

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

The mixed trend has been observed at major sugar markets on Tuesday. 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 below MSP Rs.3050/q whereas in Khatauli market price is also trading at the same price 3250 INR per quintal up by 20INR from previous day.

Maharashtra's sugar output is likely to touch 10.7 mln tonnes from 10.5 mln tonnes in March in the current 2018/19 season, with 63 sugar mills in the state continuing to crush cane, according to local press reports.

Ethanol blending with petrol is estimated to touch 7.2 per cent in 2018-19 marketing year as record 237 million litre of supplies have been contracted which was 4.22 per cent in 2017-18 marketing year (December to November) with supply of 150 crore litres according to ISMA.

Weather Forecast for tomorrow:

An approaching western disturbance is likely to cause scattered to fairly widespread rain/thundershowers with isolated thunderstorms/hailstorms and gusty winds over Jammu & Kashmir, Himachal Pradesh and Uttarakhand during 10-12 April. Isolated dust storm/thunderstorm (gusty winds, speed reaching 40-50 kmph) are also likely over Punjab, south Haryana, Delhi and Rajasthan during the same period and over Uttar Pradesh during 11-13 April. Heat wave conditions are likely to continue over West Rajasthan (in some parts) and at isolated pockets over East Rajasthan and West Madhya Pradesh during next 2-3 days.

Previous Updates:

The payments ratio logged a massive dip to about 57% in the current sugarcane season 2018-19. According to the latest data, Sugarcane payments notched up to more than 71% at the end of March 2018. The current outstanding close to Rs.12,700 crore and the payments ratio is at 52%.

Ethanol manufacturers have successfully supplied 75 crore litres in the first four months of the contracted supply period started from 1st December, 2018 and will continue till November, 2019. This year the average blending hiked 8% in 10 states and more than 9% in Maharashtra, Uttar Pradesh and Uttarakhand this year.

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.

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.

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 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 | 326.2 | -4.1 |

International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Mon April 08, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|---------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 19-May | 190408 | 12.72 | 12.76 | 12.49 | 12.57 | -0.19 | 101,168 | 291,488 | -12,639 |
| 19-Jul | 190408 | 12.87 | 12.87 | 12.62 | 12.68 | -0.19 | 63,706 | 253,117 | 17,485 |
| 19-Oct | 190408 | 13.2 | 13.2 | 12.94 | 12.98 | -0.2 | 21,259 | 179,701 | -1,268 |
| 20-Mar | 190408 | 14.05 | 14.05 | 13.82 | 13.87 | -0.19 | 6,490 | 113,122 | 1,533 |
| 20-May | 190408 | 14.13 | 14.14 | 13.94 | 13.98 | -0.19 | 1,818 | 29,284 | 209 |
| 20-Jul | 190408 | 14.22 | 14.22 | 14.05 | 14.08 | -0.17 | 1,384 | 20,273 | 466 |
| 20-Oct | 190408 | 14.37 | 14.37 | 14.21 | 14.25 | -0.15 | 868 | 24,281 | 485 |
| 21-Mar | 190408 | 14.78 | 14.8 | 14.78 | 14.8 | -0.15 | 347 | 6,963 | 65 |
| Total Volume and Open Interest | | | | | | | 197,050 | 922,287 | 6,334 |

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Mon April 08, 2019 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 19-May | 190408 | 330.1 | 330.4 | 325.5 | 326.2 | -4.1 | 7,390 | 21,393 | -2,916 |
| 19-Aug | 190408 | 339 | 339.6 | 335 | 336.1 | -3.3 | 6,570 | 41,966 | 949 |
| 19-Oct | 190408 | 345.9 | 347.4 | 342.5 | 343.4 | -3.5 | 968 | 18,378 | 207 |
| 19-Dec | 190408 | 357.1 | 358.4 | 353.3 | 353.6 | -4.3 | 657 | 8,641 | 328 |
| 20-Mar | 190408 | 367.6 | 368.6 | 363.8 | 363.8 | -4.5 | 96 | 6,341 | -8 |
| Total Volume and Open Interest | | | | | | | 15,713 | 99,381 | -1,420 |

Sugar Prices at Key Spot Markets:

| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
|----------------|------------|-----------------|-----------------|----------|--------|
| | | | 9-Apr-19 | 8-Apr-19 | |
| Sugar | | | | | |
| | | | | | |
| Delhi | Delhi | M-Grade | 3100 | 3120 | -20 |
| | Delhi | S-Grade | 3080 | 3100 | -20 |
| Uttar Pradesh | Khatauli | M-Grade | 3250 | 3230 | 20 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3050 | 3050 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3030 | 3030 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3100 | 3100 | Unch |
| Maharashtra | Mumbai | M-Grade | 3330 | 3330 | Unch |
| | Mumbai | S-Grade | 3216 | 3210 | 6 |
| | Nagpur | M-Grade | 3175 | 3225 | -50 |
| | Nagpur | S-Grade | 3125 | 3175 | -50 |
| | Kolhapur | M-Grade | 3050 | 3100 | -50 |
| | Kolhapur | S-Grade | 3000 | 3050 | -50 |
| Assam | Guhawati | S-Grade | 3309 | 3360 | -51 |
| Meghalaya | Shillong | S-Grade | 3320 | 3370 | -50 |
| Andhra Pradesh | Vijayawada | M-Grade | 3540 | 3540 | Unch |
| | Vijayawada | S-Grade | 3480 | 3480 | Unch |
| West Bengal | Kolkata | M-Grade | 3500 | 3500 | Unch |
| Tamil Nadu | Chennai | S-Grade | 3460 | 3460 | Unch |
| | Dindigul | M-Grade | 3510 | 3510 | 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) | | | 9-Apr-19 | 8-Apr-19 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2903 | 2938 | -35 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 12000 | -2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2553 | 2600 | -48 |
| | Muzaffarnagar | Laddoo (Fresh) | 2888 | 2938 | -50 |
| | Muzaffarnagar | Rascut (Fresh) | 2263 | 2275 | -13 |
| | Hapur | Chaurasa | 2350 | Closed | - |
| | Hapur | Balti | 2350 | Closed | - |
| Andhra Pradesh | Chittur | Gold | 4000 | 4000 | Unch |
| | | White | 3600 | 3600 | Unch |
| | | Black | 3100 | 3100 | 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 | 3100 | 3100 | Unch |
| | Gulbarga/Kalaburgi | Other (Average) | 2950 | 3150 | -200 |
| | Mahalingapura | Penti (Average) | 3181 | 2966 | 215 |
| | Mandya | Achhu (Medium) | 3600 | 3600 | Unch |
| | Mandya | Kurikatu (Medium) | 3200 | 3300 | -100 |
| | Mandya | Other (Medium) | 2950 | 3000 | -50 |
| | Mandya | Yellow (Medium) | 3000 | 3500 | -500 |
| | Shimoga/Shivamogga | Achhu (Average) | NA | NA | - |

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