

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

Mixed trend is seen in the sugar market across India on Thursday. Overall the prices are expected to be steady to weak due to lower demand. Kolhapur sugar market stood at Rs.3200/q and U.P's Khatauli market prices stood lower at Rs.3370/q.

Government has extended the duration till December to export last year's balance quota of sugar. As the sugar mills exported around 3.8 million tonnes only against the target of 5 million tonnes during Oct'18-Sep'19. Now, it has been decided by the central government to allow those sugar mills, which had partially exported their MIEQ of 2018-19 till September 2019, to export the balance quantity of their MIEQ by December 31, 2019.

The crushing in Maharashtra has already been delayed where usually the season starts after Diwali or in October. But this year due to the prolonged rainfall, drought and the state assembly elections in the state, cane crushing is delayed. According to the reports, 89 mills have received the crushing license, and 72 are still waiting for it. Maharashtra sugar commissioner recommended to delay further to commence the crushing season from 25th Nov'19.

Weather Forecast:

During the next 24 hours, scattered light to moderate rains are likely over West Rajasthan. Isolated rains might occur over Gujarat. Scattered light rains with one or two moderate spells are possible over Tamil Nadu, Kerala and Jammu and Kashmir. Isolated rains might occur over Andhra Pradesh and Kerala.

Previous Updates:

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.

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. (NFCFSF), 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.

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	334.3	6.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191113	12.62	12.91	12.57	12.85	0.26	63,068	524,754	-4,292
20-May	191113	12.74	13	12.69	12.93	0.23	24,735	178,114	-319
20-Jul	191113	12.84	13.06	12.8	13.01	0.2	9,193	118,201	-264
20-Oct	191113	13.05	13.27	13.03	13.21	0.17	8,792	80,015	1,162
21-Mar	191113	13.62	13.78	13.61	13.73	0.13	2,535	47,009	740
21-May	191113	13.66	13.77	13.66	13.72	0.09	416	8,411	-13
21-Jul	191113	13.67	13.75	13.67	13.71	0.07	136	8,733	-75
21-Oct	191113	13.78	13.84	13.78	13.82	0.07	58	6,033	11
Total Volume and Open Interest							108,991	974,014	-2,992

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Dec	191113	328	338	327.9	334.3	6.8	6,931	10,541	-3,004
20-Mar	191113	333.9	343.8	333.6	341.7	8.5	8,064	50,007	1,252
20-May	191113	339.5	348.8	339.5	347.1	7.9	2,354	14,335	493
20-Aug	191113	345.1	352.6	344.7	351	6.5	701	6,742	257
20-Oct	191113	349.3	356.4	349.3	354.9	6.3	241	2,952	110
Total Volume and Open Interest							18,299	87,394	-892

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			14-Nov-19	13-Nov-19	
Delhi	Delhi	M-Grade	3300	3320	-20
	Delhi	S-Grade	3280	3300	-20
Uttar Pradesh	Khatauli	M-Grade	3370	3375	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3250	Unch
	Dhampur	S-Grade Ex-Mill	3230	3230	Unch
	Dhampur	L-Grade Ex-Mill	3300	3300	Unch
Maharashtra	Mumbai	M-Grade	3596	3596	Unch
	Mumbai	S-Grade	3286	3290	-4
	Nagpur	M-Grade	3325	3275	50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3150	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	3620	3650	-30
Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3640	3640	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)			14-Nov-19	13-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2628	-50
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	12000	-4000
	Muzaffarnagar	Khurpa (Fresh)	2475	2513	-38
	Muzaffarnagar	Laddoo (Fresh)	2700	2680	20
	Muzaffarnagar	Rascut (Fresh)	2055	2038	18

	Hapur	Chaurasa	2375	2375	Unch
	Hapur	Balti	2375	2375	Unch
Andhra Pradesh	Chittur	Gold	4900	4900	Unch
		White	4400	4400	Unch
		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)	3400	3375	25
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3530	3570	-40
	Mandya	Kurikatu (Medium)	3000	3300	-300
	Mandya	Other (Medium)	3300	3290	10
	Mandya	Yellow (Medium)	3370	3380	-10
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.