

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

*The Centre on Tuesday issued a monthly stock holding limit order for sugar mills for the current month under which a quota of 24.5 lakh tonnes of white/refined sugar has been allocated for domestic sale by factories. Last month the government had prescribed a quota of 23.54 lakh tonnes to be sold by the nearly 534 mills during the month. The increase in the quota this month is due to the ongoing festival season.*

**Weather Forecast for tomorrow:**

*Mainly dry weather is expected over North India. However, clouding will approach the region towards the evening hours. Scattered rain and thundershowers will occur over Nagaland, Manipur, Mizoram and Tripura. Isolated rains will continue over Assam and Meghalaya. Dry weather will persist over Vidarbha, Marathwada and South Maharashtra. Isolated rain and thundershowers are expected over Coastal Andhra Pradesh, South Karnataka and Kerala.*

**Previos Updates:**

*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.*

*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. 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	342.9	1.6

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

Daily Futures Price Listing Tue March 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">May-19</a>	190305	12.39	12.56	12.38	12.44	0.08	58,470	3,59,965	1,706
<a href="#">Jul-19</a>	190305	12.62	12.75	12.6	12.64	0.05	28,854	1,71,038	3,424
<a href="#">Oct-19</a>	190305	13.02	13.09	12.96	12.98	unch	17,357	1,49,451	2,676
<a href="#">Mar-20</a>	190305	13.79	13.83	13.7	13.72	-0.02	8,793	91,460	-766
<a href="#">May-20</a>	190305	13.87	13.9	13.81	13.82	-0.03	1,436	14,518	411
<a href="#">Jul-20</a>	190305	13.93	13.97	13.86	13.88	-0.03	754	13,053	133
<a href="#">Oct-20</a>	190305	14.07	14.07	14.01	14.01	-0.04	534	19,794	50
<a href="#">Mar-21</a>	190305	14.49	14.49	14.49	14.49	-0.04	179	6,335	128
Total Volume and Open Interest							1,16,411	8,28,021	7,794

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

Daily Futures Price Listing Tue March 05, 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>	190305	342.8	345.1	340.7	342.9	1.6	5,649	42,300	607
<a href="#">Aug-19</a>	190305	348.5	350.2	346.9	348.5	0.8	1,603	20,622	51
<a href="#">Oct-19</a>	190305	353.4	354.8	351.5	353.2	0.5	951	10,660	145
<a href="#">Dec-19</a>	190305	358.9	360.5	358.1	359.5	0.2	253	5,273	-33
<a href="#">Mar-20</a>	190305	366.6	368.5	365.9	367.2	0.3	133	4,409	61
Total Volume and Open Interest							8,618	85,078	848

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			06-Mar-19	05-Mar-19	
Sugar	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3174	3270	-96
	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	3360	Unch
	Mumbai	S-Grade	3202	3200	2
	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	3480	3500	-20
	Vijayawada	S-Grade	3420	3440	-20
West Bengal	Kolkata	M-Grade	3520	3520	Unch
Tamil Nadu	Chennai	S-Grade	3460	3380	+80
	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
			06-Mar-19	05-Mar-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2520	2520	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	4000	1000
	Muzaffarnagar	Khurpa (Fresh)	2358	2340	18
	Muzaffarnagar	Laddoo (Fresh)	2540	2500	40
	Muzaffarnagar	Rascut (Fresh)	1978	1925	53
	Hapur	Chaurasa	2288	2288	Unch
	Hapur	Balti	2225	2225	Unch
Andhra Pradesh	Chittur	Gold	3700	3700	Unch
		White	3000	3300	-300
		Black	2700	2900	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	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	3166	-
Mandya	Achhu (Medium)	3150	NA	-
Mandya	Kurikatu (Medium)	2900	NA	-
Mandya	Other (Medium)	2900	NA	-
Mandya	Yellow (Medium)	3250	NA	-
Shimoga/Shivamogga	Achhu (Average)	NA	3250	-

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