

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

The sugar market has been witnessed a mixed trend on Tuesday amid a hike in MSP. In Kolhapur sugar prices are hovering at 3050 whereas in Delhi M-30 sugar is trading at around 3100. AW expecting that Indian sugar prices may trade in the range of 3050-3200 per quintal in coming days.

The government which has allocated monthly sales quota since June, 2018 on the demand of the industry out of which only 85% have been sold by the sugar mills in the past 10 months according to the trade sources. Even the sources said that sugar is being sold below the MSP at Rs.29/kg in Uttar Pradesh and Maharashtra.

Weather Forecast for tomorrow:

Thunderstorm accompanied with lightning, hailstorm and gusty winds starting from tomorrow for 3-4 days over Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab. Thunderstorms are expected over Haryana, Chandigarh & Delhi, north Rajasthan, north Madhya Pradesh and Chhattisgarh. Maximum temperatures are very likely to remain above normal by 2-4°C over north Kerala, Karnataka, Rayalaseema and Telangana and by 2-3°C over interior Maharashtra during the same period.

Previous Updates:

ISO's forecast that global 2018/19 sugar production will rise +0.6% y/y to a record 185.2 MMT and that there will be a 2018/19 sugar surplus of 2.2 MMT (vs 2017/18's 7.3 MMT), Whereas, USDA's FAS forecast for 2018/19 sugar production in India, the world's second-largest sugar producer, to climb +5.3% y/y to a record 35.9 MMT.

The Centre on Thursday announced an additional soft loan of Rs 12,900 crore for sugar mills to create ethanol capacity. In addition, a separate soft loan of Rs 2,600 crore will be provided to molasses-based standalone distilleries to augment capacity and set up new units. A soft loan is a loan given at a subsidised interest rate. A decision in this regard was taken at the Cabinet Committee on Economic Affairs meeting, chaired by PM Narendra Modi.

Sugar mills in the country produced 247.68 lakh tonnes (lt) of sugar till end of last month, nearly 16 lt more than they produced in the corresponding period last year. The total sugar production in the same period last year was 231.77 lt. As many as 266 mills are in operation as against 457 last year and mills in Maharashtra and Karnataka are on the verge of completing crushing.

The first three months of the current year's supply period, about 12 crore litre of ethanol, made from B heavy/sugarcane juice, have been supplied. This has, in turn, reduced sugar production by 1lakh tonnes so far in the current season.

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.

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.

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.

Weekly Outlook:

Indian Sugar markets remained weak 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 Icumsa	340.5	2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon March 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190311	12.21	12.47	12.2	12.29	0.11	93,222	354,446	-111
19-Jul	190311	12.41	12.67	12.4	12.5	0.13	54,725	168,568	-2,124
19-Oct	190311	12.82	13.04	12.76	12.87	0.13	34,781	164,414	8,402
20-Mar	190311	13.6	13.82	13.56	13.68	0.13	11,765	92,092	2,130
20-May	190311	13.79	13.97	13.71	13.84	0.14	3,727	18,064	1,391
20-Jul	190311	13.92	14.03	13.82	13.94	0.14	1,669	14,564	732
20-Oct	190311	14.09	14.18	14.03	14.12	0.15	485	19,602	26
21-Mar	190311	14.58	14.67	14.58	14.61	0.14	206	6,170	-68
Total Volume and Open Interest							200,969	840,459	10,455

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon March 11, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190311	340.5	343.1	337.8	340.5	2	10,334	41,664	60
19-Aug	190311	344.3	347.7	342.4	345.8	3	4,956	22,999	1,311
19-Oct	190311	349.1	352.7	348.2	351	3.3	1,752	12,076	472
19-Dec	190311	357.3	360.1	355.9	358.8	3.5	547	5,505	83
20-Mar	190311	365	368.5	364.1	367.1	3.7	365	4,930	140
Total Volume and Open Interest							18,082	89,420	2,136

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Mar-19	11-Mar-19	
Delhi	Delhi	M-Grade	3100	3080	20
	Delhi	S-Grade	3080	3060	20
Uttar Pradesh	Khatauli	M-Grade	3135	3190	-55
	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	3310	3340	-30
	Mumbai	S-Grade	3186	3192	-6
	Nagpur	M-Grade	3175	3225	-50
	Nagpur	S-Grade	3125	3225	-100
	Kolhapur	M-Grade	3050	3100	-50
	Kolhapur	S-Grade	3000	3100	-100
Assam	Guhawati	S-Grade	3309	3410	-102
Meghalaya	Shillong	S-Grade	3320	3420	-100
Andhra Pradesh	Vijayawada	M-Grade	3480	3480	Unch
	Vijayawada	S-Grade	3420	3420	Unch
West Bengal	Kolkata	M-Grade	3460	3470	-10
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3540	3580	-40
	Coimbatore	M-Grade	3540	3540	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)			12-Mar-19	11-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2578	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2388	2345	43
	Muzaffarnagar	Laddoo (Fresh)	2578	2553	25
	Muzaffarnagar	Rascut (Fresh)	2000	2000	Unch

	Hapur	Chaurasa	2300	Closed	-
	Hapur	Balti	2225	Closed	-
Andhra Pradesh	Chittur	Gold	3800	3700	100
		White	3300	3300	Unch
		Black	2800	2800	Unch
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	2850	2700	150
	Gulbarga/Kalaburgi	Other (Average)	2730	2730	Unch
	Mahalingapura	Penti (Average)	NA	3176	-
	Mandya	Achhu (Medium)	3450	3200	250
	Mandya	Kurikatu (Medium)	3200	3000	200
	Mandya	Other (Medium)	3300	3150	150
	Mandya	Yellow (Medium)	3600	3250	350
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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