

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

***The sugar wholesale market prices remained steady on Monday 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 at 3130 INR per quintal from last week.***

***Pakistan bagged an opportunity by winning a 300,000-tonne sugar export quota from China taking a lead over India, according to traders. For which India has been waiting since long to bag the export quota from China. Indian traders have contracted 2.2 million tonnes of sugar for exports as of March 7, according to industry officials. Maharashtra has exported about 800,000 tonnes of sugar, including third-party exports. Uttar Pradesh has exported 300,000 tonnes and Karnataka too exported 300,000 tonnes.***

**Weather Forecast for tomorrow:**

***The Western Disturbance as an upper air trough lies over Jammu and Kashmir and adjoining region. Its induced upper air cyclonic circulation lies over Southwest Rajasthan. Another cyclonic circulation persists over Central Assam in the lower level. A cyclonic circulation is also seen over parts of North Interior Karnataka. A trough is extending from Telangana to Kerala across the above cyclonic circulation and interior parts of Karnataka.***

**Previous Updates:**

***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.***

***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.*

*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 last 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 Icmsa	335.4	0.2

## 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)									
<a href="#">19-May</a>	190322	12.5	12.7	12.43	12.57	0.07	43,423	329,715	-1,432
<a href="#">19-Jul</a>	190322	12.72	12.88	12.65	12.74	0.01	24,428	222,222	-505
<a href="#">19-Oct</a>	190322	13.09	13.21	13	13.07	-0.02	14,737	176,951	451
<a href="#">20-Mar</a>	190322	13.98	14.08	13.91	13.94	-0.05	7,957	112,378	-451
<a href="#">20-May</a>	190322	14.09	14.18	14.02	14.04	-0.08	1,074	31,132	241
<a href="#">20-Jul</a>	190322	14.17	14.26	14.09	14.11	-0.11	599	16,998	288
<a href="#">20-Oct</a>	190322	14.33	14.42	14.23	14.25	-0.14	173	20,676	85
<a href="#">21-Mar</a>	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)									
<a href="#">19-May</a>	190322	335.8	338.1	334.2	335.4	0.2	5,871	42,508	177
<a href="#">19-Aug</a>	190322	344.4	347.8	343.1	344.1	-0.2	4,575	30,486	744
<a href="#">19-Oct</a>	190322	351.5	354.6	350	350.4	-1	1,656	14,662	183
<a href="#">19-Dec</a>	190322	360.4	363.3	358.6	359	-1.3	912	5,702	60
<a href="#">20-Mar</a>	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
Sugar			25-Mar-19	23-Mar-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3130	3115	15
	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	3170	3166	4
	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	3400	3470	-70
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)	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)			25-Mar-19	23-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2578	2575	3
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	4000	4000
	Muzaffarnagar	Khurpa (Fresh)	2400	2375	25
	Muzaffarnagar	Laddoo (Fresh)	2630	2588	43
	Muzaffarnagar	Rascut (Fresh)	2150	2113	38
	Hapur	Chaurasa	Closed	2405	-

	Hapur	Balti	Closed	2325	-
Andhra Pradesh	Chittur	Gold	4300	4300	Unch
		White	3800	3400	400
		Black	3000	3100	-100
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	2680	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3500	NA	-
	Mandya	Kurikatu (Medium)	3250	NA	-
	Mandya	Other (Medium)	3250	NA	-
	Mandya	Yellow (Medium)	3500	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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