

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

Indian Sugar markets were traded firm on Monday. On the back of announcement of Rs 200 hike in ex mill price from Rs 2,900 to Rs 3,100 per quintal. We expect sugar prices may trade in range of 3100 to 3300 Rs/Qtl in coming days.

Sugar prices at the Kolhapur wholesale market shot up by Rs 200-350 a quintal during the week, on the back of announcement of Rs 200 hike in ex mill price from Rs2,900 to Rs 3,200 per quintal. The industry has been demanding a hike in the MSP for sugar because international market prices have fallen in the past few months and mills have not been able to increase exports. Compared to the government's mandate to the industry to export 5 million tonnes, the season is expected to end with 3.5 million tonnes in exports.

Weather Forecast for tomorrow:

Moderate to heavy rain and snow will occur over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Hailstorm may also occur over plains of these states. Light rain and thundershowers with isolated hailstorm are likely over Punjab, North Haryana, West Uttar Pradesh and northeastern states. Andhra Pradesh and Tamil Nadu may also witness light rain and thundershower activities. Light to moderate fog will continue during early morning hours in pockets of Punjab, Haryana, Delhi, North Rajasthan, Uttar Pradesh, Bihar, North Jharkhand and Sub-Himalayan West Bengal.

Previos Updates:

Sugar prices at the Kolhapur wholesale market shot up by Rs 200-350 a quintal on the back of announcement of Rs 200 hike in ex mill price from Rs2,900 to Rs 3,200 per quintal.

The government on Thursday announced a Rs 2 per kg, or seven per cent, increase in the minimum selling price (MSP) of sugar to Rs 31 per kg. Sugar mills are expected to get a benefit of Rs 6,000 crore from this move. However, the mills were seeking more relief because the price was not helping them to pay the mounting farmers' dues.

The government is planning to increase the ex-mill price of sugar by about Rs 2 per kg, much lower than the sum demanded by the industry that would enable them to meet the mounting cane arrears. Mill prices across the country are ruling in the range of Rs 29-30 per kg, which are about Rs 5-6 per kg lower than the cost of production,

The world sugar balance was seen switching to a deficit of 1.90 million tonnes in 2019/20 compared with a surplus of 2.55 million in 2018/19. The shift was partly driven by a forecast fall in India's production to 29.50 million tonnes in 2019/20 from 32.00 million in 2018/19, where stocks have been climbing, may limit the scope for a rise in prices while the relative profitability of sugar and ethanol production in Brazil would also have a major influence on prices.

Crude oil fell to a 3-1/2 week low, which undercuts ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies. The Brazilian real slid to a 2-week low against the dollar, which encourages exports by

Brazil's sugar producers. Weaker demand for Brazil's ethanol is another bearish factor after Brazil's Trade Ministry reported last week.Brazil Jan ethanol exports fell -15% y/y to 104 million liters.

The government is considering extending additional subsidized loans of at least Rs 6,000 crores to sugar mills and others to expand their ethanol production capacity - a move that is aimed at helping the mills diversify their product basket away from its over-dependence on sugar, and bolstering their ability to clear cane dues to farmers. Sugar mills nationwide have produced 18.51 MMT sugar till jan-19, 8 percent higher sugar output last year same period which is likely to keep flush in supplies and sugar prices on weaker note in short to medium term.

Cane sugar production for 2018/19 in Louisiana is increased to 1.875 million STRV based on a reporting of cane processor manufacturing results completed in January. Cane sugar production for Florida is increased to 2.091 million STRV WASDE-585-4 based on higher sugarcane production forecast by NASS and a processor recovery forecast of 12.48 percent. Beginning stocks for 2018/19 are increased 59,700 STRV based on cane processors' and refiners' revisions in the Sweetener Market Data. Tariff-rate quota imports are reduced by 4,002 STRV. Lower-than-expected entries of FTA sugar under calendar-year 2018 TRQs more than offset additional 2017/18 WTO TRQ sugar entered under USDA waivers in October 2018. In sum, projected ending stocks are increased by 131,698 STRV to 1.795 million for a stocks-to-use ratio of 14.59 percent. There are no changes to the Mexico 2018/19 supply and use balance.

