

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

May NY world sugar #11 on Tuesday closed up +0.04 (+0.33). May NY sugar recovered from early losses and closed higher on Tuesday after data from Unica showed Brazil Center-South sugar production in the 2018/19 year through February fell -26.45% y/y to 26.364 MMT with the percent of sugar cane crushed for sugar production falling to 35.40% from 46.84% last year and the percent of cane crushed for ethanol rising to 64.6% from 53.16% last year.

India is struggling with the situation of sugar surplus production. In this way neighboring countries seem to get relief. Bangladesh has emerged as the largest importer of Indian Sugar. Sri Lanka is also buying Indian sugar in large quantities and it is second only after Bangladesh as importer. Since last month, Iran has also been importing Indian sugar in a considerable quantity. Indian sugar mills have so far made an agreement to export 22 lakhs of sugar. Of this, 15 lakh tonnes of sugar has been sent. Sugar industry estimates that till the end of the 2018-19 season the export of sugar will be 30-35 lakh tonnes.

Weather Forecast for tomorrow:

Light to moderate rain and snow occurred over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Rain and thundershowers were observed over parts of Punjab, Haryana and West Uttar Pradesh. Scattered rain and thundershower with isolated hailstorm were observed Delhi-NCR. Isolated rains were observed over Assam, Kerala and North Coastal Odisha. Delhi pollution remained under moderate category.

Previous Updates

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.

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.

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 Icmsa	340.1	-0.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue March 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190312	12.29	12.46	12.17	12.33	0.04	78,539	354,222	-224
19-Jul	190312	12.5	12.64	12.38	12.54	0.04	49,842	177,099	8,531
19-Oct	190312	12.89	12.99	12.76	12.9	0.03	18,894	164,928	514
20-Mar	190312	13.68	13.77	13.57	13.71	0.03	8,902	93,497	1,405
20-May	190312	13.84	13.89	13.72	13.85	0.01	2,772	19,414	1,350
20-Jul	190312	13.94	14	13.83	13.95	0.01	425	14,655	91
20-Oct	190312	14.06	14.19	14.02	14.13	0.01	97	19,558	-44
21-Mar	190312	14.56	14.64	14.54	14.64	0.03	63	6,151	-19
Total Volume and Open Interest							159,587	852,104	11,645

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue March 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190312	340.5	343.9	337.8	340.1	-0.4	5,917	41,239	-425
19-Aug	190312	345.2	349	343	346.7	0.9	2,884	23,714	715
19-Oct	190312	350.8	353	348.4	351.7	0.7	740	12,373	297
19-Dec	190312	358.6	359.3	357	359.3	0.5	221	5,446	-59
20-Mar	190312	367	367.9	366.1	367.8	0.7	126	4,888	-42
Total Volume and Open Interest							9,903	89,918	498

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Mar-19	12-Mar-19	
Delhi	Delhi	M-Grade	3095	3100	-5
	Delhi	S-Grade	3075	3080	-5
Uttar Pradesh	Khatauli	M-Grade	3125	3135	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3100	-50
	Dhampur	S-Grade Ex-Mill	3030	3080	-50
	Dhampur	L-Grade Ex-Mill	3100	3150	-50
Maharashtra	Mumbai	M-Grade	3310	3310	Unch
	Mumbai	S-Grade	3186	3186	Unch
	Nagpur	M-Grade	3225	3175	50
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3050	50
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade	3460	3480	-20
	Vijayawada	S-Grade	3400	3420	-20
West Bengal	Kolkata	M-Grade	3460	3460	Unch
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3540	3540	Unch
	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)			13-Mar-19	12-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2578	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2338	2388	-50
	Muzaffarnagar	Laddoo (Fresh)	2603	2578	25
	Muzaffarnagar	Rascut (Fresh)	2048	2000	48

	Hapur	Chaurasa	2325	2300	25
	Hapur	Balti	2300	2225	75
Andhra Pradesh	Chittur	Gold	4000	3800	200
		White	3300	3300	Unch
		Black	2900	2800	100
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	2850	-
	Gulbarga/Kalaburgi	Other (Average)	2700	2730	-30
	Mahalingapura	Penti (Average)	NA	3162	-
	Mandya	Achhu (Medium)	3500	3450	50
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3300	3300	Unch
	Mandya	Yellow (Medium)	3500	3600	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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