

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 remain unchanged at Rs.3000/q whereas in Khatauli market prices were trading in range 3100 -3120 INR per quintal from last week.

The expected percentage of sugarcane crushing for sugar production to be 38.3% in Brazil's key Center-South region in the 2019-20 season, according to analysts surveyed by S&P Global Platts on Friday. The amount of sugarcane crushed in 2019-20 to total 573.5 million mt, up 0.8% year on year from Platts Analytics' estimate for the current season. The 2019-20 sugarcane season will officially start from April 1 in the Center-South, the world's largest sugarcane- and sugar-producing region.

Weather Forecast for tomorrow:

As another Western Disturbance will approach the Western Himalayas by March 25, dry weather will prevail over north and northwestern plains until then. Strong surface winds gusting 30-40 km/hr will prevail over the northwestern plains and eastern parts. Dry and slightly warm weather will prevail over these areas. Rain and thundershowers with squall and isolated moderate lightning may occur over Arunachal Pradesh, East Assam and Nagaland, while scattered over rest Northeast India. Isolated rain and thundershower may occur over Odisha. Central India will remain dry.

Previous Updates:

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.

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 Fri March 22, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-May | 190322 | 12.5 | 12.7 | 12.43 | 12.57 | 0.07 | 43,423 | 329,715 | -1,432 |
| 19-Jul | 190322 | 12.72 | 12.88 | 12.65 | 12.74 | 0.01 | 24,428 | 222,222 | -505 |
| 19-Oct | 190322 | 13.09 | 13.21 | 13 | 13.07 | -0.02 | 14,737 | 176,951 | 451 |
| 20-Mar | 190322 | 13.98 | 14.08 | 13.91 | 13.94 | -0.05 | 7,957 | 112,378 | -451 |
| 20-May | 190322 | 14.09 | 14.18 | 14.02 | 14.04 | -0.08 | 1,074 | 31,132 | 241 |
| 20-Jul | 190322 | 14.17 | 14.26 | 14.09 | 14.11 | -0.11 | 599 | 16,998 | 288 |
| 20-Oct | 190322 | 14.33 | 14.42 | 14.23 | 14.25 | -0.14 | 173 | 20,676 | 85 |
| 21-Mar | 190322 | 14.94 | 14.94 | 14.73 | 14.74 | -0.18 | 68 | 6,349 | 8 |
| Total Volume and Open Interest | | | | | | | 92,470 | 919,239 | -1,321 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Fri March 22, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-May | 190322 | 335.8 | 338.1 | 334.2 | 335.4 | 0.2 | 5,871 | 42,508 | 177 |
| 19-Aug | 190322 | 344.4 | 347.8 | 343.1 | 344.1 | -0.2 | 4,575 | 30,486 | 744 |
| 19-Oct | 190322 | 351.5 | 354.6 | 350 | 350.4 | -1 | 1,656 | 14,662 | 183 |
| 19-Dec | 190322 | 360.4 | 363.3 | 358.6 | 359 | -1.3 | 912 | 5,702 | 60 |
| 20-Mar | 190322 | 369.7 | 373 | 368.1 | 368.1 | -1.3 | 148 | 5,202 | 16 |
| Total Volume and Open Interest | | | | | | | 13,192 | 101,055 | 1,202 |

Sugar Prices at Key Spot Markets:

| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
|---------------|----------|---------|-----------------|-----------|--------|
| | | | 23-Mar-19 | 22-Mar-19 | |
| Delhi | Delhi | M-Grade | 3100 | 3100 | Unch |
| | Delhi | S-Grade | 3080 | 3080 | Unch |
| Uttar Pradesh | Khatauli | M-Grade | 3115 | 3209 | -94 |

| | | | | | |
|---|------------|------------------------|------|------|------|
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3100 | 3100 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3080 | 3080 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3150 | 3150 | Unch |
| 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 | 3460 | 3460 | Unch |
| | Dindigul | M-Grade | 3480 | 3480 | Unch |
| | Coimbatore | M-Grade | 3540 | 3540 | Unch |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | NR | NR | - |
| Sugar Prices are in INR/Quintal. (1 Quintal=100 kg) | | | | | |

Jaggery (Gur) Prices at Key Spot Markets:

| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|---------------|--------------------------|-----------------|-----------|--------|
| | | | 23-Mar-19 | 22-Mar-19 | |
| Jaggery(Gur) | | | | | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2575 | 2580 | -5 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 4000 | 6000 | -2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2375 | 2340 | 35 |
| | Muzaffarnagar | Laddoo (Fresh) | 2588 | 2600 | -13 |
| | Muzaffarnagar | Rascut (Fresh) | 2113 | 2100 | 13 |
| | Hapur | Chaurasa | 2405 | 2350 | 55 |
| | Hapur | Balti | 2325 | 2300 | 25 |
| 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) | NA | 4200 | - |

| | | | | |
|--------------------|-------------------|------|------|---|
| Belgaum | Mudde (Average) | NA | NA | - |
| Belthangadi | Yellow (Average) | NA | NA | - |
| Bijapur/Vijayapura | Achhu | NA | NA | - |
| Gulbarga/Kalaburgi | Other (Average) | 2680 | NA | - |
| Mahalingapura | Penti (Average) | NA | 3185 | - |
| Mandya | Achhu (Medium) | NA | 3500 | - |
| Mandya | Kurikatu (Medium) | NA | 3250 | - |
| Mandya | Other (Medium) | NA | NA | - |
| Mandya | Yellow (Medium) | NA | NA | - |
| Shimoga/Shivamogga | Achhu (Average) | NA | NA | - |

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