

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

Steady trend is seen in the sugar market across India on Monday. Overall the prices are expected to be steady to weak due to lower demand. Kolhapur sugar market stood unchanged at Rs.3200/q and U.P's Khatauli market prices stood at Rs.3430/q.

Increasing demand for ethanol in Brazil has urged the country to import ethanol from US according to the S&P Global Platts. In the coming years, the demand for ethanol in Brazil will increase by around 2.5 per cent per year. The falling prices of sugar in the international market has helped Brazil to emphasise more on ethanol production. To combat the increasing demand for ethanol, Brazil is also producing corn based ethanol from corn apart from sugarcane juice.

Weather Forecast:

Moderate to heavy rain and thundershowers are likely in many parts of the Andaman and Nicobar Islands. Light to moderate rain will continue in many parts of Maharashtra, Karnataka, Kerala and in some parts of Tamil Nadu, Andhra Pradesh, Telangana, South Madhya Pradesh and in one or two parts of Gujarat, Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim, and Northeast India.

Previous Updates:

In the month of September, India exported around 1.46 LT lower than the previous month's exports. Iran imported the largest amount of sugar (45,931MT) at an average FOB of \$352/MT followed by Somalia, importing 33,392MT at \$332/MT FOB. Total refined sugar exports are expected to have reached around 40 LT so far in the marketing year 2018-19. After the introduction of export incentives by the government, there is expectations of exporting around 55LT of sugar in the 2019-20 marketing year.

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.

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.

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	340.1	1.7

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191101	12.47	12.52	12.34	12.48	unch	38,321	536,477	606
20-May	191101	12.58	12.61	12.46	12.6	0.02	15,605	170,771	2,958
20-Jul	191101	12.71	12.74	12.59	12.72	0.01	5,103	117,348	-89
20-Oct	191101	12.94	12.97	12.83	12.96	0.01	2,915	76,660	443
21-Mar	191101	13.54	13.57	13.42	13.56	0.02	1,711	45,128	170
21-May	191101	13.5	13.63	13.5	13.63	0.04	215	8,185	-14
21-Jul	191101	13.54	13.67	13.54	13.67	0.04	148	8,825	-5
21-Oct	191101	13.8	13.8	13.8	13.8	0.04	4	5,837	0
Total Volume and Open Interest							64,022	971,838	4,069

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191101	337.8	340.7	337	340.1	1.7	7,038	31,935	-462
20-Mar	191101	338.1	339.4	337	338.6	unch	5,688	39,100	235
20-May	191101	342.5	343.2	341.1	342.5	-0.3	567	12,917	156
20-Aug	191101	345.8	347.1	344.8	346.2	-0.8	138	6,018	78
20-Oct	191101	349.4	349.4	347.6	349.1	-0.6	30	2,573	14
Total Volume and Open Interest							13,464	95,132	21

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Nov-19	2-Nov-19	
Delhi	Delhi	M-Grade	3280	3300	-20
	Delhi	S-Grade	3260	3280	-20
Uttar Pradesh	Khatauli	M-Grade	3430	3440	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3330	3330	Unch
	Dhampur	S-Grade Ex-Mill	3310	3310	Unch
	Dhampur	L-Grade Ex-Mill	3380	3380	Unch
Maharashtra	Mumbai	M-Grade	3582	3582	Unch
	Mumbai	S-Grade	3326	3326	Unch
	Nagpur	M-Grade	3325	3325	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3200	Unch
	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	3720	Unch
Tamil Nadu	Chennai	S-Grade	3830	3830	Unch
	Dindigul	M-Grade	3590	3580	10
	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)			4-Nov-19	2-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2778	2738	40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	7000	3000
	Muzaffarnagar	Khurpa (Fresh)	2603	2580	23
	Muzaffarnagar	Laddoo (Fresh)	2908	2875	33
	Muzaffarnagar	Rascut (Fresh)	2138	2028	110

	Hapur	Chaurasa	Closed	2575	-
	Hapur	Balti	Closed	2600	-
Andhra Pradesh	Chittur	Gold	4200	4300	-100
		White	4100	4200	-100
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4650	4650	Unch
	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)	3650	3600	50
	Mandya	Kurikatu (Medium)	3300	3250	50
	Mandya	Other (Medium)	3400	3250	150
	Mandya	Yellow (Medium)	3400	3150	250
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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