

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

The steady trend has been seen in the sugar wholesale market prices on Monday. Mills are warned by the government to sell sugar not below MSP in all sugar producing states. In contrast, Kolhapur sugar market prices remained below MSP at Rs.3050/q whereas in Khatauli market price is trading at 3175 INR per quintal up by 35 INR from previous day..

Weather Forecast for tomorrow:

Heat wave to severe heat wave conditions are very likely in some parts of Madhya Pradesh and Marathwada during next 2-3 days. Heat wave conditions are also likely to prevail in some parts/at isolated pockets over Rajasthan, Gujarat, remaining parts of interior Maharashtra, Chhattisgarh, Uttar Pradesh and southern parts of Haryana upto 4th April, and over Rayalaseema, south Coastal Andhra Pradesh and Tamilnadu during next 2 days.

Previous Updates:

ICRA the rating agency released their revised prediction for total sugar production for 2019-20 at 30.7 million tonnes from its earlier estimate of 31.5 mt due to a decline in Uttar Pradesh, the largest growing state. Also the production may be further hit due to the diversion of 'B' heavy molasses and sugarcane juice away from sugar into ethanol.

114 mills in India are expanding their ethanol capacities, which in the next 24 months will add 90-crore litres of capacity. In 2018-19, Brazil converted 65 per cent of its cane into ethanol directly. This helped it to keep sugar production at the required level and also reduce significantly its oil import bill at a time when crude oil prices rose sharply.

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.

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.

Weekly Outlook:

Indian Sugar markets remained weak 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 which contribute 55% of sugar. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 3050-Rs 3150 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	324.8	-1.8

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu March 29, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190329	12.55	12.65	12.49	12.53	unch	81,598	318,051	-622
19-Jul	190329	12.62	12.75	12.61	12.65	0.02	55,605	220,859	-6,018
19-Oct	190329	12.96	13.03	12.91	12.95	0.03	19,253	186,986	-517
20-Mar	190329	13.8	13.88	13.75	13.8	0.03	8,439	111,376	-1,279
20-May	190329	13.88	13.96	13.85	13.9	0.05	3,947	29,923	-1,384
20-Jul	190329	13.91	14.02	13.91	13.97	0.06	2,780	18,619	42
20-Oct	190329	14.15	14.15	14.09	14.12	0.07	2,023	21,873	780
21-Mar	190329	14.64	14.68	14.64	14.68	0.08	799	6,789	414
Total Volume and Open Interest							175,378	918,255	-7,949

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu March 29, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190329	326.6	328.7	323.6	324.8	-1.8	8,409	35,494	-1,450
19-Aug	190329	336.5	338.6	334	335.1	-1.6	7,128	34,869	964
19-Oct	190329	344.7	346.2	342.5	343.5	-1.1	1,459	15,892	339
19-Dec	190329	354.6	356.6	353.3	354.2	-0.2	326	5,873	2
20-Mar	190329	365.5	366.3	363.6	363.8	-0.2	245	5,564	78
Total Volume and Open Interest							17,575	100,264	-63

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/QtI)		Change
			1-Apr-19	30-Mar-19	
Sugar					
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3175	3140	35
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3140	3125	15
	Dhampur	S-Grade Ex-Mill	3120	3105	15
	Dhampur	L-Grade Ex-Mill	3190	3175	15
Maharashtra	Mumbai	M-Grade	3330	3322	8
	Mumbai	S-Grade	3210	3210	Unch
	Nagpur	M-Grade	3175	3175	Unch
	Nagpur	S-Grade	3125	3075	50
	Kolhapur	M-Grade	3050	3050	Unch
	Kolhapur	S-Grade	3000	2950	50
Assam	Guhawati	S-Grade	3309	3258	51
Meghalaya	Shillong	S-Grade	3320	3270	50
Andhra Pradesh	Vijayawada	M-Grade	3480	3480	Unch
	Vijayawada	S-Grade	3420	3420	Unch
West Bengal	Kolkata	M-Grade	3400	3430	-30
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)	3400	3600	-200
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)			1-Apr-19	30-Mar-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2863	2800	63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2553	2508	45
	Muzaffarnagar	Laddoo (Fresh)	2820	2750	70
	Muzaffarnagar	Rascut (Fresh)	2263	2250	13
	Hapur	Chaurasa	Closed	2450	-
	Hapur	Balti	Closed	2438	-
Andhra Pradesh	Chittur	Gold	4200	4300	-100
		White	3700	3700	Unch
		Black	3000	3300	-300
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	3000	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3130	NA	-
	Mandya	Achhu (Medium)	3670	3600	70
	Mandya	Kurikatu (Medium)	NA	3300	-
	Mandya	Other (Medium)	NA	3300	-
	Mandya	Yellow (Medium)	NA	3600	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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