

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

The sugar wholesale market prices noticed weak on Monday across the nation. Mills are disparate to sell sugar stocks. In Kolhapur sugar market prices are trading at below MSP level where as in Khatauli market prices were trading in range 3100 -3125 INR per quintal from last week.

In the ongoing sugarcane crushing season of 2018-19, the 119 operational UP sugar mills-94 private, 24 co-operative, and one state - had procured cane worth Rs 23,200 crore from farmers and paid Rs 11,350 crore, thus leaving an unpaid portion of Rs 11,850 crore. Besides, mills have to make a payment of Rs 290 crore for the 2017-18 season.

Brazil's sugar mills can make the switch into ethanol easier than ever before, making it harder to predict how much sweetener will come from the world's biggest producer and exporter. According to unica, the 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.

Weather Forecast for tomorrow:

Scattered to fairly widespread rain/thundershowers are very likely over northeast India during next 3 days with isolated thunderstorms, gusty winds and lightning are likely mainly over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura during next 2 days. A fresh Western Disturbance is very likely to cause fairly widespread to widespread rain/snow with isolated thunderstorms, hailstorms, gusty winds & lightning over Western Himalayan Region on 19th & 20th March.

Previous Updates:

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.

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 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 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	340.70	1.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri March 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190315	12.44	12.58	12.26	12.52	0.11	60,891	349,095	-995
19-Jul	190315	12.58	12.74	12.43	12.68	0.11	48,403	216,668	16,488
19-Oct	190315	12.91	13.08	12.78	13.03	0.13	20,090	173,205	4,186
20-Mar	190315	13.76	13.97	13.64	13.92	0.18	10,415	100,688	3,542
20-May	190315	13.87	14.09	13.75	14.05	0.19	1,866	21,766	460
20-Jul	190315	13.96	14.17	13.83	14.14	0.19	417	14,938	33
20-Oct	190315	14.13	14.34	13.99	14.32	0.19	98	19,628	5
21-Mar	190315	14.65	14.87	14.54	14.87	0.22	26	6,230	2
Total Volume and Open Interest							142,229	904,811	23,731

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri March 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190315	339.4	341.9	335.5	340.7	1.9	5,858	40,533	-28
19-Aug	190315	346.4	349.2	342.8	348.1	2	4,041	25,797	729
19-Oct	190315	351.2	354.5	348.2	353.8	2.4	663	13,381	255
19-Dec	190315	359	362.2	355.9	361.7	2.9	75	5,517	-14
20-Mar	190315	364.8	370.1	364.8	369.9	3.3	60	5,011	-16
Total Volume and Open Interest							10,729	92,622	933

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			18-Mar-19	16-Mar-19	
Sugar					
Delhi	Delhi	M-Grade	3110	3100	10
	Delhi	S-Grade	3090	3080	10
Uttar Pradesh	Khatauli	M-Grade	3110	3125	-15
	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	3280	3302	-22
	Mumbai	S-Grade	3182	3182	Unch
	Nagpur	M-Grade	3125	3175	-50
	Nagpur	S-Grade	3075	3075	Unch
	Kolhapur	M-Grade	3000	3050	-50
	Kolhapur	S-Grade	2950	2950	Unch
Assam	Guhawati	S-Grade	3258	3258	Unch
Meghalaya	Shillong	S-Grade	3270	3270	Unch
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)			18-Mar-19	16-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2570	2543	28
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2338	2303	35
	Muzaffarnagar	Laddoo (Fresh)	2578	2553	25
	Muzaffarnagar	Rascut (Fresh)	2075	2053	23
	Hapur	Chaurasa	Closed	2375	-
	Hapur	Balti	Closed	2325	-
Andhra Pradesh	Chittur	Gold	4200	4200	Unch
		White	3700	3700	Unch
		Black	3200	2900	300
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)	2620	2680	-60
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3650	3650	Unch
	Mandya	Kurikatu (Medium)	3450	3450	Unch
	Mandya	Other (Medium)	3450	3450	Unch
	Mandya	Yellow (Medium)	3650	3600	50
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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