

Sugar & Gur Domestic & International Fundamentals
Recent Update:

Despite the Centre's recent announcement of a Rs.2 per kg hike in the minimum support price (MSP) of sugar to Rs.31 per kg, several millers in Maharashtra are reported that they are selling sugar below the minimum support price since there is no demand pick-up in the market. Some of the millers said that on one hand, there is no demand in the market and on the other, they are under pressure to clear up pending Fair and Remunerative Price (FRP) payments to farmers. The state government of Uttar Pradesh has provided additional soft loans of about INR3 bln (USD1=INR70.84) to cash-strapped private sugar mills for speedy payments to cane farmers.

May NY world sugar #11 on Monday closed down -0.26 (-2.06%) and May ICE London white sugar (SWK19) closed down -3.10 (-0.90%). A rally in the dollar index to a 1-1/2 week high on Monday pressured most commodity prices. Brazil exported 1.214 mln tonnes of sugar, raw value, in February 2019, up from 1.103 mln in January but down from 1.467 mln in the same month last year, Trade Ministry data showed.

Weather Forecast for tomorrow:

Scattered rain and snow will continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Isolated rains may also occur over Punjab, Haryana and Northwest Uttar Pradesh. Thunderclouds may build up over parts of Delhi. Rain and thundershowers will increase over West Bengal and Odisha. Meanwhile, rains will reduce over Bihar and Jharkhand. Rain and thundershowers will occur over the northeastern states except Assam and Meghalaya that will receive only light rainfall activity.

Previos Updates:

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.

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.

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	341.3	-3.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon March 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
May-19	190304	12.62	12.73	12.35	12.36	-0.26	58,692	3,58,259	5,737
Jul-19	190304	12.91	12.95	12.58	12.59	-0.28	21,891	1,67,614	2,300
Oct-19	190304	13.25	13.32	12.97	12.98	-0.28	13,347	1,46,775	2,808
Mar-20	190304	14.01	14.03	13.72	13.74	-0.25	2,652	92,226	-159
May-20	190304	14.04	14.1	13.83	13.85	-0.2	721	14,107	141
Jul-20	190304	14.06	14.13	13.89	13.91	-0.17	440	12,920	184
Oct-20	190304	14.17	14.21	14.02	14.05	-0.13	365	19,744	-45
Mar-21	190304	14.65	14.69	14.51	14.53	-0.13	33	6,207	1
Total Volume and Open Interest							98,160	8,20,227	8,20,227

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon March 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190304	344.9	346.8	340.5	341.3	-3.1	7,760	41,693	1,580
Aug-19	190304	352.9	353.6	347.4	347.7	-4	1,637	20,571	-145
Oct-19	190304	358.2	358.5	352	352.7	-4.3	1,017	10,515	227
Dec-19	190304	365	365.4	358.6	359.3	-4.8	167	5,306	-57
Mar-20	190304	372.8	372.9	366.6	366.9	-5.2	271	4,348	92
Total Volume and Open Interest							10,909	84,230	84,230

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qt)		Change
			05-Mar-19	04-Mar-19	
Sugar	Delhi	M-Grade	3100	3100	Unch
		S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3270	3210	60
	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	3360	3380	-20
	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
	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
			05-Mar-19	04-Mar-19	
Jaggery(Gur)	Muzaffarnagar	Chaku Fresh	2520	2525	-5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	4000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2340	2313	28
	Muzaffarnagar	Laddoo (Fresh)	2500	2488	13
	Muzaffarnagar	Rascut (Fresh)	1925	2000	-75
	Hapur	Chaurasa	2288	Closed	-
	Hapur	Balti	2225	Closed	-
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)	4200	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-

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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