

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

**Mixed 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 stood closed on the occasion of Diwali while U.P's Khatauli market stood steady at Rs. 3480 INR.

**The country is forced to import sugar after Kenya faced drought in 2017-18 which lead to closure of several sugar mills in the country** and subsequently impacted the sugar production (-8%). According to the reports, sugar production between January and September declined to 335,992 tons compared with 366,398 tons during the same period last year. Also, the sugar import surged to 324,055 tonnes from 190,084 tonnes.

**Weather Forecast:**

During the next 24 hours, light to moderate rain with one or two very heavy spells are likely over Coastal Karnataka, Konkan, and Goa, parts of Kerala, Gangetic West Bengal, Odisha, Assam, Meghalaya. Scattered light to moderate rains is likely over rest Northeast India, parts of Marathwada, Telangana, South Chhattisgarh, parts of Coastal Andhra Pradesh. Scattered light rain is likely over Vidarbha, Maharashtra, Interior Karnataka, Rayalaseema, Jharkhand.

**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.***

## 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 Fri October 25, 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>	191025	12.25	12.39	12.23	12.35	0.05	52,326	524,730	6,731
<a href="#">20-May</a>	191025	12.35	12.47	12.31	12.42	0.04	16,625	160,075	2,383
<a href="#">20-Jul</a>	191025	12.5	12.59	12.45	12.55	0.06	8,168	110,676	394
<a href="#">20-Oct</a>	191025	12.71	12.83	12.69	12.79	0.06	4,976	75,044	-497
<a href="#">21-Mar</a>	191025	13.3	13.41	13.29	13.37	0.05	2,105	44,024	-203
<a href="#">21-May</a>	191025	13.36	13.45	13.36	13.42	0.05	558	8,247	184
<a href="#">21-Jul</a>	191025	13.41	13.47	13.4	13.45	0.05	232	8,791	23
<a href="#">21-Oct</a>	191025	13.54	13.57	13.54	13.57	0.05	118	5,892	-7
Total Volume and Open Interest							85,246	940,038	8,984

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

Daily Futures Price Listing Fri October 25, 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>	191025	335.4	337.7	332.9	337.2	1.7	5,243	34,505	353
<a href="#">20-Mar</a>	191025	332.8	334.1	330.7	333.6	0.8	3,442	39,876	-6
<a href="#">20-May</a>	191025	336.8	337.9	335.5	337.7	0.5	582	12,701	-83
<a href="#">20-Aug</a>	191025	341.1	342.1	340	341.9	0.4	468	5,761	96
<a href="#">20-Oct</a>	191025	344.2	345.6	343.7	345.4	0.7	185	2,448	46
Total Volume and Open Interest							9,937	97,834	406

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Oct-19	25-Oct-19	
Delhi	Delhi	M-Grade	3400	3350	50
	Delhi	S-Grade	3380	3330	50
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	3580	3590	-10
	Mumbai	S-Grade	3346	3346	Unch
	Nagpur	M-Grade	Closed	3425	-
	Nagpur	S-Grade	Closed	3250	-
	Kolhapur	M-Grade	Closed	3300	-
	Kolhapur	S-Grade	Closed	3125	-
Assam	Guhawati	S-Grade	Closed	3436	-
Meghalaya	Shillong	S-Grade	Closed	3445	-
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	Closed	3840	-
	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)			26-Oct-19	25-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2803	2813	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	10000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2528	2550	-23
	Muzaffarnagar	Laddoo (Fresh)	2813	2788	25
	Muzaffarnagar	Rascut (Fresh)	2278	2278	Unch

	Hapur	Chaurasa	2475	2538	-63
	Hapur	Balti	2575	2600	-25
Andhra Pradesh	Chittur	Gold	Closed	4900	-
		White	Closed	4300	-
		Black	Closed	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4800	-
	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	2529	-
	Mandya	Achhu (Medium)	NA	3450	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3230	-
	Mandya	Yellow (Medium)	NA	3400	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

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