

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 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. 3480 INR.

Weather Forecast:

Moderate to heavy rain with one or two heavy showers are likely over Tamil Nadu, Andhra Pradesh, Karnataka. Scattered light to moderate rain with one or two heavy spells is likely over Kerala, Madhya Maharashtra and parts of Marathwada. Scattered light to moderate rain is expected over Konkan and Goa, Vidarbha, Telangana, Chhattisgarh, Odisha, Jharkhand, and Gangetic West Bengal.

Previous Updates:

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.

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 centres 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	333.7	-2.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed October 23, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191023	12.13	12.25	12.05	12.15	-0.03	38,413	511,042	1,142
20-May	191023	12.28	12.33	12.16	12.24	-0.05	8,169	154,301	1,451
20-Jul	191023	12.37	12.44	12.3	12.36	-0.06	7,116	108,447	2,755
20-Oct	191023	12.64	12.69	12.55	12.59	-0.08	2,116	75,122	92
21-Mar	191023	13.25	13.27	13.15	13.18	-0.07	712	44,672	159
21-May	191023	13.28	13.3	13.21	13.23	-0.09	164	8,043	-37
21-Jul	191023	13.33	13.33	13.25	13.27	-0.09	871	8,508	575
21-Oct	191023	13.45	13.46	13.39	13.4	-0.09	755	5,799	379
Total Volume and Open Interest							58,336	918,519	6,506

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed October 23, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191023	336.3	338	333	333.7	-2.1	7,431	34,702	-62
20-Mar	191023	333.2	333.7	330.2	331.2	-1.8	5,323	39,558	-165
20-May	191023	337.6	337.7	334.5	335.4	-1.8	1,212	12,584	0
20-Aug	191023	340.3	341	338.1	339.2	-1.8	281	5,559	55
20-Oct	191023	343.5	344.1	341.1	342.3	-1.9	125	2,319	30
Total Volume and Open Interest							14,464	97,017	-111

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Oct-19	23-Oct-19	
Delhi	Delhi	M-Grade	3370	3420	-50
	Delhi	S-Grade	3350	3400	-50
Uttar Pradesh	Khatauli	M-Grade	3480	3490	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3390	3320	70
	Dhampur	S-Grade Ex-Mill	3370	3300	70
	Dhampur	L-Grade Ex-Mill	3440	3370	70
Maharashtra	Mumbai	M-Grade	3542	3562	-20
	Mumbai	S-Grade	3350	3350	Unch
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3250	3245	5
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3125	3120	5
Assam	Guhawati	S-Grade	3436	3431	5
Meghalaya	Shillong	S-Grade	3445	3440	5
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	3840	3810	30
	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)			24-Oct-19	23-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2838	2900	-63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	10000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2563	2525	38

	Muzaffarnagar	Laddoo (Fresh)	2975	2950	25
	Muzaffarnagar	Rascut (Fresh)	2313	2338	-25
	Hapur	Chaurasa	2563	2550	13
	Hapur	Balti	2600	2600	Unch
Andhra Pradesh	Chittur	Gold	4900	4800	100
		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	3475	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3450	3170	280
	Mandya	Kurikatu (Medium)	3200	3050	150
	Mandya	Other (Medium)	3230	3220	10
	Mandya	Yellow (Medium)	3400	3300	100
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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