

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

The mixed trend has been seen in the sugar wholesale market prices on Wednesday. Although the announcement for the month of April is lesser by 26.53% compared to last month, the market witnessed an upward trend nationwide in the coming days. Mills are disparate to sell sugar stocks. In Kolhapur, sugar market prices remained below MSP at Rs.3000/q whereas in Khatauli market prices were trading at 3160 INR per quintal from last week.

Only 27 mills were operating in the center-south region in the first half of March, compared with 50 mills at this time last year according to Unica said on Tuesday. Center-south mills crushed 1.59 million tonnes of cane in the first half of March, 53 percent less than in the same period a year earlier. Due to dry spell in December and January, followed by ample March rains which delayed crushing in mills. Sugar production was marginal at 9,000 tonnes (80 percent less than previous year). Ethanol production was 142 million liters (23 percent less).

Weather Forecast for tomorrow:

Heat wave conditions are likely to prevail at isolated pockets over coastal areas of Gujarat during next 48 hours and over Madhya Pradesh and south Uttar Pradesh on 27th and 28th March. No significant change in maximum temperatures is likely over south Peninsula and adjoining central India during next 2-3 days. They are likely to rise gradually by 3-4°C over northwest India during next 3 days.

Previous Updates:

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.

According to data compiled by the Cane Commissioner's Office in Lucknow, as on March 22, the state's sugar mills have bought cane worth Rs 24,888.65 crore during the current 2018-19 crushing season (October-September) at the state government's fixed ("advised") price of Rs.315 per quintal for normal and Rs.325 per quintal for early-maturing varieties. They were to pay Rs.22,175.21 crore within the stipulated 14-day period of taking cane delivery. But the actual payments have been only Rs.12,339.04 crore, translating into arrears of Rs.9,836.17 crore. Adding the dues of Rs.238.81 crore from the previous 2017-18 season takes the total to Rs.10,074.98 crore. Of the Rs 10,074.98 crore, as much as Rs.4,547.97 crore, or over 45 per cent, is due from mills in just six constituencies: Meerut, Baghpat, Kairana, Muzaffarnagar, Bijnor and Saharanpur.

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.

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 3200 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	331.6	-0.90

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue March 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190326	12.52	12.64	12.4	12.59	0.11	60,225	318,735	-7,000
19-Jul	190326	12.65	12.8	12.57	12.74	0.09	28,020	227,474	1,359
19-Oct	190326	13	13.13	12.92	13.06	0.06	14,566	181,372	2,316
20-Mar	190326	13.86	13.94	13.79	13.88	0.02	6,277	112,340	-103
20-May	190326	13.99	14.04	13.91	14	0.03	3,154	31,163	-20
20-Jul	190326	14.07	14.12	13.99	14.09	0.05	2,686	18,496	1,042
20-Oct	190326	14.15	14.3	14.15	14.27	0.08	1,252	21,030	343
21-Mar	190326	14.69	14.8	14.68	14.8	0.12	349	6,406	77
Total Volume and Open Interest							116,541	919,834	-1,982

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue March 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190326	332.8	332.8	330	331.6	-0.9	6,147	40,582	-2,188
19-Aug	190326	341.7	342.7	338.9	341.2	unch	3,971	32,270	1,259
19-Oct	190326	347.5	349.4	345.4	348	0.8	596	14,690	-21
19-Dec	190326	356.7	358.5	355	357.1	0.7	189	5,733	31
20-Mar	190326	367.2	367.2	365.9	366.6	0.6	96	5,336	54
Total Volume and Open Interest							11,013	101,176	-852

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			27-Mar-19	26-Mar-19	
Delhi	Delhi	M-Grade	3100	3120	-20
	Delhi	S-Grade	3080	3100	-20
Uttar Pradesh	Khatauli	M-Grade	3160	3170	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3330	3310	20
	Mumbai	S-Grade	3200	3186	14
	Nagpur	M-Grade	3125	3145	-20
	Nagpur	S-Grade	3075	3095	-20
	Kolhapur	M-Grade	3000	3020	-20
	Kolhapur	S-Grade	2950	2970	-20
Assam	Guhawati	S-Grade	3258	3278	-20
Meghalaya	Shillong	S-Grade	3270	3290	-20

Andhra Pradesh	Vijayawada	M-Grade	3460	3420	40
	Vijayawada	S-Grade	3400	3360	40
West Bengal	Kolkata	M-Grade	3420	3400	20
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3480	3480	Unch
	Coimbatore	M-Grade	3520	3540	-20
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
			27-Mar-19	26-Mar-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2778	2750	28
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2463	2443	20
	Muzaffarnagar	Laddoo (Fresh)	2713	2670	43
	Muzaffarnagar	Rascut (Fresh)	2175	2163	13
	Hapur	Chaurasa	2500	2500	Unch
	Hapur	Balti	2475	2475	Unch
Andhra Pradesh	Chittur	Gold	4000	4200	-200
		White	3500	3700	-200
		Black	2900	2900	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	3000	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3550	3550	Unch
	Mandya	Kurikatu (Medium)	3150	3250	-100
	Mandya	Other (Medium)	3200	3400	-200
	Mandya	Yellow (Medium)	3200	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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