

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

Steady 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 unchanged at Rs.3410/q.

According to Agriwatch estimates, Maharashtra is likely to produce 59 LT sugar including the diversion to ethanol production against the latest data released by Maharashtra's sugar commissioner that has estimated the sugar production to decline by 45% at 58 LT whereas ISMA pegged Maharashtra's 2019-20 sugar production at 62 LT, a decline of 40%. ISMA expects sugar production to be around 268.5 lakh tonnes and considering the diversion to ethanol, ISMA declined the sugar production to around 260 lakh tonnes. Whereas Agriwatch estimates 274.58 LT sugar production so far after the losses reported in Maharashtra and Karnataka due to bad weather.

Weather Forecast:

Moderate rain and thundershowers with isolated heavy spells are possible over Jammu and Kashmir and good snowfall can be a sight at many places. Scattered light to moderate rains can be seen over Madhya Maharashtra, Coastal Karnataka, Rajasthan, Southwest Madhya Pradesh. Light to moderate with one or two heavy spells will be seen over Gujarat. Patchy rains are possible over parts of Punjab and Haryana with isolated spells likely over Delhi, Andhra Pradesh, Tamil Nadu, and Telangana as well as Northeast India.

Previous Updates:

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.

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 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.

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	338.9	-8.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 06, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191106	12.71	12.71	12.54	12.56	-0.15	45,597	540,929	1,162
20-May	191106	12.82	12.82	12.66	12.68	-0.14	18,661	173,404	-805
20-Jul	191106	12.92	12.93	12.75	12.78	-0.15	6,119	118,112	707
20-Oct	191106	13.16	13.16	12.97	12.99	-0.15	2,773	76,714	249
21-Mar	191106	13.71	13.71	13.55	13.56	-0.15	1,172	45,811	429
21-May	191106	13.74	13.74	13.6	13.61	-0.14	416	8,465	-47
21-Jul	191106	13.75	13.75	13.62	13.63	-0.13	167	8,875	14
21-Oct	191106	13.86	13.86	13.73	13.74	-0.13	76	5,797	-40
Total Volume and Open Interest							74,981	980,718	1,669

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 06, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191106	347.6	347.9	338.5	338.9	-8.9	7,554	26,430	-1,530
20-Mar	191106	343.7	343.7	337.7	338.1	-5.1	7,424	40,331	568
20-May	191106	348.1	348.1	343.4	343.8	-4.1	939	13,121	-72
20-Aug	191106	350.9	351	347.5	348	-3.4	221	6,142	-39
20-Oct	191106	353.9	353.9	350.8	350.8	-3.4	21	2,720	9
Total Volume and Open Interest							16,176	91,420	-1,057

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Nov-19	6-Nov-19	
Delhi	Delhi	M-Grade	3300	3320	-20
	Delhi	S-Grade	3280	3300	-20
Uttar Pradesh	Khatauli	M-Grade	3410	3410	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3350	3325	25
	Dhampur	S-Grade Ex-Mill	3330	3305	25
	Dhampur	L-Grade Ex-Mill	3400	3375	25
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	3700	Unch
	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3710	3700	10
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)			7-Nov-19	6-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2755	2778	-23
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2600	2600	Unch
	Muzaffarnagar	Laddoo (Fresh)	2825	2838	-13

	Muzaffarnagar	Rascut (Fresh)	2028	2028	Unch
	Hapur	Chaursa	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)	NA	3325	-
	Mahalingapura	Penti (Average)	3563	3560	3
	Mandya	Achhu (Medium)	3670	3700	-30
	Mandya	Kurikatu (Medium)	3300	3050	250
	Mandya	Other (Medium)	3340	3200	140
	Mandya	Yellow (Medium)	3350	3400	-50
	Shimoga/Shivamogga	Achhu (Average)	3700	3750	-50

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