

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

Steady 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 stood closed on the occasion of Diwali as well as U.P's Khatauli market was closed too.

UP government is likely to invest Rs.160 crore to create ethanol production capacity of 53 million liters. In order to adopt greener fuels and to cut down the oil imports, the ethanol would be supplied to Oil Marketing Companies (OMCs). UP Cooperative Sugar Mills Federation Limited have an installed capacity to produce 35 million liters and 13.5 million liters of ethanol and rectified spirit respectively. In 2019, the ethanol production is subsequently to rise by at least 5% (estimated at 3300 million liters in 2019) as already procurement of 910 million liters have been booked earlier in the beginning of the season.

Sugar mills have partially started preparations for crushing operation, but will commence in full swing from November 15 onwards. There are about 534 sugar mills in the country. The government has fixed fair and remunerative price (FRP) of sugarcane at Rs. 2.75/quintal for the current marketing year. Farmers in many states such as Andhra Pradesh, Karnataka and Maharashtra, are paid on the basis of the FRP set by the Centre. Whereas in Uttar Pradesh, Punjab, Tamil Nadu and other states have a State Advised Price (SAP). Sugarcane production is estimated to be lower at 377.77 million tonnes in the 2019-20 crop year (July-June) as against 400 million tonnes last year.

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:

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.

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.

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	340.8	5.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon October 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191028	12.35	12.59	12.34	12.54	0.19	44,287	528,917	4,187
20-May	191028	12.44	12.67	12.42	12.63	0.21	13,653	161,103	1,028
20-Jul	191028	12.53	12.79	12.53	12.75	0.2	6,110	110,507	-169
20-Oct	191028	12.83	13.01	12.8	12.98	0.19	2,784	74,911	-133
21-Mar	191028	13.42	13.58	13.39	13.56	0.19	1,621	44,052	28
21-May	191028	13.45	13.61	13.45	13.61	0.19	184	8,255	8
21-Jul	191028	13.5	13.63	13.5	13.63	0.18	94	8,792	1
21-Oct	191028	13.72	13.75	13.72	13.75	0.18	60	5,857	-35
Total Volume and Open Interest							68,793	944,953	4,915

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon October 28, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191028	338.1	343	337.5	340.8	3.6	3,907	33,915	-590
20-Mar	191028	334.5	339.5	334.1	337.5	3.9	3,362	39,468	-408
20-May	191028	338.1	343.3	338	341.8	4.1	718	12,533	-168
20-Aug	191028	343.2	346.7	342.7	345.9	4	341	5,853	92
20-Oct	191028	349.3	349.3	349.3	349.3	3.9	93	2,502	54
Total Volume and Open Interest							8,446	96,814	-1,020

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Oct-19	26-Oct-19	
Delhi	Delhi	M-Grade	3340	3400	-60
	Delhi	S-Grade	3320	3380	-60
Uttar Pradesh	Khatauli	M-Grade	Closed	3480	-
	Ramala	M-Grade	Closed	NA	-
	Dhampur	M-Grade Ex-Mill	Closed	3390	-
	Dhampur	S-Grade Ex-Mill	Closed	3370	-
	Dhampur	L-Grade Ex-Mill	Closed	3440	-
Maharashtra	Mumbai	M-Grade	Closed	3580	-
	Mumbai	S-Grade	Closed	3346	-
	Nagpur	M-Grade	Closed	Closed	-
	Nagpur	S-Grade	Closed	Closed	-
	Kolhapur	M-Grade	Closed	Closed	-
	Kolhapur	S-Grade	Closed	Closed	-
Assam	Guhawati	S-Grade	Closed	Closed	-
Meghalaya	Shillong	S-Grade	Closed	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	3860	Closed	-
	Dindigul	M-Grade	3580	3640	-60
	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)			29-Oct-19	26-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	2803	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	9000	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	2528	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	2813	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2278	-

	Hapur	Chaurasa	2475	2475	Unch
	Hapur	Balti	2600	2575	25
Andhra Pradesh	Chittur	Gold	NA	Closed	-
		White	NA	Closed	-
		Black	NA	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	NA	-
	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	3450	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3230	-
	Mandya	Yellow (Medium)	NA	3300	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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