

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

May NY world sugar #11 (SBK19) on Friday closed up +0.10 (+0.76%) and May ICE London white sugar (SWK19) closed up +3.30 (+0.93%). Sugar prices moved higher Friday on the heels of a rally in crude oil to a 3-1/4 month high. Higher crude prices benefits ethanol prices, which may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus curbing sugar supplies. Also, strength in the Brazilian real against the dollar Friday supported sugar prices since that discourages exports from Brazil's sugar producers.

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.

Weather Forecast for tomorrow:

Light to moderate rain and snow with few heavy spells would continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Scattered light to moderate rain and thundershowers with isolated hailstorm are likely over North Punjab, North Haryana, foothills of Uttar Pradesh, Northeast Madhya Pradesh, North Chhattisgarh and adjoining parts of Southeast Uttar Pradesh.

Previos Updates:

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.

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.

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 start.

Commodity		Change
Thai Sugar FOB 45 Icumsa	356.2	-3.8

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Fri February 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	190222	13.2	13.42	13.19	13.37	0.13	45,954	84,621	-12,194
May-19	190222	13.17	13.37	13.15	13.3	0.1	97,877	3,51,511	-63
Jul-19	190222	13.39	13.59	13.39	13.51	0.08	30,617	1,54,344	-500
Oct-19	190222	13.8	13.96	13.77	13.89	0.08	18,323	1,32,104	2,334
Mar-20	190222	14.44	14.64	14.44	14.57	0.07	7,708	90,179	1,199
May-20	190222	14.4	14.62	14.4	14.56	0.08	2,103	13,227	70
Jul-20	190222	14.38	14.58	14.38	14.52	0.08	1,846	11,962	432
Oct-20	190222	14.37	14.62	14.37	14.59	0.11	1,636	18,304	1,206
Total Volume and Open Interest							2,06,330	8,63,659	-7,397

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Fri February 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190222	356.8	360.3	356.1	359.5	3.3	6,760	39,286	474
Aug-19	190222	364.5	368.1	364.1	367.8	3.6	3,384	19,643	-356
Oct-19	190222	371	374.5	370.4	374.1	3.7	1,537	9,527	351
Dec-19	190222	380.4	381	379.6	380.5	3.2	492	4,833	101
Mar-20	190222	387.8	388.1	386.8	387.5	2.8	232	3,898	181
Total Volume and Open Interest							12,436	78,931	761

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Feb-19	22-Feb-19	
Delhi	Delhi	M-Grade	3135	3100	35
	Delhi	S-Grade	3115	3080	35

Uttar Pradesh	Khatauli	M-Grade	3235	3240	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3140	3140	Unch
	Dhampur	S-Grade Ex-Mill	3120	3120	Unch
	Dhampur	L-Grade Ex-Mill	3190	3190	Unch
Maharashtra	Mumbai	M-Grade	3470	3430	40
	Mumbai	S-Grade	3192	3220	-28
	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	0
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	3550	3540	10
Tamil Nadu	Chennai	S-Grade	3210	3210	Unch
	Dindigul	M-Grade	3600	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	#N/A	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			23-Feb-19	22-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2575	2615	-40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	2000	1000
	Muzaffarnagar	Khurpa (Fresh)	2418	2428	-11
	Muzaffarnagar	Laddoo (Fresh)	2575	2645	-70
	Muzaffarnagar	Rascut (Fresh)	2013	2000	13
	Hapur	Chaurasa	2313	2350	-38
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	3800	3600	200
		White	3200	3200	Unch
		Black	2900	2900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-

Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	NA	2800	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2800	2750	50
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2700	2650	50
	Mandya	Yellow (Medium)	2800	2750	50
	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.