

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

The prices at major sugar markets were weak on Wednesday. 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.3215/q.

Till Tuesday, of the 195 mills that have taken crushing in the season, only 27 mills are functional and at least three are expected to continue the season till May. The state has reported crushing of 949.01 lakh tonne cane and produced 106.71 lakh tonne of sugar in SS 2018-19 against 107 lakh tonne sugar, an all-time high production figure last year.

Weather Forecast for tomorrow:

The Western Disturbance which caused severe weather over major parts of northwest India and adjoining central India yesterday, has further moved eastwards. The resultant reduction in moisture incursion from the Arabian Sea is likely to weaken the intensity of the system from today. However, fairly widespread to widespread rainfall with isolated thunderstorms, lightning and gusty winds (speed reaching 40- 50 kmph) are likely over Punjab, Haryana, Chandigarh & Delhi, northeast Rajasthan, Uttar Pradesh, Himachal Pradesh and Uttarakhand during next 24 hours. Isolated thundersquall and hailstorms are likely over East Madhya Pradesh and north Chhattisgarh during next 24 hours.

Previous Updates:

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.

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	335.9	-1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue April 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190416	12.68	12.68	12.43	12.51	-0.15	89,710	145,473	-15,970
19-Jul	190416	12.79	12.81	12.56	12.67	-0.12	92,787	357,181	11,961
19-Oct	190416	13.14	13.14	12.89	13	-0.11	18,203	179,666	1,316
20-Mar	190416	14	14	13.83	13.93	-0.05	5,150	121,149	187
20-May	190416	14.08	14.13	13.97	14.07	-0.04	2,674	30,142	-112

20-Jul	190416	14.22	14.23	14.07	14.17	-0.03	953	21,554	72
20-Oct	190416	14.39	14.41	14.27	14.35	-0.02	604	25,339	319
21-Mar	190416	14.94	14.94	14.8	14.89	-0.03	3	6,954	2
Total Volume and Open Interest							210,084	891,517	-2,225

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue April 16, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190416	335.3	337.9	332.3	335.9	-1	6,993	49,821	386
19-Oct	190416	340.5	343.5	338.7	341.2	-1.5	1,334	19,221	157
19-Dec	190416	351.9	354.8	350.5	352.7	-1.3	432	11,569	30
20-Mar	190416	364.3	366.6	362.7	364.4	-1.6	399	7,087	-87
20-May	190416	373.5	373.8	371.1	372.5	-2.1	124	1,580	-20
Total Volume and Open Interest							13,880	93,895	-1,378

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Apr-19	16-Apr-19	
Delhi	Delhi	M-Grade	3105	3170	-65
	Delhi	S-Grade	3085	3150	-65
Uttar Pradesh	Khatauli	M-Grade	3215	3230	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3050	50
	Dhampur	S-Grade Ex-Mill	3080	3030	50
	Dhampur	L-Grade Ex-Mill	3150	3100	50
Maharashtra	Mumbai	M-Grade	3302	3302	Unch
	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)			17-Apr-19	16-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2950	2940	10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	7000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2563	2553	10
	Muzaffarnagar	Laddoo (Fresh)	2900	2963	-63
	Muzaffarnagar	Rascut (Fresh)	2278	2275	3
	Hapur	Chaurasa	2420	2420	Unch
	Hapur	Balti	2400	2400	Unch
Andhra Pradesh	Chittur	Gold	4300	4200	100
		White	3900	3700	200
		Black	3400	3200	200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4200	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3150	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3800	-
	Mandya	Kurikatu (Medium)	NA	3450	-
	Mandya	Other (Medium)	NA	3700	-
	Mandya	Yellow (Medium)	NA	3700	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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