

## Sugar & Gur Domestic & International Fundamentals

### Recent Update:

**Mixed trend is seen in the sugar market across India on Friday.** 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:

During the next 24 hours, moderate to heavy rain with one or two very heavy spells are likely over Coastal Karnataka, Konkan and Goa, Odisha, Gangetic West Bengal and parts of Jharkhand. Light to moderate rains are likely over Kerala, Interior Tamil Nadu, parts of Bihar and Chhattisgarh. Light to moderate rain with one or two heavy spells are likely over Assam, Meghalaya, Arunachal Pradesh, and Nagaland.

### 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 2<sup>nd</sup> half of Sep remained 39% higher compared to the same time in the previous season.** Till 1<sup>st</sup> 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 5<sup>th</sup> 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 10<sup>th</sup> 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 30<sup>th</sup> 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 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.

## 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	335.5	1.8

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

Daily Futures Price Listing Thu October 24, 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>	191024	12.17	12.33	12.17	12.3	0.15	55,279	517,999	6,957
<a href="#">20-May</a>	191024	12.27	12.41	12.27	12.38	0.14	16,305	157,692	3,391
<a href="#">20-Jul</a>	191024	12.41	12.53	12.39	12.49	0.13	10,089	110,282	1,835
<a href="#">20-Oct</a>	191024	12.63	12.76	12.63	12.73	0.14	4,005	75,541	419
<a href="#">21-Mar</a>	191024	13.25	13.34	13.25	13.32	0.14	2,778	44,227	-445
<a href="#">21-May</a>	191024	13.33	13.37	13.33	13.37	0.14	515	8,063	20
<a href="#">21-Jul</a>	191024	13.37	13.41	13.37	13.4	0.13	548	8,768	260
<a href="#">21-Oct</a>	191024	13.54	13.54	13.52	13.52	0.12	253	5,899	100
Total Volume and Open Interest							89,775	931,054	12,535

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

Daily Futures Price Listing Thu October 24, 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>	191024	335	336	333	335.5	1.8	5,479	34,152	-550
<a href="#">20-Mar</a>	191024	331.6	333.7	331.2	332.8	1.6	3,355	39,882	324
<a href="#">20-May</a>	191024	336.6	338	335.5	337.2	1.8	939	12,784	200
<a href="#">20-Aug</a>	191024	340.6	342.3	340	341.5	2.3	265	5,665	106
<a href="#">20-Oct</a>	191024	343.7	344.7	343.7	344.7	2.4	207	2,402	83
Total Volume and Open Interest							10,750	97,428	411

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Oct-19	24-Oct-19	
Delhi	Delhi	M-Grade	3350	3370	-20
	Delhi	S-Grade	3330	3350	-20
Uttar Pradesh	Khatauli	M-Grade	3480	3480	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3390	3390	Unch
	Dhampur	S-Grade Ex-Mill	3370	3370	Unch
	Dhampur	L-Grade Ex-Mill	3440	3440	Unch
Maharashtra	Mumbai	M-Grade	3590	3542	48
	Mumbai	S-Grade	3346	3350	-4
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3250	3250	Unch
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3125	3125	Unch
Assam	Guhawati	S-Grade	3436	3436	Unch
Meghalaya	Shillong	S-Grade	3445	3445	Unch
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	3840	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)			25-Oct-19	24-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2813	2838	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	2000
	Muzaffarnagar	Khurpa (Fresh)	2550	2563	-13
	Muzaffarnagar	Laddoo (Fresh)	2788	2975	-188
	Muzaffarnagar	Rascut (Fresh)	2278	2313	-35

	Hapur	Chaurasa	2538	2563	-25
	Hapur	Balti	2600	2600	Unch
Andhra Pradesh	Chittur	Gold	4900	4900	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	3400	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3450	3450	Unch
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3230	3230	Unch
	Mandya	Yellow (Medium)	3400	3400	Unch
	Shimoga/Shivamogga	Achhu (Average)	3750	NA	-

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