

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

**Mixed trend is seen in the sugar market across India on Wednesday.** 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 low at Rs.3410/q.

**Final estimates for 2018-19 has been released by ISMA recently with total 331.61 LT of sugar production and expected to produce around 260 LT of sugar in 2019-20 MY.** Total sugar monthly sales quota of 246LT was released by the government to the mills during Oct'18 to Sep'19 (MY), ISMA declares the total sugar consumption of 255 LT as 8-9 LT of sugar was sold in excess which was not reported by the government. Exports of 38 LT has been reported with closing balance of 145.81 LT in 2018-19. So far from the starting of the new season in Oct'19, in only one month the country is expected to have exported around 7-8 LT only with the support of new export policy of MAEQ of 60 LT.

**Weather Forecast:**

Scattered light to moderate rain will be seen over Andaman and Nicobar Island, Madhya Maharashtra, parts of South Konkan and Goa, parts of Gujarat, Jammu, and Kashmir, with isolated snowfall over the same. Isolated rain can be seen over Southeast Rajasthan, Kerala, and Tamil Nadu.

**Previous Updates:**

**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.

**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.

## 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<br>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 | 347.8 | 3.7    |

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

| Daily Futures Price Listing Fri November 05, 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>                            | 191105 | 12.51 | 12.73 | 12.49 | 12.71 | 0.2    | 54,009       | 539,767  | 4,707  |
| <a href="#">20-May</a>                            | 191105 | 12.62 | 12.84 | 12.62 | 12.82 | 0.18   | 18,835       | 174,209  | 2,438  |
| <a href="#">20-Jul</a>                            | 191105 | 12.74 | 12.95 | 12.74 | 12.93 | 0.17   | 8,305        | 117,405  | 614    |
| <a href="#">20-Oct</a>                            | 191105 | 13.01 | 13.16 | 12.98 | 13.14 | 0.15   | 5,259        | 76,465   | 401    |
| <a href="#">21-Mar</a>                            | 191105 | 13.57 | 13.74 | 13.57 | 13.71 | 0.13   | 2,327        | 45,382   | 619    |
| <a href="#">21-May</a>                            | 191105 | 13.73 | 13.77 | 13.69 | 13.75 | 0.11   | 653          | 8,512    | 410    |
| <a href="#">21-Jul</a>                            | 191105 | 13.77 | 13.8  | 13.74 | 13.76 | 0.09   | 98           | 8,861    | 23     |
| <a href="#">21-Oct</a>                            | 191105 | 13.9  | 13.92 | 13.87 | 13.87 | 0.07   | 0            | 5,837    | 0      |
| Total Volume and Open Interest                    |        |       |       |       |       |        | 89,486       | 979,049  | 9,212  |

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

| Daily Futures Price Listing Fri November 05, 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>                            | 191105 | 344.6 | 350   | 344.1 | 347.8 | 3.7    | 8,702        | 27,960   | -2,432 |
| <a href="#">20-Mar</a>                            | 191105 | 340.1 | 344.3 | 339.9 | 343.2 | 3.3    | 9,287        | 39,763   | 989    |
| <a href="#">20-May</a>                            | 191105 | 344   | 348.4 | 343.8 | 347.9 | 4.1    | 1,015        | 13,193   | 103    |
| <a href="#">20-Aug</a>                            | 191105 | 348.6 | 352   | 347.9 | 351.4 | 3.6    | 232          | 6,181    | 125    |
| <a href="#">20-Oct</a>                            | 191105 | 352.4 | 354.8 | 352.4 | 354.2 | 3.4    | 183          | 2,711    | 120    |
| Total Volume and Open Interest                    |        |       |       |       |       |        | 19,577       | 92,477   | -1,022 |

## DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |            |                        |                 |          |        |
|-----------------------------------|------------|------------------------|-----------------|----------|--------|
| Commodity                         | Centre     | Variety                | Prices (Rs/Qtl) |          | Change |
| Sugar                             |            |                        | 6-Nov-19        | 5-Nov-19 |        |
| Delhi                             | Delhi      | M-Grade                | 3320            | 3280     | 40     |
|                                   | Delhi      | S-Grade                | 3300            | 3260     | 40     |
| Uttar Pradesh                     | Khatauli   | M-Grade                | 3410            | 3450     | -40    |
|                                   | Ramala     | M-Grade                | NA              | NA       | -      |
|                                   | Dhampur    | M-Grade Ex-Mill        | 3325            | 3325     | Unch   |
|                                   | Dhampur    | S-Grade Ex-Mill        | 3305            | 3305     | Unch   |
|                                   | Dhampur    | L-Grade Ex-Mill        | 3375            | 3375     | Unch   |
| Maharashtra                       | Mumbai     | M-Grade                | 3582            | 3582     | Unch   |
|                                   | Mumbai     | S-Grade                | 3316            | 3316     | 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                | 3700            | 3720     | -20    |
|                                   | Vijayawada | S-Grade                | 3640            | 3660     | -20    |
| West Bengal                       | Kolkata    | M-Grade                | 3700            | 3720     | -20    |
| Tamil Nadu                        | Chennai    | S-Grade                | 3830            | 3830     | Unch   |
|                                   | Dindigul   | M-Grade                | 3580            | 3580     | Unch   |
|                                   | Coimbatore | M-Grade                | 3590            | 3590     | 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)                              |               |                          | 6-Nov-19        | 5-Nov-19 |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh              | 2778            | 2753     | 25     |
|   | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 8000            | 9000     | -1000  |
|   | Muzaffarnagar | Khurpa (Fresh)           | 2600            | 2588     | 13     |

|                |                    |                   |      |      |      |
|----------------|--------------------|-------------------|------|------|------|
|                | Muzaffarnagar      | Laddoo (Fresh)    | 2838 | 2850 | -13  |
|                | Muzaffarnagar      | Rascut (Fresh)    | 2028 | 2075 | -48  |
|                | Hapur              | Chaurasa          | 2575 | 2575 | Unch |
|                | Hapur              | Balti             | 2613 | 2613 | Unch |
| Andhra Pradesh | Chittur            | Gold              | NR   | NR   | -    |
|                |                    | White             | NR   | NR   | -    |
|                |                    | Black             | NR   | NR   | -    |
| 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)   | 3325 | 3450 | -125 |
|                | Mahalingapura      | Penti (Average)   | 3560 | 3572 | -12  |
|                | Mandya             | Achhu (Medium)    | 3700 | 3650 | 50   |
|                | Mandya             | Kurikatu (Medium) | 3050 | 3300 | -250 |
|                | Mandya             | Other (Medium)    | 3200 | 3250 | -50  |
|                | Mandya             | Yellow (Medium)   | 3400 | 3400 | Unch |
|                | Shimoga/Shivamogga | Achhu (Average)   | 3750 | 3800 | -50  |

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