradesh. Scattered light to moderate rain is expected over Konkan and Goa, parts of Vidarbha, Marathwada.

Previous Updates:

Sugar production in Brazil's main producing region in the 2nd half of Sep remained 39% higher compared to the same time in the previous season. Till 1st of Oct'19, Brazil's center-south mills produced 21.8 million tonnes of sugar, 2% less than the same period last season, and crushed 472.80 million tonnes of cane, 3% higher from a year earlier.

Sep month sugar exports of Brazil stood at 17.19 LT higher than previous month which was 15.62 LT (Aug) at \$281/tonne but lower compared to previous year's exports which stood at 25.22 LT (-32%). The major export destination for Brazil were Algeria, China, Saudi Arabia, Bangladesh and Nigeria in the current season (April'19-Mar'20) for Brazil.

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 India'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.

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.

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 Mon October 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191021	12.34	12.39	12.2	12.27	-0.05	50,960	507,701	2,091
20-May	191021	12.45	12.47	12.31	12.36	-0.05	16,695	150,749	1,669
20-Jul	191021	12.57	12.59	12.44	12.5	-0.04	9,982	105,677	700
20-Oct	191021	12.8	12.82	12.68	12.73	-0.05	3,891	74,903	294
21-Mar	191021	13.4	13.4	13.25	13.3	-0.06	1,944	44,234	210
21-May	191021	13.39	13.39	13.31	13.35	-0.06	906	7,707	37
21-Jul	191021	13.43	13.43	13.36	13.38	-0.07	417	7,905	174
21-Oct	191021	13.57	13.57	13.5	13.5	-0.09	272	5,413	177
Total Volume and Open Interest							85,118	906,894	5,377

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon October 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191021	337.7	341.8	336.9	337.3	1.4	5,603	36,757	-976
20-Mar	191021	333.4	337.3	333.3	333.6	0.2	4,789	40,220	208
20-May	191021	338.9	342.3	337.9	338	-0.9	886	12,264	306
20-Aug	191021	343.2	346.9	342	342	-1.4	227	5,312	108
20-Oct	191021	349.5	350.6	345.4	345.4	-1.8	106	2,286	40
Total Volume and Open Interest							11,677	99,098	-270

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Oct-19	21-Oct-19	
Delhi	Delhi	M-Grade	3420	3400	20
	Delhi	S-Grade	3400	3380	20
Uttar Pradesh	Khatauli	M-Grade	3460	3450	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3310	3300	10
	Dhampur	S-Grade Ex-Mill	3290	3280	10
	Dhampur	L-Grade Ex-Mill	3360	3350	10
Maharashtra	Mumbai	M-Grade	3542	closed	-
	Mumbai	S-Grade	3340	closed	-
	Nagpur	M-Grade	3425	closed	-
	Nagpur	S-Grade	3245	closed	-
	Kolhapur	M-Grade	3300	closed	-
	Kolhapur	S-Grade	3120	closed	-
Assam	Guhawati	S-Grade	3431	closed	-
Meghalaya	Shillong	S-Grade	3440	closed	-
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3700	3700	Unch
Tamil Nadu	Chennai	S-Grade	3810	3740	70
	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)			22-Oct-19	21-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3080	3153	-73
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	11000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2563	2613	-50
	Muzaffarnagar	Laddoo (Fresh)	3038	3113	-75
	Muzaffarnagar	Rascut (Fresh)	2350	2313	38

	Hapur	Chaurasa	2500	Closed	-
	Hapur	Balti	2588	Closed	-
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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3350	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	3100	-
	Mandya	Yellow (Medium)	NA	3450	-
	Shimoga/Shivamogga	Achhu (Average)	3850	3850	Unch

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