

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

*The major sugar markets prices observed weak on Monday. The prices are likely to remain bullish in coming days unless government rises the minimum support price and creates export opportunities to relieve the sugar millers from clearing increasing 2 years building arrears to be paid to cane farmers. 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 for some days in last week. In contrast, Kolhapur sugar mill price remained below MSP Rs.3050/q whereas in U.P's Khatauli market traded at Rs.3220/q.*

*Further in international market, ICE futures also seen weaker as weak crude oil prices are undercutting sugar prices since weaker crude oil prices are negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies.*

**Weather Forecast for tomorrow:**

*Rain and thundershowers with strong winds will occur over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Dust storm and thundershowers with squally winds will be occurring over many places of Punjab, Haryana, Delhi, West Uttar Pradesh, Gujarat, Madhya Pradesh and Maharashtra. Spell of light to moderate rains is expected over Sikkim and northeastern states except Tripura and Manipur. Rain and thundershowers will occur over scattered places in Coastal Karnataka and Kerala. Chhattisgarh, Odisha, Telangana and North Andhra Pradesh will also witness isolated rains.*

**Previous Updates:**

*Indian mills get contracts to export 2.7 mt sugar and another 4.3 lakh tonnes are in the export pipeline. Mills have already shipped out 1.7 million tonnes till April 6th as against 5 lakh tonnes shipped in the entire 2017-18 of the sweetener to the top destinations are Bangladesh, Sri Lanka, Somalia, Iran and Sudan.*

*Sugar prices moved lower Thursday with Aug London sugar falling to a 1-1/2 week low. Weakness in crude oil prices on Thursday undercut sugar prices. Lower crude oil prices are negative for sugar since the lower crude oil prices are negative for ethanol prices and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies. Weakness in the Brazilian real against the dollar Thursday is another negative for sugar prices since the weaker real encourages export selling by Brazil's sugar producers.*

*Brazil's center-south region produced 26.500 million tonnes of sugar in the 2018/2019 crop, down from 36.060 million tonnes in the previous harvest. Mills in the main cane belt in Brazil crushed 573.070 million tonnes of cane against 596.330 million tonnes and directed more of their production to ethanol instead of sugar according to UNICA.*

*USDA lowers 2018-19 sugar supply forecast to 13.93 mln tonnes, down about 43,000 tonnes from March and down by 3.6% from 14.44 mln tonnes last year.*

**573.07 MMT of cane crushed, down 3.9% from the 596.33MMT crushed during 2017-18 reported by UNICA.** Total sugar production of 26.5MMT during this season fell by 26.5% from a year ago in Centre-South Brazil as the sugar season came to a close on March 31.

**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.

**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 1<sup>st</sup> 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.

**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).

## 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	329.6	6.6

## International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri April 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">19-May</a>	190412	12.67	12.77	12.61	12.77	0.11	117,571	193,497	-36,760
<a href="#">19-Jul</a>	190412	12.86	12.93	12.75	12.92	0.1	119,926	322,691	23,289
<a href="#">19-Oct</a>	190412	13.15	13.24	13.07	13.23	0.1	37,194	180,115	-2,601
<a href="#">20-Mar</a>	190412	13.99	14.09	13.93	14.08	0.09	9,601	118,967	2,356
<a href="#">20-May</a>	190412	14.14	14.19	14.07	14.18	0.06	2,878	29,860	229
<a href="#">20-Jul</a>	190412	14.22	14.28	14.18	14.27	0.04	1,154	21,199	235
<a href="#">20-Oct</a>	190412	14.4	14.45	14.35	14.43	0.02	558	25,020	124
<a href="#">21-Mar</a>	190412	15	15	14.99	14.99	0.03	60	6,952	1
Total Volume and Open Interest							288,972	902,360	-13,126

## International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri April 12, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">19-May</a>	190412	322.8	330.2	322.8	329.6	6.6	8,631	8,497	-3,584
<a href="#">19-Aug</a>	190412	335.1	337.9	333.7	337.3	3.4	8,760	49,223	1,691
<a href="#">19-Oct</a>	190412	343.5	345.4	341.7	344.9	2.3	2,483	18,828	299
<a href="#">19-Dec</a>	190412	355.9	357.2	353.4	356.6	2	945	10,349	566
<a href="#">20-Mar</a>	190412	368.5	370.1	366.4	369	1.7	458	6,916	232
Total Volume and Open Interest							21,472	96,624	-742

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Apr-19	12-Apr-19	
Delhi	Delhi	M-Grade	3100	3110	-10
	Delhi	S-Grade	3080	3090	-10
Uttar Pradesh	Khatauli	M-Grade	3220	3230	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3000	50
	Dhampur	S-Grade Ex-Mill	3030	2980	50
	Dhampur	L-Grade Ex-Mill	3100	3050	50
Maharashtra	Mumbai	M-Grade	3306	3320	-14
	Mumbai	S-Grade	3212	3212	Unch
	Nagpur	M-Grade	3175	3225	-50
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3050	3100	-50
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3480	3480	Unch
West Bengal	Kolkata	M-Grade	3520	3520	Unch

Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3600	3600	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)			15-Apr-19	12-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2903	2878	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	12000	-4000
	Muzaffarnagar	Khurpa (Fresh)	2505	2475	30
	Muzaffarnagar	Laddoo (Fresh)	2950	2855	95
	Muzaffarnagar	Rascut (Fresh)	2263	2263	Unch
	Hapur	Chaurasa	Closed	2400	-
	Hapur	Balti	Closed	2400	-
Andhra Pradesh	Chittur	Gold	4200	4300	-100
		White	3700	3700	Unch
		Black	3300	3300	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	NA	2850	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	3070	-
	Mahalingapura	Penti (Average)	NA	3166	-
	Mandya	Achhu (Medium)	3750	3800	-50
	Mandya	Kurikatu (Medium)	3300	3400	-100
	Mandya	Other (Medium)	3650	3500	150
	Mandya	Yellow (Medium)	3700	3700	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3950	-

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