

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 weak due to lower demand. Kolhapur sugar market stood at Rs.3200/q and U.P's Khatauli market prices stood at Rs.3440/q.

Sales quota allocated to the mills this month at 20.5LT on monthly basis for November to each 535 mills in India lower compared to the previous month's quota of 21LT. The allocated quota of November 2019 is 1.5 LMT lower than the preceding year's November month quota that stood at 22 LMT. The prices are expected to remain stable inspite of no major festivals in November month but the prices could get support from the new export deals from different countries.

Weather Forecast:

During the next 24 hours, heavy to very heavy rains will continue to lash Lakshadweep. Sea conditions are likely to remain rough to very rough in Kerala, Karnataka as well as Lakshadweep area. Moderate to heavy rains are likely in Interior Tamil Nadu, Kerala, Coastal Karnataka, South Konkan, and Goa. Scattered light to moderate rain is likely in Telangana, North Interior Karnataka, parts of Vidarbha, Marathwada, Madhya Maharashtra, South Chhattisgarh as well as Andaman and Nicobar Islands. Light rains with one or two moderate spells are possible over West Rajasthan, Gujarat, and South Madhya Pradesh.

Previous Updates:

Maharashtra is likely to commence crushing not before 15th Nov'19 as directed by the state government. This time the number of private and cooperative sugar mills licensed for crushing sugarcane is lower than last year and is expected to fall sharply. Around 159 have applied for license whereas this season as compared to the previous season of 195 mills. Due to the lower crop, because of excess rains in western Maharashtra and drought in Marathwada, the number of sugar mills for crushing has come down. Sugarcane crop has been badly damaged due to floods in western Maharashtra, due to lack of water in Marathwada, the crop has been affected.

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.

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.

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	340.6	2.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu October 31, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191031	12.42	12.52	12.31	12.48	0.07	63,353	535,871	54
20-May	191031	12.53	12.62	12.42	12.58	0.07	22,354	167,813	1,314
20-Jul	191031	12.65	12.75	12.56	12.71	0.07	12,446	117,437	2,849
20-Oct	191031	12.92	12.99	12.81	12.95	0.09	4,660	76,217	421
21-Mar	191031	13.46	13.58	13.39	13.54	0.1	1,846	44,958	465
21-May	191031	13.5	13.62	13.5	13.59	0.09	157	8,199	-30
21-Jul	191031	13.54	13.65	13.54	13.63	0.09	69	8,830	25
21-Oct	191031	13.77	13.78	13.76	13.76	0.09	4	5,837	2
Total Volume and Open Interest							104,891	967,769	5,100

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu October 31, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191031	340.9	341.8	337.4	338.4	-2.2	7,238	32,397	225
20-Mar	191031	339	339.5	336.8	338.6	0.3	5,450	38,865	-201
20-May	191031	343	343.3	340.5	342.8	0.8	631	12,761	84
20-Aug	191031	346.3	347.5	343.9	347	1.3	200	5,940	101
20-Oct	191031	348.9	349.9	346.5	349.7	1.2	36	2,559	14
Total Volume and Open Interest							13,565	95,111	232

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Nov-19	31-Oct-19	
Delhi	Delhi	M-Grade	3350	3325	25
	Delhi	S-Grade	3330	3305	25
Uttar Pradesh	Khatauli	M-Grade	3440	3470	-30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3330	3380	-50
	Dhampur	S-Grade Ex-Mill	3310	3360	-50
	Dhampur	L-Grade Ex-Mill	3380	3430	-50
Maharashtra	Mumbai	M-Grade	3586	3596	-10
	Mumbai	S-Grade	3340	3342	-2
	Nagpur	M-Grade	3325	3375	-50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3250	-50
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade	3720	3720	Unch
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3720	3700	20
Tamil Nadu	Chennai	S-Grade	3860	3860	Unch
	Dindigul	M-Grade	3580	3580	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)			1-Nov-19	31-Oct-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2663	2678	-15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2553	2513	40

	Muzaffarnagar	Laddoo (Fresh)	2863	2825	38
	Muzaffarnagar	Rascut (Fresh)	2138	2150	-13
	Hapur	Chaurasa	2525	2525	Unch
	Hapur	Balti	2550	2550	Unch
Andhra Pradesh	Chittur	Gold	4200	4300	-100
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4650	-
	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	3430	-
	Mandya	Achhu (Medium)	NA	3550	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3250	-
	Mandya	Yellow (Medium)	NA	3450	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3950	-

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