

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

The firm trend has been seen in the sugar wholesale market prices on Thursday. 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 3220 INR per quintal.

India has a 55% chance of a below-normal monsoon, 30% probability of normal showers and a 15% chance of a drought. The Pacific Ocean has become strongly warmer than average. The model projections call for an 80% chance of El Nino during March-May, dropping to 60% for June to August.

Weather Forecast for tomorrow:

Heat wave conditions are very likely to prevail in some parts of Rajasthan and in isolated pockets over south Haryana and Madhya Pradesh during next 2 days and in isolated pockets over Gujarat state and Vidarbha today. Parts of northwest India (north Rajasthan, Punjab and Haryana, Chandigarh & Delhi) is likely to experience isolated thunderstorms/dust storms and gusty winds during the afternoon/evening hours of 5th & 6th April. Isolated thundersqualls (wind speed reaching 60-70 kmph) are likely to occur over Bihar and West Bengal & Sikkim on 5th & 6th April and over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura on 6th & 7th April.

Previous Updates:

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.*

***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.

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	327.2	-3.9

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed April 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190403	12.65	12.69	12.38	12.42	-0.24	76,511	312,902	-4,244
19-Jul	190403	12.8	12.84	12.53	12.55	-0.25	36,998	218,164	1,394
19-Oct	190403	13.11	13.15	12.85	12.86	-0.25	16,493	181,706	500
20-Mar	190403	13.94	13.98	13.72	13.73	-0.22	6,782	109,920	1,582
20-May	190403	14.06	14.06	13.83	13.85	-0.21	2,135	29,725	119
20-Jul	190403	14.14	14.14	13.95	13.95	-0.2	1,028	19,680	108
20-Oct	190403	14.31	14.31	14.13	14.13	-0.18	668	23,681	112
21-Mar	190403	14.87	14.87	14.68	14.68	-0.19	71	6,908	52
Total Volume and Open Interest							140,846	906,726	-254

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed April 03, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190403	331.1	333.5	326.6	327.2	-3.9	12,557	30,060	-3,074
19-Aug	190403	339	339.9	334.9	335.8	-3.4	8,673	36,897	1,087
19-Oct	190403	346.3	346.7	341.7	342.7	-3.7	3,158	17,239	998
19-Dec	190403	356.3	357.2	352.2	353.1	-4	1,742	7,359	715
20-Mar	190403	366.3	367	362	362.8	-4.2	481	5,978	254
Total Volume and Open Interest							26,757	100,164	30

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Apr-19	3-Apr-19	
Delhi	Delhi	M-Grade	3100	3100	Unch
	Delhi	S-Grade	3080	3080	Unch
Uttar Pradesh	Khatauli	M-Grade	3220	3200	20
	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	3216	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3150	3175	-25
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3025	3050	-25
Assam	Guhawati	S-Grade	3334	3360	-25
Meghalaya	Shillong	S-Grade	3345	3370	-25
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3480	3480	Unch
West Bengal	Kolkata	M-Grade	3420	3400	20
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch

	Dindigul	M-Grade	3510	3480	30
	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)			4-Apr-19	3-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2975	2928	48
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	6000	1000
	Muzaffarnagar	Khurpa (Fresh)	2665	2628	38
	Muzaffarnagar	Laddoo (Fresh)	2925	2978	-53
	Muzaffarnagar	Rascut (Fresh)	2350	2350	Unch
	Hapur	Chaurasa	2463	2500	-38
	Hapur	Balti	2425	2475	-50
Andhra Pradesh	Chittur	Gold	4000	4000	Unch
		White	3600	3600	Unch
		Black	3200	3200	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	NA	2800	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2740	-
	Mahalingapura	Penti (Average)	NA	3111	-
	Mandya	Achhu (Medium)	3600	3600	Unch
	Mandya	Kurikatu (Medium)	3300	3300	Unch
	Mandya	Other (Medium)	3350	3350	Unch
	Mandya	Yellow (Medium)	3500	3500	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2019 Indian Agribusiness Systems Ltd.

