

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

**Mixed trend is seen in the sugar market across India on Tuesday.** 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.3450/q.

**According to the data released by the National Federation of Cooperative Sugar Factories Ltd. (NFCSF), total 28 mills have crushed 14.5 LT of cane and have produced 1.25 LT of sugar at an average recovery of 8.67%. In Karnataka State, 9 sugar mills have crushed 6.67 Lakh Tons sugarcane and have produced 60,000 Tons new sugar at an average recovery of 9% followed by Uttar Pradesh where 13 mills have crushed 1.88 Lakh Tons sugarcane and have produced 15,000 Tons new sugar at an average recovery of 8%. The mills have already started crushing 1 month late this year due to incessant rains which has delayed crushing. According to the latest estimates by ISMA, India might produce 268.5 LT in 2019-20 marketing year.**

**Weather Forecast:**

Moderate to heavy rain with one or two very heavy spells are likely in Andaman and Nicobar Islands. Scattered light to moderate rain with isolated heavy spells will be seen over Marathwada, Madhya Maharashtra, and Karnataka. Scattered light rain with one or two moderate spells can be seen over Kerala, Interior Tamil Nadu, Konkan, and Goa. Isolated light rain will be seen over Gujarat, Northeast India, Jammu and Kashmir.

**Previous Updates:**

**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.

**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 15<sup>th</sup> 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.

## 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	344.1	4

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

Daily Futures Price Listing Fri November 04, 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>	191104	12.48	12.57	12.44	12.51	0.03	45,911	535,060	-1,417
<a href="#">20-May</a>	191104	12.61	12.69	12.58	12.64	0.04	13,733	171,771	1,000
<a href="#">20-Jul</a>	191104	12.73	12.81	12.71	12.76	0.04	7,846	116,791	-557
<a href="#">20-Oct</a>	191104	13	13.04	12.95	12.99	0.03	3,637	76,064	-596
<a href="#">21-Mar</a>	191104	13.56	13.63	13.54	13.58	0.02	1,302	44,763	-365
<a href="#">21-May</a>	191104	13.64	13.69	13.63	13.64	0.01	182	8,102	-83
<a href="#">21-Jul</a>	191104	13.68	13.73	13.67	13.67	unch	43	8,838	13
<a href="#">21-Oct</a>	191104	13.81	13.85	13.8	13.8	unch	3	5,837	0
Total Volume and Open Interest							72,664	969,837	-2,001

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

Daily Futures Price Listing Fri November 04, 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>	191104	340.5	344.4	339.9	344.1	4	9,030	30,392	-1,543
<a href="#">20-Mar</a>	191104	338.4	340.3	337.5	339.9	1.3	9,053	38,774	-326
<a href="#">20-May</a>	191104	342.4	344.1	341.5	343.8	1.3	1,095	13,090	173
<a href="#">20-Aug</a>	191104	346.3	348.1	345.5	347.8	1.6	437	6,056	38
<a href="#">20-Oct</a>	191104	348.9	351	348.5	350.8	1.7	137	2,591	18
Total Volume and Open Interest							19,792	93,499	-1,633

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Nov-19	4-Nov-19	
Delhi	Delhi	M-Grade	3280	3280	Unch
	Delhi	S-Grade	3260	3260	Unch
Uttar Pradesh	Khatauli	M-Grade	3450	3430	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3325	3330	-5
	Dhampur	S-Grade Ex-Mill	3305	3310	-5
	Dhampur	L-Grade Ex-Mill	3375	3380	-5
Maharashtra	Mumbai	M-Grade	3582	3582	Unch
	Mumbai	S-Grade	3316	3326	-10
	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	3580	3590	-10
	Coimbatore	M-Grade	3590	3700	-110
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)			5-Nov-19	4-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2753	2778	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	10000	-1000

	Muzaffarnagar	Khurpa (Fresh)	2588	2603	-15
	Muzaffarnagar	Laddoo (Fresh)	2850	2908	-58
	Muzaffarnagar	Rascut (Fresh)	2075	2138	-63
	Hapur	Chaurasa	2575	Closed	-
	Hapur	Balti	2613	Closed	-
Andhra Pradesh	Chittur	Gold	NR	4200	-
		White	NR	4100	-
		Black	NR	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	3475	-
	Mahalingapura	Penti (Average)	3572	3568	4
	Mandya	Achhu (Medium)	3650	3650	Unch
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3250	3400	-150
	Mandya	Yellow (Medium)	3400	3400	Unch
	Shimoga/Shivamogga	Achhu (Average)	3800	NA	-

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