

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

Sugar production is likely to decline to around 30 million tonne in SS 2018-19 from the record high of 32.3 million tonne in SS 2017-18 due to deficient rainfall, white grub and red rot infestations in the key cane producing states of Uttar Pradesh and Maharashtra, India Ratings said in a report. Despite being lower than the last season, production in SS 2018-19 is likely to exceed sugar demand of around 26 million tonne (MT).

Sugar stocks have been rallying since the government hiked a minimum selling price (MSP) for sugar mills by Rs 2 per kg to Rs 31 per kg. Food Minister Ram Vilas Paswan said MSP has been increased in view of the rising sugarcane arrears to farmers. At 1:17 PM Tuesday on NSE, Avadh Sugar surged by 10 percent along with Andhra Sugars trading higher by 10 percent. Dwarikesh Sugar also rose by 9.82 percent while Dhampur Sugar advanced by 8.71 percent.

Weather Forecast for tomorrow:

Rain and thundershowers with moderate spells will continue over Jharkhand, West Bengal, Odisha, northeastern states, parts of Bihar and Chhattisgarh. Isolated rains will also commence over Punjab, West Uttar Pradesh, Delhi and Rajasthan. Rain and snow will continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Coastal parts of Gujarat region and Kutch may also receive isolated rains.

India has 50 per cent chances of having a 'normal' monsoon in June-September this year, according to a preliminary monsoon forecast for 2019 issued by private forecaster Skymet.

Previos Updates:

Indian sugar market remained steady 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. 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 in coming days. Notably, the average price for sugar 'M' grade in key Kolhapur market settled at Rs 3100 per quintal during the week up by INR 05 from the previous week; while spot sugar prices for the same grade in Shamli district is 3152 per quintal at last week, up by 41 INR against previous week's average price.

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.

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.

Weekly Outlook:

Indian Sugar markets remained steady 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 lcumsa	350.5	-9

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Mon February 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	190225	13.37	13.41	13.05	13.1	-0.27	44,890	69,351	-15,270
May-19	190225	13.3	13.36	12.95	13	-0.3	81,022	3,53,119	1,608
Jul-19	190225	13.48	13.56	13.2	13.25	-0.26	24,816	1,56,342	1,998
Oct-19	190225	13.86	13.93	13.59	13.64	-0.25	16,144	1,35,553	3,449
Mar-20	190225	14.52	14.6	14.29	14.35	-0.22	7,957	90,655	476
May-20	190225	14.53	14.54	14.31	14.37	-0.19	1,887	13,316	89
Jul-20	190225	14.49	14.52	14.3	14.36	-0.16	1,586	12,612	650
Oct-20	190225	14.56	14.56	14.38	14.44	-0.15	1,631	19,734	1,430
Total Volume and Open Interest							1,80,404	8,58,456	-5,203

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon February 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190225	359.9	359.9	349.6	350.5	-9	7,793	40,141	855
Aug-19	190225	367.7	367.7	358.5	359.1	-8.7	3,686	19,925	282
Oct-19	190225	373.7	373.7	365.3	365.8	-8.3	1,661	9,673	146
Dec-19	190225	378	379	372.4	372.7	-7.8	218	4,977	144
Mar-20	190225	385.2	386.1	380.3	380.6	-6.9	63	3,922	24
Total Volume and Open Interest							13,444	80,385	1,454

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			26-Feb-19	25-Feb-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3230	3240	-10
	Ramala	M-Grade	NA	NA	-

	Dhampur	M-Grade Ex-Mill	3100	3140	-40
	Dhampur	S-Grade Ex-Mill	3080	3120	-40
	Dhampur	L-Grade Ex-Mill	3150	3190	-40
Maharashtra	Mumbai	M-Grade	3422	3430	-8
	Mumbai	S-Grade	3206	3220	-14
	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	3200	3210	-10
	Dindigul	M-Grade	3620	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#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
			26-Feb-19	25-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2563	2615	-53
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	2000	4000
	Muzaffarnagar	Khurpa (Fresh)	2350	2428	-78
	Muzaffarnagar	Laddoo (Fresh)	2513	2645	-133
	Muzaffarnagar	Rascut (Fresh)	1963	2000	-38
	Hapur	Chaurasa	2300	2350	-50
	Hapur	Balti	2300	2250	50
Andhra Pradesh	Chittur	Gold	3700	3600	100
		White	3300	3200	100
		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)	3050	2750	300
Mandya	Kurikatu (Medium)	2600	2600	Unch
Mandya	Other (Medium)	2850	2650	200
Mandya	Yellow (Medium)	3150	2750	400
Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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