

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

The mixed trend has been seen in the sugar wholesale market prices on Thursday. Although the announcement for the month of April is lesser by 26.53% compared to last month, the market witnessed an upward trend nationwide. 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 3140 INR per quintal from last week.

Weather Forecast for tomorrow:

Day maximum temperatures are likely to rise by 2-3°C over Northwest & East India during next 3 days. The prevailing maximum temperatures between 38°C to 40°C are likely to continue over some parts of Maharashtra and at isolated pockets over peninsular India during next 3 days. No heat wave conditions are likely over the country during next 3 days.

Previous Updates:

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).

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 | 330.1 | -1.5 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Wed March 27, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-May | 190327 | 12.59 | 12.73 | 12.49 | 12.58 | -0.01 | 63,779 | 315,872 | -2,863 |
| 19-Jul | 190327 | 12.7 | 12.85 | 12.63 | 12.69 | -0.05 | 41,879 | 229,909 | 2,435 |
| 19-Oct | 190327 | 13.08 | 13.16 | 12.93 | 12.99 | -0.07 | 22,932 | 185,891 | 4,519 |
| 20-Mar | 190327 | 13.85 | 13.98 | 13.76 | 13.81 | -0.07 | 6,648 | 111,638 | -702 |
| 20-May | 190327 | 13.99 | 14.08 | 13.85 | 13.9 | -0.1 | 1,235 | 31,366 | 203 |
| 20-Jul | 190327 | 14.06 | 14.14 | 13.92 | 13.96 | -0.13 | 232 | 18,456 | -40 |
| 20-Oct | 190327 | 14.28 | 14.29 | 14.08 | 14.11 | -0.16 | 152 | 21,038 | 8 |
| 21-Mar | 190327 | 14.81 | 14.81 | 14.61 | 14.66 | -0.14 | 23 | 6,403 | -3 |
| Total Volume and Open Interest | | | | | | | 136,880 | 923,391 | 3,557 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Wed March 27, 2019 | | | | | | | | | |
|--|--------|------|------|------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Coffee(LCE) | | | | | | | | | |
| 19-Mar | 190325 | 1480 | 1480 | 1480 | 1480 | unch | 3 | 44 | -56 |
| 19-May | 190327 | 1507 | 1524 | 1499 | 1504 | -6 | 4,838 | 56,595 | -65 |
| 19-Jul | 190327 | 1509 | 1520 | 1497 | 1503 | -9 | 3,799 | 36,798 | -49 |
| 19-Sep | 190327 | 1519 | 1530 | 1508 | 1514 | -11 | 1,736 | 16,164 | -260 |
| 19-Nov | 190327 | 1534 | 1545 | 1527 | 1529 | -12 | 428 | 5,640 | 84 |
| Total Volume and Open Interest | | | | | | | 11,394 | 122,140 | -232 |

Sugar Prices at Key Spot Markets:

| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|------------|-----------------|-----------------|-----------|--------|
| Sugar | | | 28-Mar-19 | 27-Mar-19 | |
| Delhi | Delhi | M-Grade | 3170 | 3100 | 70 |
| | Delhi | S-Grade | 3150 | 3080 | 70 |
| Uttar Pradesh | Khatauli | M-Grade | 3140 | 3160 | -20 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3125 | 3150 | -25 |
| | Dhampur | S-Grade Ex-Mill | 3105 | 3130 | -25 |
| | Dhampur | L-Grade Ex-Mill | 3175 | 3200 | -25 |
| Maharashtra | Mumbai | M-Grade | 3320 | 3330 | -10 |
| | Mumbai | S-Grade | 3206 | 3200 | 6 |
| | 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 | 3480 | 3460 | 20 |
| | Vijayawada | S-Grade | 3420 | 3400 | 20 |
| West Bengal | Kolkata | M-Grade | 3420 | 3420 | Unch |

| | | | | | |
|---|------------|------------------------|------|------|------|
| Tamil Nadu | Chennai | S-Grade | 3460 | 3460 | Unch |
| | Dindigul | M-Grade | 3480 | 3480 | Unch |
| | Coimbatore | M-Grade | 3520 | 3520 | 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) | | | 28-Mar-19 | 27-Mar-19 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2778 | 2778 | Unch |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 5000 | 7000 | -2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2450 | 2463 | -13 |
| | Muzaffarnagar | Laddoo (Fresh) | 2725 | 2713 | 13 |
| | Muzaffarnagar | Rascut (Fresh) | 2250 | 2175 | 75 |
| | Hapur | Chaurasa | 2450 | 2500 | -50 |
| | Hapur | Balti | 2450 | 2475 | -25 |
| Andhra Pradesh | Chittur | Gold | 4000 | 4000 | Unch |
| | | White | 3700 | 3500 | 200 |
| | | Black | 3200 | 2900 | 300 |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | 4200 | 4200 | Unch |
| | Belgaum | Mudde (Average) | 2800 | 2800 | Unch |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur/Vijayapura | Achhu | NA | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3103 | 3011 | 92 |
| | Mandya | Achhu (Medium) | 3550 | 3550 | Unch |
| | Mandya | Kurikatu (Medium) | 3250 | 3150 | 100 |
| | Mandya | Other (Medium) | 3400 | 3200 | 200 |
| | Mandya | Yellow (Medium) | 3500 | 3200 | 300 |
| | Shimoga/Shivamogga | Achhu (Average) | NA | NA | - |

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