Payment arrears to Maharashtra cane growers during the current crushing season that started last October at over Rs 4,800 crore already, cash-strapped sugar mills in Maharashtra have come up with a new formula to address the problem. They will, henceforth, pay about 20 per cent of dues in the form of sugar. This means that for every tonne of cane supplied, mills will give 17 kg of sugar as payment.

Weekly Outlook:

Indian Sugar markets were firm during the week. We expect sugar prices may trade lower as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka. After demanding the UP and Maharashtra sugar mills on extra sales quota the government has released 21.00 Lakh MT of sugar for Feb higher than the previous month. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3100–Rs 3300 per quintal for next week.

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 starts

International Sugar Futures ICE

Daily Futures Price Listing Fri February 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	190215	12.67	13.25	12.65	13.14	0.53	70,353	1,55,433	-26,949
May-19	190215	12.46	13.15	12.45	13	0.58	80,277	3,21,820	16,085
Jul-19	190215	12.68	13.27	12.63	13.14	0.54	19,165	1,60,702	-1,240
Oct-19	190215	13.03	13.64	13.01	13.5	0.51	7,100	1,24,856	2,074
Mar-20	190215	13.78	14.38	13.78	14.25	0.48	3,409	87,190	1,406
May-20	190215	13.9	14.42	13.88	14.29	0.43	253	12,693	-15
Jul-20	190215	14.04	14.44	14.04	14.31	0.4	52	11,330	4
Oct-20	190215	14.13	14.56	14.13	14.44	0.37	5	15,320	-1
Total Volume and Open Interest							1,80,623	8,95,968	-8,633

International Sugar Futures LIFFE

Daily Futures Price Listing Fri February 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190215	341.5	355.8	341.4	354.7	12.9	7,888	37,381	454
Aug-19	190215	347.2	360.5	346.6	359.1	12.2	2,260	20,260	667
Oct-19	190215	352	365.4	351.6	363.8	11.9	670	8,550	-44
Dec-19	190215	358.6	371.9	358.6	370.3	11.5	209	4,550	-55
Mar-20	190215	366	378.6	366	377.3	11.2	73	3,594	12
Total Volume and Open Interest							11,126	75,972	-2,213

Commodity	Change
Thai Sugar FOB 45 Icumsa	354.70 12.90

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Feb-19	16-Feb-19	
Delhi	Delhi	M-Grade	3150	3200	-50
	Delhi	S-Grade	3130	3180	-50
Uttar Pradesh	Khatauli	M-Grade	3320	3300	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch

	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3446	3450	-4
	Mumbai	S-Grade	3220	3210	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	3540	3540	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3520	3450	70
Tamil Nadu	Chennai	S-Grade	3280	3300	-20
	Dindigul	M-Grade	#N/A	3420	-
	Coimbatore	M-Grade	#N/A	3450	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	#N/A	3500	-
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			18-Feb-19	16-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2560	2563	-3
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	2000	500
	Muzaffarnagar	Khurpa (Fresh)	2378	2378	Unch
	Muzaffarnagar	Laddoo (Fresh)	2588	2563	25
	Muzaffarnagar	Rascut (Fresh)	1963	2000	-38
	Hapur	Chaurasa	Closed	2275	-
	Hapur	Balti	Closed	2225	-
Andhra Pradesh	Chittur	Gold	3700	3500	200
		White	3000	2900	100
		Black	2600	2600	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	2850	2850	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2480	-

Gulbarga/Kalaburgi	Other (Average)	NA	2900	-
Mahalingapura	Penti (Average)	NA	NA	-
Mandya	Achhu (Medium)	2650	2650	Unch
Mandya	Kurikatu (Medium)	2550	2550	Unch
Mandya	Other (Medium)	2600	2550	50
Mandya	Yellow (Medium)	2650	2650	Unch
Shimoga/Shivamogga	Achhu (Average)	NA	3250	-

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