

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

Steady to firm trend is seen in the sugar market across India on Tuesday. Overall the prices are expected to be steady due to lower demand. Kolhapur sugar market stood steady at Rs.3300/q and U.P's Khatauli market prices stood higher at Rs.3460/q.

As per the latest estimate of USDA, sugar production is projected at 8.6 million tons, decrease by 572,000 ton from the previous month's prediction. The poor growing weather and forecasts for smaller beet and sugar cane crops have affected sugar production in the US. The US is planning to allow more imports of sugar so as to fulfil the demands from bakers, candy makers, and food manufacturers. The sugar is likely to be imported from Mexico, which has surplus sugar at present. The decision in this regard will be taken in December. India with export incentives this could get opportunity to export to US on subsidized prices.

Weather Forecast:

During the next 24 hours, scattered light to moderate rain and thundershower are possible over South Coastal Andhra Pradesh, Tamil Nadu, parts of Kerala, South Interior and Coastal Karnataka. Isolated light rain can be seen over Rayalaseema. Minimums may fall further over the northwest and central India and over few pockets of East Uttar Pradesh, Bihar, and Jharkhand.

Previous Updates:

The crushing season was going to commence in Farrukhabad (U.P) on Thursday but due to scarcity of cane in the district due to insufficient supply of sugarcane, the mills has stopped the operations. The next day cane available in mill yard was only 687 quintal whereas 1200 quintal cane is required to run the mill smoothly. Currently, 30-35 mills have started crushing operations in the Western and Central UP regions. The plants in Eastern UP would soon start crushing. The Centre has retained the cane FRP at Rs. 275/quintal sugarcane for all the states in 2019-20. UP traditionally announces a much higher SAP to remunerate the state farmers. Last year, the state had announced SAP of Rs. 315 per quintal.

Karnataka decided earlier in the month to ban sugarcane selling to other states which may create hardships for Maharashtra that use to buy sugarcane from bordering areas of Karnataka. The millers from Maharashtra have decided to oppose the move. Also the farmers from Karnataka had appealed the government to intervene in this issue because mills from Maharashtra pays high to farmers than that of Karnataka which attracts the cane farmers to Maharashtra. As sugarcane production has been affected in Maharashtra as well as in Karnataka this year following the drought and the recent floods.

The main sugar producing region in Brazil, the centre- south region mills is likely to end its crushing earlier than expected due to drier-than-normal weather. According to the Unica, 67 mills have already finished crushing as against 52 during the same period last year. Because of better realization on selling ethanol instead of sugar, the country is more focusing on producing more ethanol production. Also, the falling prices of sugar in the international market has helped Brazil to emphasise more on ethanol production.

Thailand government has recently posed ban of using Paraquat, Chloropyrifos and Glyphosate chemicals especially used in sugarcane production. The ban on paraquat will affect sugar production as

well as impact food processing, animal feed and ethanol production sector. There will be a decrease in the production of sugarcane between 20 per cent and 50 per cent. Thailand being the 2nd biggest exporter, the ban would impact the raw sugar production and further would decline the exports. If no alternative is introduced as soon as possible, other countries would get the opportunity to liquidate their stock in the global market especially India.

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.

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.

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	340.3	3.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri November 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Mar	191118	12.73	12.8	12.6	12.76	0.03	65,133	497,588	-11,171
20-May	191118	12.84	12.91	12.74	12.88	0.03	24,103	170,966	640
20-Jul	191118	12.96	12.99	12.85	12.97	0.01	13,565	117,820	-1,089
20-Oct	191118	13.16	13.21	13.06	13.17	0.01	8,735	85,283	678
21-Mar	191118	13.7	13.74	13.61	13.69	unch	4,483	48,025	246
21-May	191118	13.67	13.72	13.61	13.68	-0.01	1,654	8,525	99
21-Jul	191118	13.67	13.71	13.6	13.66	-0.03	982	8,277	-10
21-Oct	191118	13.78	13.79	13.69	13.75	-0.04	430	6,167	108
Total Volume and Open Interest							119,386	945,528	-10,480

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 18, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Mar	191118	337	340.9	334.9	340.3	3.6	6,107	51,785	-16
20-May	191118	344.2	348	342	347.2	3.3	2,218	13,293	-347
20-Aug	191118	348.6	352.8	347.4	352.2	3.1	421	7,120	-53
20-Oct	191118	352.5	356.6	351.9	356	2.6	28	2,953	2
20-Dec	191118	358.1	361.2	357.5	360.6	2	9	1,628	-1
Total Volume and Open Interest							13,270	78,678	-3,199

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Nov-19	18-Nov-19	
Delhi	Delhi	M-Grade	3350	3350	Unch
	Delhi	S-Grade	3330	3330	Unch
Uttar Pradesh	Khatauli	M-Grade	3460	3390	70
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3330	3290	40
	Dhampur	S-Grade Ex-Mill	3310	3270	40
	Dhampur	L-Grade Ex-Mill	3380	3340	40
Maharashtra	Mumbai	M-Grade	3596	3596	Unch
	Mumbai	S-Grade	3280	3280	Unch
	Nagpur	M-Grade	3425	3325	100
	Nagpur	S-Grade	3245	3225	20
	Kolhapur	M-Grade	3300	3200	100
	Kolhapur	S-Grade	3120	3100	20
Assam	Guhawati	S-Grade	3431	3410	20
Meghalaya	Shillong	S-Grade	3440	3420	20
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3640	3640	Unch
West Bengal	Kolkata	M-Grade	3640	3630	10
Tamil Nadu	Chennai	S-Grade	3800	3800	Unch
	Dindigul	M-Grade	3600	3640	-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)			19-Nov-19	18-Nov-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2600	2588	13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	9000	10000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2388	2363	25
	Muzaffarnagar	Laddoo (Fresh)	2753	2740	13
	Muzaffarnagar	Rascut (Fresh)	2063	2063	Unch

	Hapur	Chaurasa	2288	Closed	-
	Hapur	Balti	2300	Closed	-
Andhra Pradesh	Chittur	Gold	4900	4700	200
		White	4300	4400	-100
		Black	NA	4200	-
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	3410	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3450	-
	Mahalingapura	Penti (Average)	NA	3361	-
	Mandya	Achhu (Medium)	3200	3450	-250
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2800	3200	-400
	Mandya	Yellow (Medium)	3300	3350	-50
	Shimoga/Shivamogga	Achhu (Average)	3700	3750	-50

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