

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

The sugar wholesale market prices remained stagnant on Wednesday across the nation. Mills are disparate to sell sugar stocks. In Kolhapur sugar market prices are trading below MSP level whereas in Khatauli market prices were trading in range 3100 -3120 INR per quintal from last week.

According to ISMA, the arrears of UP mills have further increased to about Rs.12000 crore (on SAP basis), while pan India outstanding are estimated at more than Rs.24000 crore according to ISMA. While the union government has extended the soft loan window for the sugar sector by another 4 weeks.

Weather Forecast for tomorrow:

A Western Disturbance and its induced cyclonic circulation are very likely to cause isolated thunderstorms, hailstorms, gusty winds & lightning over Western Himalayan Region, northern parts of Punjab and Haryana & Chandigarh during next 24 hours. Isolated rain / thundershowers, gusty winds and lightning are also likely over remaining parts of Haryana & Delhi today. Scattered to fairly widespread rain/thundershowers are very likely over northeast India during next 3 days.

Previous Updates:

Sugar mills across the country have produced 273.47 lakh tonnes (LT) of sugar till March 15, nearly 6 per cent more than 258.2 LT produced during the corresponding period in the previous sugar season, said a release from the Indian Sugar Mills Association (ISMA) on Monday. While 154 mills have closed crushing operations whereas 373 are still crushing.

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.

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.

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.

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 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	341.80	-4.90

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue March 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190319	12.83	12.83	12.64	12.78	-0.06	47,129	349,135	-655
19-Jul	190319	13.01	13.01	12.84	12.96	-0.05	19,487	220,007	2,635
19-Oct	190319	13.33	13.33	13.18	13.29	-0.04	18,462	177,704	1,813
20-Mar	190319	14.17	14.2	14.07	14.17	-0.03	14,080	113,021	2,778
20-May	190319	14.24	14.3	14.18	14.28	-0.01	2,833	22,237	-9
20-Jul	190319	14.29	14.34	14.28	14.34	unch	1,240	15,568	701
20-Oct	190319	14.41	14.48	14.41	14.48	unch	645	19,737	130
21-Mar	190319	14.92	15	14.92	15	0.01	321	6,367	151
Total Volume and Open Interest							104,348	926,435	7,574

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue March 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190319	345.6	346	339.4	341.8	-4.9	8,336	40,664	419
19-Aug	190319	353.5	354.5	349.3	351.8	-3.2	5,660	28,640	1,359
19-Oct	190319	358.8	359.8	355.3	357.6	-3.1	867	13,927	180
19-Dec	190319	366.7	366.9	363	365.3	-2.9	226	5,586	97
20-Mar	190319	373.9	374.3	370.9	373.2	-2.9	48	5,039	-25
Total Volume and Open Interest							15,152	96,254	2,035

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Mar-19	19-Mar-19	
Delhi	Delhi	M-Grade	3100	3070	30
	Delhi	S-Grade	3080	3050	30
Uttar Pradesh	Khatauli	M-Grade	3105	3105	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	3280	3280	Unch
	Mumbai	S-Grade	3166	3180	-14
	Nagpur	M-Grade	3125	3125	Unch
	Nagpur	S-Grade	3075	3075	Unch
	Kolhapur	M-Grade	3000	3000	Unch
	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	3420	3420	Unch
	Vijayawada	S-Grade	3360	3360	Unch
West Bengal	Kolkata	M-Grade	3470	3470	Unch
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3520	3520	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)			20-Mar-19	19-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2578	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2378	2363	15
	Muzaffarnagar	Laddoo (Fresh)	2613	2618	-5
	Muzaffarnagar	Rascut (Fresh)	2100	2088	13
	Hapur	Chaursa	2350	2350	Unch
	Hapur	Balti	2313	2300	13
Andhra Pradesh	Chittur	Gold	4300	4200	100
		White	3400	3600	-200
		Black	3100	3000	100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4200	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2650	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3600	-
	Mandya	Kurikatu (Medium)	NA	3450	-
	Mandya	Other (Medium)	NA	3450	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3700	3650	50

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