

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

The prices at major sugar markets were firm on Tuesday. 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.3100/q whereas in U.P's Khatauli market traded at Rs.3230/q.

SME mills constitute one-third of the Rs.102,500 crore sugar market in India, as of SS 2018. Small and medium sugar mills might see an improvement in profitability because of the hike in MSP raised by the government in February and it is expected to have lower production in SS 2020, which will push up prices by the end of SS 2020.

Mills in the state owed cane farmers Rs. 4,600 crore due to the low price of sugar and lack of liquidity with the mills by the March end in Maharashtra. The centre announced a soft loan scheme of 2,500 crore in February but actual disbursal of money is yet to take place.

Weather Forecast for tomorrow:

Thundersquall (wind speed reaching 60-70 kmph) accompanied with hail and lightning at isolated places very likely over Uttarakhand, Bihar and Gangetic West Bengal. Thunderstorm accompanied with squall (wind speed reaching 50-60 kmph) and lightning at isolated places very likely over Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh. Thunderstorm accompanied with gusty winds (wind speed reaching 40-50 kmph) and lightning at isolated places very likely over Himachal Pradesh, East Uttar Pradesh, East Rajasthan, Chhattisgarh, East Madhya Pradesh, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal Karnataka, Tamilnadu and Kerala.

Previous Updates:

Mills in the state owed cane farmers Rs. 4,600 crore due to the low price of sugar and lack of liquidity with the mills by the March end in Maharashtra. The centre announced a soft loan scheme of 2,500 crore in February but actual disbursal of money is yet to take place.

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.

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 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.

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	336.9	7.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon April 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190415	12.74	12.79	12.64	12.66	-0.11	107,398	161,443	-32,054
19-Jul	190415	12.88	12.96	12.76	12.79	-0.13	97,434	345,220	22,529
19-Oct	190415	13.17	13.26	13.09	13.11	-0.12	24,928	178,350	-1,765

20-Mar	190415	14	14.09	13.94	13.98	-0.1	7,553	120,962	1,995
20-May	190415	14.16	14.17	14.04	14.11	-0.07	1,514	30,254	394
20-Jul	190415	14.24	14.24	14.17	14.2	-0.07	639	21,482	283
20-Oct	190415	14.37	14.37	14.37	14.37	-0.06	120	25,020	0
21-Mar	190415	14.92	14.92	14.92	14.92	-0.07	0	6,952	0
Total Volume and Open Interest							239,586	893,742	-8,618

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon April 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-May	190415	330.2	331.2	327.9	329.8	0.2	8,282	5,206	-3,291
19-Aug	190415	337.2	340	336.1	336.9	-0.4	9,558	49,435	212
19-Oct	190415	343.9	346.5	342.2	342.7	-2.2	2,465	19,064	236
19-Dec	190415	355.2	357	353.5	354	-2.6	2,179	11,539	1,190
20-Mar	190415	367.9	369	365.5	366	-3	1,645	7,174	258
Total Volume and Open Interest							24,659	95,273	-1,351

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			16-Apr-19	15-Apr-19	
Sugar	Delhi	M-Grade	3170	3100	70
		S-Grade	3150	3080	70
Uttar Pradesh	Khatauli	M-Grade	3230	3220	10
	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	3302	3306	-4
	Mumbai	S-Grade	3212	3212	Unch
	Nagpur	M-Grade	3225	3175	50
	Nagpur	S-Grade	3125	3125	Unch

	Kolhapur	M-Grade	3100	3050	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)			16-Apr-19	15-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2940	2903	38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	8000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2553	2505	48
	Muzaffarnagar	Laddoo (Fresh)	2963	2950	13
	Muzaffarnagar	Rascut (Fresh)	2275	2263	13
	Hapur	Chaurasa	2420	Closed	-
	Hapur	Balti	2400	Closed	-
Andhra Pradesh	Chittur	Gold	4200	4200	Unch
		White	3700	3700	Unch
		Black	3200	3300	-100
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	3000	-
	Gulbarga/Kalaburgi	Other (Average)	3150	3150	Unch
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3800	3750	50
	Mandya	Kurikatu (Medium)	3450	3300	150
	Mandya	Other (Medium)	3700	3650	50



	Mandya	Yellow (Medium)	3700	3700	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3850	-

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