

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

*The prices at major sugar markets were unchanged on Thursday. 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.3240/q.*

*Sugar prices sold off to 2-week lows Wednesday on the projection for larger global sugar supplies along with weakness in the Brazilian real. EU 2019/20 sugar output rising 4% y/y to 18.3 MMT The European Commission on Wednesday. Also, the Brazilian real fell to a 2-week low against the dollar, which encourages export selling by Brazil's sugar producers.*

**Weather Forecast for tomorrow:**

*Isolated thundersquall (wind speed reaching 50-60 kmph) are likely over Gangetic West Bengal on 19th April, over Odisha on 18th & 19th April and over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura on 20th & 21st April. Thunderstorms and gusty winds (speed reaching 30-40 kmph and at times 40-50 kmph) are likely over Kerala, Tamilnadu, Andhra Pradesh, Telangana, Rayalseema, south Chhattisgarh, Jharkhand and Sub-Himalayan West Bengal & Sikkim during next 3 days. Day maximum temperatures are likely to rise significantly over northwest and central India during next 3-4 days.*

**Previous Updates:**

*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.*

*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 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.

***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.

## 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	332.4	-3.5

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

Daily Futures Price Listing Wed April 17, 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>	190417	12.54	12.64	12.31	12.35	-0.16	92,772	122,515	-22,958
<a href="#">19-Jul</a>	190417	12.67	12.8	12.5	12.53	-0.14	97,780	368,737	11,556
<a href="#">19-Oct</a>	190417	13.03	13.11	12.82	12.84	-0.16	21,374	179,880	214
<a href="#">20-Mar</a>	190417	13.95	14.03	13.77	13.78	-0.15	9,522	122,449	1,300
<a href="#">20-May</a>	190417	14.1	14.15	13.89	13.91	-0.16	3,875	31,334	1,192
<a href="#">20-Jul</a>	190417	14.24	14.24	14	14	-0.17	418	21,564	10
<a href="#">20-Oct</a>	190417	14.28	14.28	14.18	14.18	-0.17	86	25,338	-1
<a href="#">21-Mar</a>	190417	14.75	14.75	14.74	14.74	-0.15	7	6,948	-6
Total Volume and Open Interest							225,834	882,824	-8,693

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

Daily Futures Price Listing Wed April 17, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">19-Aug</a>	190417	336.7	340	331.6	332.4	-3.5	5,163	51,193	1,372
<a href="#">19-Oct</a>	190417	342	345.3	337	337.5	-3.7	1,776	19,461	240
<a href="#">19-Dec</a>	190417	353.6	356.7	348.8	349.2	-3.5	433	11,685	116
<a href="#">20-Mar</a>	190417	366.3	367.9	360.4	360.8	-3.6	149	7,091	4
<a href="#">20-May</a>	190417	374.3	374.8	368.6	368.6	-3.9	16	1,569	-11
Total Volume and Open Interest							7,548	92,248	-1,647

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Apr-19	17-Apr-19	
Delhi	Delhi	M-Grade	3110	3105	5
	Delhi	S-Grade	3090	3085	5
Uttar Pradesh	Khatauli	M-Grade	3240	3215	25
	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	3302	3302	Unch
	Mumbai	S-Grade	3212	3212	Unch
	Nagpur	M-Grade	3175	3175	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3050	3050	Unch
	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	NR	3600	-
	Coimbatore	M-Grade	NR	NR	-
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3400	3400	<b>Unch</b>
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)			18-Apr-19	17-Apr-19	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	2925	2950	<b>-25</b>
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	<b>Unch</b>
	Muzaffarnagar	Khurpa (Fresh)	2528	2563	<b>-35</b>
	Muzaffarnagar	Laddoo (Fresh)	2838	2900	<b>-63</b>
	Muzaffarnagar	Rascut (Fresh)	2315	2278	<b>38</b>
	Hapur	Chaurasa	Closed	2420	-
	Hapur	Balti	Closed	2400	-
<b>Andhra Pradesh</b>	Chittur	Gold	4300	4300	<b>Unch</b>
		White	3900	3900	<b>Unch</b>
		Black	3400	3400	<b>Unch</b>
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	NA	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2900	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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