

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

*The standstill mode of sugar sales has continued across the nation for the fifth 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.*

*Gur (Jaggery) prices have risen in major markets by 5 per cent in the past one week and further appreciation is expected during the seven-phase election season which will end on May 23. Prices have raised Rs 200-250 per quintal to Rs 3,600-4,500 a quintal. We expect local breweries to increase buying until elections get over whereas, the farmers who are selling sugarcane to the local kolhu (where sugarcane is produced to make gur) were getting 25 per cent higher price at Rs 220 a quintal than a week ago.*

*The annual sugar production of UP, which jumped from an average of about 65 lakh quintal to 120 lakh quintal in past two to three years. Whereas, Maharashtra with the production touching 107 lakh quintals in 2017-18 and already adding 96.5 lakh quintals in the ongoing season.*

**Weather Forecast for tomorrow:**

*Thunderstorm accompanied with lightning & gusty winds at isolated places very likely over East Madhya Pradesh, Chhattisgarh, Jharkhand, Gangetic West Bengal, Odisha, Arunachal Pradesh. Dense fog observed at isolated places over Haryana; Moderate fog at isolated places over Punjab. Maximum temperatures likely to rise gradually by 3-4°C over Northwest India during next 4 days. No significant change in maximum & minimum temperatures likely over major parts of the country during next 48 hours.*

**Previous Updates:**

*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.*

*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 1 lakh 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 unchanged 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	338.80	-0.5

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

Daily Futures Price Listing Thu March 14, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">19-May</a>	190314	12.37	12.69	12.28	12.41	0.05	64,254	350,090	-8
<a href="#">19-Jul</a>	190314	12.5	12.84	12.45	12.57	0.03	44,324	200,180	10,619
<a href="#">19-Oct</a>	190314	12.84	13.16	12.79	12.9	0.01	19,386	169,019	1,739
<a href="#">20-Mar</a>	190314	13.67	14	13.64	13.74	0.03	8,183	97,146	1,988
<a href="#">20-May</a>	190314	13.79	14.1	13.77	13.86	0.02	3,064	21,306	488
<a href="#">20-Jul</a>	190314	13.88	14.16	13.87	13.95	0.03	815	14,905	207
<a href="#">20-Oct</a>	190314	14.05	14.33	14.04	14.13	0.04	276	19,623	-47
<a href="#">21-Mar</a>	190314	14.56	14.83	14.56	14.65	0.05	278	6,228	87
Total Volume and Open Interest							140,619	881,080	15,074

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

Daily Futures Price Listing Thu March 14, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-May</a>	190314	339.8	345.6	336.8	338.8	-0.5	5,281	40,561	-162
<a href="#">19-Aug</a>	190314	346	352	343.4	346.1	0.4	3,303	25,068	747
<a href="#">19-Oct</a>	190314	351.2	357.1	349	351.4	0.7	1,133	13,126	601

<a href="#">19-Dec</a>	190314	358.8	364.6	356.6	358.8	0.5	274	5,531	12
<a href="#">20-Mar</a>	190314	366.8	372.5	364.7	366.6	0.4	235	5,027	116
Total Volume and Open Interest							10,355	91,689	1,424

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Mar-19	14-Mar-19	
Delhi	Delhi	M-Grade	3016	3100	-84
	Delhi	S-Grade	2996	3080	-84
Uttar Pradesh	Khatauli	M-Grade	3160	3125	35
	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	3302	Unch
	Mumbai	S-Grade	3186	3186	Unch
	Nagpur	M-Grade	3175	3225	-50
	Nagpur	S-Grade	3075	3125	-50
	Kolhapur	M-Grade	3050	3100	-50
	Kolhapur	S-Grade	2950	3000	-50
Assam	Guhawati	S-Grade	3258	3309	-51
Meghalaya	Shillong	S-Grade	3270	3320	-50
Andhra Pradesh	Vijayawada	M-Grade	3460	3460	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3450	3450	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)			15-Mar-19	14-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2553	2568	-15

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	1000
	Muzaffarnagar	Khurpa (Fresh)	2303	2290	13
	Muzaffarnagar	Laddoo (Fresh)	2553	2528	25
	Muzaffarnagar	Rascut (Fresh)	2075	2063	13
	Hapur	Chaurasa	2375	2350	25
	Hapur	Balti	2325	2300	25
Andhra Pradesh	Chittur	Gold	4100	4000	100
		White	3600	3700	-100
		Black	2900	2900	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	NA	2850	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2735	2965	-230
	Gulbarga/Kalaburgi	Other (Average)	NA	2650	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3550	-
	Mandya	Kurikatu (Medium)	NA	3400	-
	Mandya	Other (Medium)	NA	3400	-
	Mandya	Yellow (Medium)	NA	3500	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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