

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

**Indian traders will export raw sugar to Iran for March and April delivery.** Under the sanctions, Iran is blocked from the global financial system, including using US dollars to transact its oil sales. Iran agreed to sell oil to India in exchange for rupees but it can only use those rupees to buy Indian goods, mainly items it cannot produce enough of domestically. Trading houses have contracted to export 1,50,000 tonnes of raw sugar for shipments arriving in March and April at \$305 to \$310 per tonne on a free-on-board basis, the trade sources told Reuters this week.

**The Central government is planning a second tranche of soft loans to the tune of Rs 7,500 crore for sugar mills, in a bid to boost their ethanol production capacities.** The government had announced soft loans worth Rs 4,400 crore last year, as well as provided an interest subvention of Rs 1,332 crore to the sugar mills over a period of five years, including a moratorium of one year.

**Weather Forecast for tomorrow:**

Light to moderate rain and snow is expected over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Scattered light to moderate rain and thundershowers with hailstorm are expected over Punjab, Haryana, Uttar Pradesh, Delhi, Rajasthan and northeastern states. Light to moderate rains with few heavy spells is expected over Gangetic West Bengal, Odisha, parts of Bihar, Jharkhand, Chhattisgarh, East Madhya Pradesh and Vidarbha. Delhi pollution will remain under moderate category over most parts.

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:**

**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).

**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 Icumsa	347.8	-2.7

## International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tue February 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">Mar-19</a>	190226	13.1	13.17	12.86	12.88	-0.22	28,800	61,584	-7,767
<a href="#">May-19</a>	190226	13.01	13.1	12.8	12.85	-0.15	56,885	3,55,158	2,039
<a href="#">Jul-19</a>	190226	13.25	13.33	13.06	13.08	-0.17	23,103	1,55,374	-968
<a href="#">Oct-19</a>	190226	13.64	13.71	13.46	13.48	-0.16	9,562	1,38,619	3,066
<a href="#">Mar-20</a>	190226	14.36	14.44	14.19	14.2	-0.15	3,230	91,661	1,006
<a href="#">May-20</a>	190226	14.39	14.45	14.23	14.24	-0.13	845	13,434	118
<a href="#">Jul-20</a>	190226	14.39	14.45	14.24	14.25	-0.11	917	12,415	-197
<a href="#">Oct-20</a>	190226	14.41	14.54	14.34	14.35	-0.09	929	20,061	327
Total Volume and Open Interest							1,25,114	8,56,835	-1,621

## International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue February 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">May-19</a>	190226	350.8	352.4	347.4	347.8	-2.7	4,594	40,086	-55
<a href="#">Aug-19</a>	190226	359.9	360.6	355.1	355.4	-3.7	3,557	20,211	286
<a href="#">Oct-19</a>	190226	365.3	366.9	361.4	361.7	-4.1	1,066	10,033	360
<a href="#">Dec-19</a>	190226	371.7	373.7	368.4	368.6	-4.1	228	5,016	39
<a href="#">Mar-20</a>	190226	379.4	381.3	376.2	376.4	-4.2	36	3,926	4
Total Volume and Open Interest							9,481	81,019	634

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			27-Feb-19	26-Feb-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch

Uttar Pradesh	Khatauli	M-Grade	3200	3230	-30
	Ramala	M-Grade	NA	0	-
	Dhampur	M-Grade Ex-Mill	3100	3100	Unch
	Dhampur	S-Grade Ex-Mill	3080	3080	Unch
	Dhampur	L-Grade Ex-Mill	3150	3150	Unch
Maharashtra	Mumbai	M-Grade	3422	3422	Unch
	Mumbai	S-Grade	3206	3206	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	3550	3550	Unch
Tamil Nadu	Chennai	S-Grade	3225	3200	25
	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	3450	3450	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)			27-Feb-19	26-Feb-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2538	2563	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2353	2350	3
	Muzaffarnagar	Laddoo (Fresh)	2513	2513	Unch
	Muzaffarnagar	Rascut (Fresh)	1870	1963	-93
	Hapur	Chaurasa	2300	2300	Unch
	Hapur	Balti	2300	2300	Unch
Andhra Pradesh	Chittur	Gold	3900	3700	200
		White	3300	3300	Unch
		Black	2900	2900	Unch
Maharashtra	Latur	Lal Variety	NR	0	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	2900	NA	-
	Belthangadi	Yellow (Average)	NA	0	-

	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	2750	2700	50
	Mahalingapura	Penti (Average)	3210	3190	20
	Mandya	Achhu (Medium)	3100	3050	50
	Mandya	Kurikatu (Medium)	2750	2600	150
	Mandya	Other (Medium)	2850	2850	Unch
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	3450	NA	-

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