

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

In the spot wholesale markets, sugar prices are hovering slightly above the MSP for long because of supply surplus. While May NY world sugar #11 (SBK19) on Friday closed down -0.16 (-1.25%) and May ICE London white sugar (SWK19) closed down -3.60 (-1.03%). Sugar prices slid to 2-week lows Friday on weaker crude price and weakness in the Brazilian real against the dollar.

According to trade sources, the 2019/20 sugar output in Brazil's Center-South, the country's biggest sugar-producing region, will climb by +5.7% to 28 MMT. A bullish factor is smaller sugar supplies from Brazil after Unica reported last week that Center-South sugar production for the 2018/19 season through mid-Feb was down -26.45% y/y at 26.361 MMT, with the percentage of cane used for sugar dropping to 35.43% from 46.88% last year and the percentage of cane used for ethanol production climbing to 64.57% from 53.12% last year. In addition, strong demand for Brazil ethanol is positive after Unica reported on last week.

Weather Forecast for tomorrow:

Fairly widespread rain and thundershowers will continue over the northeastern states. Scattered rain and snow are likely over Arunachal Pradesh. Light to moderate rains will occur over Gangetic West Bengal, Coastal Odisha and Coastal Andhra Pradesh. Isolated rains are expected over Tamil Nadu and Kerala. 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:

The Cabinet Committee on Economic Affairs (CCEA) has approved proposal to provide soft loan of up to Rs 10,540 crore to the sugar industry to help mills clear mounting arrears to cane growers. The CCEA approved the proposal to provide soft loans to the extent of about Rs 7900-10540 crore to the sugar industry. Government will bear the interest subvention cost between 7 -10 percent to the extent of Rs 553 crore to Rs 1054 crore for one year.

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.

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.

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 Icumsa	344.4	-3.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri March 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
May-19	190301	12.85	12.88	12.61	12.62	-0.16	48,612	3,52,522	-2,329
Jul-19	190301	13.13	13.13	12.84	12.87	-0.16	15,844	1,65,314	2,089
Oct-19	190301	13.5	13.53	13.22	13.26	-0.18	8,575	1,43,967	359
Mar-20	190301	14.26	14.28	13.93	13.99	-0.2	4,079	92,385	387
May-20	190301	14.31	14.33	13.98	14.05	-0.2	660	13,966	227
Jul-20	190301	14.33	14.35	14	14.08	-0.19	534	12,736	227
Oct-20	190301	14.43	14.45	14.12	14.18	-0.21	217	19,789	78
Mar-21	190301	14.91	14.92	14.66	14.66	-0.22	30	6,206	-1
Total Volume and Open Interest							98,163	8,31,313	-8,289

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri March 01, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190301	348	348.9	344	344.4	-3.6	3,664	40,113	130
Aug-19	190301	355.9	355.9	351.2	351.7	-3	2,080	20,716	-28
Oct-19	190301	360.1	361.5	356.5	357	-3.4	1,595	10,288	150
Dec-19	190301	368.5	368.7	363.7	364.1	-3.5	328	5,363	148
Mar-20	190301	376.1	376.1	371.9	372.1	-3.6	112	4,256	26
Total Volume and Open Interest							7,787	82,497	429

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			04-Mar-19	02-Mar-19	
Sugar	Delhi	M-Grade	3100	3090	10
	Delhi	S-Grade	3080	3070	10
Uttar Pradesh	Khatauli	M-Grade	3210	3180	30
	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	3380	3380	Unch
	Mumbai	S-Grade	3200	3200	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	3500	3500	Unch
	Vijayawada	S-Grade	3440	3440	Unch
West Bengal	Kolkata	M-Grade	3550	3550	Unch
Tamil Nadu	Chennai	S-Grade	3225	3225	Unch
	Chennai	S-Grade	3700	3700	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
			04-Mar-19	02-Mar-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2525	2528	-3
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	4000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2313	2338	-25
	Muzaffarnagar	Laddoo (Fresh)	2488	2463	25
	Muzaffarnagar	Rascut (Fresh)	2000	2000	Unch
	Hapur	Chaurasa	Closed	2300	-
	Hapur	Balti	Closed	2250	-
Andhra Pradesh	Chittur	Gold	3700	3700	Unch
		White	3300	3300	Unch
		Black	2900	2900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4200	-
	Belgaum	Mudde (Average)	NA	NA	-

Belthangadi	Yellow (Average)	NA	NA	-
Bijapur/Vijayapura	Achhu	NA	2650	-
Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
Mahalingapura	Penti (Average)	NA	NA	-
Mandya	Achhu (Medium)	NA	NA	-
Mandya	Kurikatu (Medium)	NA	NA	-
Mandya	Other (Medium)	NA	NA	-
Mandya	Yellow (Medium)	NA	NA	-
Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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