

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

The standstill mode of sugar sales has continued across the nation for the fourth straight day of the week. Mills are disparate to sell sugar stocks. In Kolhapur sugar market prices are trading at MSP level where as in Khatauli market prices were trading in range 3160 -3125 INR per quintal from last week.

UP mills have, in the current sugar season (October-September) as of March 12, crushed 725.36 lakh tonnes (lt) of cane, 6.4% below the 775.14 lt for the corresponding period of 2017-18. Yet, sugar output has fallen by just 0.4% from 82.13 lt to 81.77 lt. The reason for it is sugar recovery. Mills have produced an average 11.27 tonnes of sugar from every 100 tonnes of cane crushed so far this season, as against the 10.60% recovery recorded during the same period of 2017-18. In Maharashtra's average recovery has dropped from 11.67% to 11.24%, and 11.14% in the ongoing season. UP has witnessed the opposite, with recovery going up from a mere 9.07% in 2011-12 to 10.84% in 2017-18 and 11.27% so far this season.

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:

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.

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	339.30	-0.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed March 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190313	12.35	12.38	12.24	12.36	0.03	75,839	350,098	-4,124
19-Jul	190313	12.56	12.56	12.43	12.54	Unch	45,486	189,561	12,462
19-Oct	190313	12.9	12.9	12.79	12.89	-0.01	19,786	167,280	2,352
20-Mar	190313	13.68	13.72	13.61	13.71	Unch	10,698	95,158	1,661
20-May	190313	13.83	13.85	13.75	13.84	-0.01	4,232	20,818	1,404
20-Jul	190313	13.93	13.93	13.85	13.92	-0.03	463	14,698	43
20-Oct	190313	14.15	14.15	14.02	14.09	-0.04	311	19,670	112
21-Mar	190313	14.58	14.6	14.55	14.6	-0.04	188	6,141	-10
Total Volume and Open Interest							157,006	866,006	13,902

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed March 13, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190313	340	340.5	338	339.3	-0.8	5,295	40,723	-516
19-Aug	190313	345.9	346.5	343.8	345.7	-1	3,398	24,321	607

19-Oct	190313	350.8	351.5	348.9	350.7	-1	696	12,525	152
19-Dec	190313	357.8	358.5	357	358.3	-1	269	5,519	73
20-Mar	190313	366.3	366.3	365.2	366.2	-1.6	380	4,911	23
Total Volume and Open Interest							10,049	90,265	347

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			14-Mar-19	13-Mar-19	
Sugar					
Delhi	Delhi	M-Grade	3100	3095	5
	Delhi	S-Grade	3080	3075	5
Uttar Pradesh	Khatauli	M-Grade	3125	3125	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3050	Unch
	Dhampur	S-Grade Ex-Mill	3030	3030	Unch
	Dhampur	L-Grade Ex-Mill	3100	3100	Unch
Maharashtra	Mumbai	M-Grade	3302	3310	-8
	Mumbai	S-Grade	3186	3186	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	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	3460	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3450	3460	-10
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
			14-Mar-19	13-Mar-19	
Jaggery(Gur)					

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2568	2578	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2290	2338	-48
	Muzaffarnagar	Laddoo (Fresh)	2528	2603	-75
	Muzaffarnagar	Rascut (Fresh)	2063	2048	15
	Hapur	Chaurasa	2350	2325	25
	Hapur	Balti	2300	2300	Unch
Andhra Pradesh	Chittur	Gold	4000	4000	Unch
		White	3700	3300	400
		Black	2900	2900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	2850	2850	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2965	NA	-
	Gulbarga/Kalaburgi	Other (Average)	2650	2700	-50
	Mahalingapura	Penti (Average)	NA	3185	-
	Mandya	Achhu (Medium)	NA	3500	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3300	-
	Mandya	Yellow (Medium)	NA	3500	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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