

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 lower at Rs.3150/q and U.P's Khatauli market prices stood lower at Rs.3300/q.

Ties between Pakistan and China becoming stronger after US and China trade war started. Pakistan likely to export more goods especially sugar to China in the current year. Pakistan exported sugar worth \$609.9 million to China, which was over four times compared to sugar exports in fiscal year 2017-18. India remained behind in case of sugar exports to China due to imposition of heavy tariffs by China and the domestic prices remained higher in India. The second phase of Pakistan-China Free Trade Agreement (FTA) will become operational from the first of December.

The production of sugar in China has reached upto 3.98 LT till the end of Oct'19 up by 3.01 LT at the same time last year whereas the total production is forecast to fall 2.4% to 10.5 mln tonnes in 2019-20. Imports of sugar in China stood at 4.7 lakh tonnes in the month of August'19 around 217.6% higher than last year in the same period. The total imports till Aug'19 stood at 4.3 mln tonnes which is around 1% lower compared to last year.

Unica projects that increased ethanol output in Brazil will cut Brazil 2019-20 Center-South sugar production. Total sugar production since April reached 25.2 million tonnes, up by only 3.3% whereas the total ethanol production increased by 8% producing 29.5 billion litres so far till Oct'19. The lower sugar prices (11-12.5 U.S. cents/lb.) and larger ethanol demand in the domestic market and better realization in selling ethanol (between 13-14 cents/lb.) made the country to move towards more ethanol production.

Weather Forecast:

Scattered light to moderate rain is likely in Kerala, Tamil Nadu, Andhra Pradesh Coast, South Karnataka, Rayalaseema and South Konkan region. Scattered light rain is likely in a few parts of Rajasthan. The intensity will increase during the next 48 hours. Rain is likely in many parts of West Rajasthan. A few moderate spells may also occur. Isolated rain may occur in one or two parts of West Haryana and adjoining Punjab. Morning temperatures will drop over Central and parts of East India.

Previous Updates:

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 271LT sugar production so far after the losses reported in Maharashtra and Karnataka due to bad weather also including the diversion to ethanol production across India.

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.

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	332.1	-6.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191112	12.62	12.63	12.51	12.59	0.02	71,897	529,046	-3,804
20-May	191112	12.72	12.74	12.63	12.7	0.02	29,886	178,433	2,419
20-Jul	191112	12.79	12.85	12.75	12.81	0.01	11,740	118,465	1,019
20-Oct	191112	13.03	13.08	12.99	13.04	0.02	6,675	78,853	664
21-Mar	191112	13.61	13.62	13.56	13.6	0.02	1,640	46,269	323
21-May	191112	13.64	13.68	13.62	13.63	0.02	324	8,424	31
21-Jul	191112	13.7	13.7	13.64	13.64	unch	207	8,808	52
21-Oct	191112	13.81	13.81	13.75	13.75	unch	21	6,022	7
Total Volume and Open Interest							122,390	977,006	711

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191112	334.5	334.9	325.9	327.5	-5.4	12,626	13,545	-2,492
20-Mar	191112	335.4	337	331	333.2	-1.7	14,096	48,755	2,122
20-May	191112	341.4	342.4	337.1	339.2	-1.2	3,455	13,842	-135
20-Aug	191112	346.4	346.6	342.4	344.5	-0.6	578	6,485	42
20-Oct	191112	350.3	350.3	346.6	348.6	-0.3	75	2,842	15
Total Volume and Open Interest							30,879	88,286	-445

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Nov-19	12-Nov-19	
Delhi	Delhi	M-Grade	3320	3295	25
	Delhi	S-Grade	3300	3275	25
Uttar Pradesh	Khatauli	M-Grade	3375	Closed	-
	Ramala	M-Grade	NA	Closed	-
	Dhampur	M-Grade Ex-Mill	3250	Closed	-
	Dhampur	S-Grade Ex-Mill	3230	Closed	-
	Dhampur	L-Grade Ex-Mill	3300	Closed	-
Maharashtra	Mumbai	M-Grade	3596	3592	4
	Mumbai	S-Grade	3290	3300	-10
	Nagpur	M-Grade	3275	3325	-50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3200	-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	3700	3700	Unch
	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3650	3700	-50
Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3640	3600	40
	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)			13-Nov-19	12-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2628	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	2513	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	2680	Closed	-
	Muzaffarnagar	Rascut (Fresh)	2038	Closed	-

	Hapur	Chaurasa	2375	Closed	-
	Hapur	Balti	2375	Closed	-
Andhra Pradesh	Chittur	Gold	4900	4700	200
		White	4400	4300	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	3300	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3380	-
	Mahalingapura	Penti (Average)	NA	3374	-
	Mandya	Achhu (Medium)	3570	3600	-30
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3290	3300	-10
	Mandya	Yellow (Medium)	3380	3450	-70
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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