

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

According to data compiled by the Cane Commissioner's Office in Lucknow as on February 26, UP mills have bought sugarcane worth Rs 20,475.76 crore during the current 2018-19 crushing season (October-September) at the state government's advised price or SAP of Rs 315 per quintal for "general" and Rs 325 per quintal for "early-maturing" varieties. Sugar production in Uttar Pradesh is likely to touch 12.40 mln tn in 2018-19 (Oct-Sep), a tad higher than 12.05 mln tn likely produced in 2017-18.

May NY world sugar #11 (SBK19) on Wednesday closed up +0.12 (+0.93%) and May ICE London white sugar (SWK19) closed up +2.80 (+0.81%). Sugar prices moved higher Wednesday on strength in crude oil prices, which benefits ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus reducing sugar supplies.

Weather Forecast for tomorrow:

Scattered rains are expected over Haryana, Delhi, Uttar Pradesh, Bihar and northeastern states. Scattered light to moderate rain and snow will occur over are likely Arunachal Pradesh, Sikkim, Himachal Pradesh and Uttarakhand. Light to moderate rain with few heavy spells will occur over Gangetic West Bengal and North Odisha. Andhra Pradesh, Kerala and Tamil Nadu will witness light rains. Minimum temperatures will drop further over Northwest India.

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 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.

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 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.

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 Icmsa	350.6	2.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed February 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	190227	12.9	12.95	12.82	12.91	0.03	41,623	45,027	-16,557
May-19	190227	12.88	12.99	12.8	12.97	0.12	84,495	3,55,799	641
Jul-19	190227	13.12	13.23	13.05	13.21	0.13	21,410	1,57,262	1,888
Oct-19	190227	13.52	13.62	13.44	13.59	0.11	10,201	1,39,323	704
Mar-20	190227	14.23	14.34	14.17	14.32	0.12	3,207	91,888	227
May-20	190227	14.25	14.37	14.23	14.36	0.12	474	13,589	155
Jul-20	190227	14.27	14.38	14.25	14.38	0.13	456	12,409	-6
Oct-20	190227	14.38	14.49	14.34	14.49	0.14	411	19,892	-169
Total Volume and Open Interest							1,62,358	8,43,759	-13,076

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed February 27, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190227	348.6	351	347.3	350.6	2.8	6,280	40,009	-77
Aug-19	190227	356.2	358.4	354.8	358.1	2.7	3,235	20,377	166
Oct-19	190227	362.6	364.2	360.6	363.9	2.2	1,673	10,172	139
Dec-19	190227	369.6	371.1	367.8	371.1	2.5	928	5,162	146
Mar-20	190227	377.6	379.3	376	379.1	2.7	850	4,149	223
Total Volume and Open Interest							12,987	81,613	594

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			28-Feb-19	27-Feb-19	
Sugar	Delhi	M-Grade	3085	3100	-15
		S-Grade	3065	3080	-15
Uttar Pradesh	Khatauli	M-Grade	3200	3200	Unch
	Ramala	M-Grade	NA	NA	-
	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	3225	Unch
	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
			28-Feb-19	27-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2515	2538	-23
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2355	2353	3
	Muzaffarnagar	Laddoo (Fresh)	2475	2513	-38
	Muzaffarnagar	Rascut (Fresh)	1925	1870	55
	Hapur	Chaurasa	2250	2300	-50
	Hapur	Balti	2250	2300	-50
Andhra Pradesh	Chittur	Gold	3900	3900	Unch
		White	3400	3300	100
		Black	3000	2900	100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4700	4700	Unch
	Belgaum	Mudde (Average)	2900	2900	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	2650	2750	-100
	Mahalingapura	Penti (Average)	3144	3210	-66

	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	2800	2750	50
	Mandya	Other (Medium)	2850	2850	Unch
	Mandya	Yellow (Medium)	NA	3200	-
	Shimoga/Shivamogga	Achhu (Average)	3450	3450	Unch

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