

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

The sugar wholesale market prices remained steady on fifth straight day of the week due to the heavy announced quota of the current month, the market witnessed bearish trend nationwide . 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.

The Centre on Wednesday asked sugar-producing States to ensure that mills do not sell refined sugar below the prescribed minimum selling price (MSP) of Rs 31 per kg as this was against the Sugar (Price Control) order, 2018. As we know that some sugar mills are selling refined sugar below MSP, while some others have made MSP inclusive of GST, which is against the directives.

Weather Forecast for tomorrow:

Light to moderate rain and snow with one or two heavy spells might occur over Jammu and Kashmir and Himachal Pradesh. Scattered rains could be seen over Uttarakhand. Rain and thundershower activities are possible over North Punjab, North Haryana and foothills of West Uttar Pradesh, parts of Chhattisgarh, Vidarbha, Southeast Madhya Pradesh and northeastern states. Isolated rains might be witnessed over Delhi and NCR as well as over Kerala. Day temperatures are expected to increase by a couple of degrees over Delhi, Rajasthan, Gujarat and West Madhya Pradesh.

Previous Updates:

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.

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	335.2	-2.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu March 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
May-19	190321	12.74	12.74	12.45	12.5	-0.24	75,615	3,31,147	-6,240
Jul-19	190321	12.96	12.96	12.68	12.73	-0.22	39,927	2,22,727	-39
Oct-19	190321	13.3	13.3	13.04	13.09	-0.21	21,559	1,76,500	-1,377
Mar-20	190321	14.14	14.14	13.94	13.99	-0.18	8,803	1,12,829	1,898

May-20	190321	14.21	14.24	14.05	14.12	-0.15	9,179	30,891	8,664
Jul-20	190321	14.28	14.31	14.14	14.22	-0.11	288	16,710	84
Oct-20	190321	14.44	14.44	14.34	14.39	-0.07	157	20,591	9
Mar-21	190321	14.94	14.94	14.86	14.92	-0.05	42	6,341	7
Total Volume and Open Interest							1,55,570	9,20,560	3,006

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu March 21, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
May-19	190321	338	338.8	335	335.2	-2.8	8,560	42,331	1,136
Aug-19	190321	347.6	348.6	344	344.3	-4.2	6,750	29,742	724
Oct-19	190321	354.3	354.3	351.3	351.4	-3.8	1,487	14,479	373
Dec-19	190321	362	362.8	360	360.3	-3.3	528	5,642	-42
Mar-20	190321	370.8	371.8	369.1	369.4	-3	266	5,186	149
Total Volume and Open Interest							17,726	99,853	2,408

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			22-Mar-19	20-Mar-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3209	3105	104
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3050	50
	Dhampur	S-Grade Ex-Mill	3080	3030	50
	Dhampur	L-Grade Ex-Mill	3150	3100	50
Maharashtra	Mumbai	M-Grade	3280	3280	Unch
	Mumbai	S-Grade	3166	3166	Unch
	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	3420	3400	20
	Dindigul	M-Grade	3480	3520	-40
	Coimbatore	M-Grade	3540	3540	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	3600	-

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)			22-Mar-19	20-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2580	2578	3
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2340	2378	-38
	Muzaffarnagar	Laddoo (Fresh)	2600	2613	-13
	Muzaffarnagar	Rascut (Fresh)	2100	2100	Unch
	Hapur	Chaurasa	2350	2350	Unch
	Hapur	Balti	2300	2313	-13
Andhra Pradesh	Chittur	Gold	4300	4300	Unch
		White	3400	3400	Unch
		Black	3100	3100	Unch
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)	NA	NA	-
	Mahalingapura	Penti (Average)	3185	3172	13
	Mandya	Achhu (Medium)	3500	NA	-
	Mandya	Kurikatu (Medium)	3250	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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