

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

The firm trend has been seen in the sugar wholesale market prices on Wednesday. Mills are warned by the government to sell sugar not below MSP in all sugar producing states. The sudden rise in temperature and improved bulk and retail demand from cold drinks and juice makers lifted sugar prices by Rs.10-30 at major markets. In contrast, Kolhapur sugar mill price remained at MSP at Rs.3100/q whereas in Khatauli market price is trading at 3200 INR per quintal.

Sugar output in Maharashtra, India's second-largest sugar producing region, rose +3.7% y/y to 10.5 MMT during Oct 1-Apr 1 data released by India's Sugar Factories Federation Ltd.

India has so far this season shipped out around 1.5 million tonnes of sugar and contracts have been signed for 2.2 million tonnes. The sugar industry, however, expects to export 3-3.5 million tonnes of the sweetener in 2018-19 (Oct-Sept) against Government's target of 5 million tonnes of exports this season which seems unlikely due to the disparity between international and local prices. Sluggish exports from India is also a discouragement for sugar prices.

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:

Brazil exported 1.133 mln tonnes of sugar, raw value, in March 2019, down from 1.214 mln in February and the lowest level for the month of March since 2012 compared with 1.802 mln tonnes of sugar exported in March 2018.

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.

Weekly Outlook:

Indian Sugar markets remained weak during last week compared to first two days of this 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 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	331.1	1.00

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue April 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190402	12.66	12.77	12.57	12.66	-0.01	44,694	317,146	-3,456
19-Jul	190402	12.77	12.89	12.72	12.8	0.02	26,513	216,770	-586
19-Oct	190402	13.08	13.18	13.03	13.11	0.03	11,887	181,206	-267
20-Mar	190402	13.94	14.02	13.86	13.95	0.01	4,673	108,338	1,304
20-May	190402	14.05	14.12	13.97	14.06	unch	1,424	29,606	-111
20-Jul	190402	14.14	14.2	14.04	14.15	unch	731	19,572	-11
20-Oct	190402	14.3	14.35	14.2	14.31	unch	295	23,569	42
21-Mar	190402	14.85	14.91	14.8	14.87	unch	11	6,856	-1
Total Volume and Open Interest							90,253	906,980	-3,071

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue April 02, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190402	329.4	332.9	327.9	331.1	1	10,448	33,134	-1,568
19-Aug	190402	338.7	340.5	337.2	339.2	0.1	8,092	35,810	112
19-Oct	190402	345.7	347.4	344.8	346.4	-0.3	1,457	16,241	16
19-Dec	190402	357	358.3	355.7	357.1	-0.9	1,060	6,644	483
20-Mar	190402	366	368.4	365.6	367	-0.8	214	5,724	99
Total Volume and Open Interest							21,322	100,134	-855

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Apr-19	2-Apr-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3200	3205	-5
	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	3330	3330	Unch
	Mumbai	S-Grade	3216	3202	14
	Nagpur	M-Grade	3225	3175	50
	Nagpur	S-Grade	3175	3125	50
	Kolhapur	M-Grade	3100	3050	50
	Kolhapur	S-Grade	3050	3000	50
Assam	Guhawati	S-Grade	3360	3309	51
Meghalaya	Shillong	S-Grade	3370	3320	50
Andhra Pradesh	Vijayawada	M-Grade	3540	3500	40
	Vijayawada	S-Grade	3480	3440	40
West Bengal	Kolkata	M-Grade	3400	3400	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)	3400	3400	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)			3-Apr-19	2-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2928	2890	38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2628	2563	65
	Muzaffarnagar	Laddoo (Fresh)	2978	2920	58
	Muzaffarnagar	Rascut (Fresh)	2350	2303	48
	Hapur	Chaurasa	2500	2500	Unch
	Hapur	Balti	2475	2475	Unch
Andhra Pradesh	Chittur	Gold	400	4000	-3600
		White	3600	3700	-100
		Black	3200	3200	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	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3650	-
	Mandya	Kurikatu (Medium)	NA	3300	-
	Mandya	Other (Medium)	NA	3300	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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