

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

Sugar production as on February 15 in the current sugar season has increased nearly 8% to 21.93 million tonne, against 20.35 million tonne in the same period last year. Totally, 494 mills across the country have produced the same. The higher output this year is mainly because Maharashtra and Karnataka mills started their crushing earlier this year. Overall, the country is expected to produce less sugar this season as compared to last season.

In Maharashtra sugar production till February 15, 2019, had gone up sharply to 82.98 lakh tonne as compared with 74.74 lakh tonne produced last year same period. In the current 2018-19 SS, six mills have closed their crushing operations in the state while 187 mills were operating whereas last year, 183 mills were operating on the corresponding date. Due to the early start of mills in Maharashtra, mills therein were expected to close earlier than last year, especially when the output from Maharashtra will be less than last year.

In Uttar Pradesh, 117 sugar mills were in operation and had produced 63.93 lakh tonne, against 64.54 lakh tonne by 119 mills on the corresponding date last year. The recovery of sugar achieved this season is 0.77% more than what was achieved so far during the last season. However, the yield per hectare is lower than last year because of which the total production in UP will be less than last year.

In Karnataka, production shot up sharply to 38.74 lakh tonne, against 30.73 lakh tonne in the same period last year. Ten mills have closed their operations in the state while 57 mills were in operation as against 52 mills last season. In Tamil Nadu, 33 sugar mills were in operation and had produced 3.50 lakh tonne, against 2.90 lakh tonne by 28 sugar mills in 2017-18 SS on the corresponding date.

Weather Forecast for tomorrow:

Moderate to heavy rain and snow with few very heavy spells are expected Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Rain and thundershowers with isolated hailstorm and strong gusty winds are likely over Rajasthan, Punjab, Haryana, Delhi and West Uttar Pradesh. Light rain and thundershowers may occur over some parts of Northeast India, Vidarbha, Marathwada and Tamil Nadu.

Previous Updates:

The Sugar prices that averaged at Rs 39 per kg in October 2017 fell to the lowest level of Rs 28 per kg in May 2018. To prevent the downward trend in prices, the government fixed the MSP for sugar at Rs 29 per kg on June 6, 2018. Resultantly, the prices increased and averaged at Rs 32 per kg in the month of June 2018 and grew further to Rs 34 per kg in July 2018. The prices however fell in the next month and remained in the range of Rs 32-Rs 33 per kg during August 2018-January 2019.

According to National Federation of Cooperative Sugar Factories Ltd, Sugar output in India, which vies with Brazil as the world's top grower, will likely drop to a three-year low next season as dry weather in some main areas of the western region cuts planting. Production may slide to less than 30 million metric tons in the year that begins on Oct. 1 from an estimated 31.5 million tons this season.

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.

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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.

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 Wed February 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	190220	13.34	13.5	13.17	13.44	0.09	95,567	1,06,455	-31,843
May-19	190220	13.24	13.42	13.06	13.38	0.15	1,13,645	3,51,968	13,317
Jul-19	190220	13.45	13.6	13.23	13.57	0.17	29,936	1,55,501	-3,056
Oct-19	190220	13.76	13.93	13.56	13.92	0.17	13,724	1,28,980	508
Mar-20	190220	14.48	14.6	14.26	14.58	0.13	3,682	87,518	-359
May-20	190220	14.47	14.57	14.36	14.55	0.08	841	12,977	221
Jul-20	190220	14.43	14.52	14.34	14.51	0.07	576	11,435	42
Oct-20	190220	14.45	14.56	14.4	14.56	0.04	508	15,637	321
Total Volume and Open Interest							2,59,021	8,77,487	-20,477

International Sugar Futures LIFFE

Daily Futures Price Listing Wed February 20, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190220	359	361.6	354.6	360	0.9	3,010	37,694	70
Aug-19	190220	365	367.8	360.8	366.5	1.6	1,011	20,575	-86
Oct-19	190220	370.4	373	366.5	372	1.7	263	9,109	-64
Dec-19	190220	377.1	379.5	374.7	378.5	1.7	77	4,640	-22
Mar-20	190220	384.1	386.5	381.2	385.7	2	67	3,715	23
Total Volume and Open Interest							4,488	77,454	-62

Commodity		Change
Thai Sugar FOB 45 Icumsa	357.80	-

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Feb-19	20-Feb-19	
Delhi	Delhi	M-Grade	3100	3150	-50
	Delhi	S-Grade	3080	3130	-50
Uttar Pradesh	Khatauli	M-Grade	3240	3280	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3140	3170	-30
	Dhampur	S-Grade Ex-Mill	3120	3150	-30
	Dhampur	L-Grade Ex-Mill	3190	3220	-30
Maharashtra	Mumbai	M-Grade	3430	3440	-10
	Mumbai	S-Grade	3220	3220	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	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	3540	3540	Unch
	Vijayawada	S-Grade	3500	3500	Unch
West Bengal	Kolkata	M-Grade	3540	3530	10
Tamil Nadu	Chennai	S-Grade	3210	3260	-50
	Dindigul	M-Grade	#N/A	3600	-
	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
Jaggery(Gur)			21-Feb-19	20-Feb-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2615	2578	38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	2000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2428	2408	20
	Muzaffarnagar	Laddoo (Fresh)	2645	2620	25
	Muzaffarnagar	Rascut (Fresh)	2000	1963	38
	Hapur	Chaurasa	2350	2275	75

	Hapur	Balti	2250	2200	50
Andhra Pradesh	Chittur	Gold	3600	3700	-100
		White	3200	3300	-100
		Black	2900	2700	200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	2800	2800	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3050	-
	Mahalingapura	Penti (Average)	NA	3157	-
	Mandya	Achhu (Medium)	2750	2700	50
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2650	2650	Unch
	Mandya	Yellow (Medium)	2750	2700	50
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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