

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

The prices at major sugar markets were seen firm on Saturday. 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 the 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 at Rs.3270INR.

Weather Forecast for tomorrow:

Isolated thunderstorms accompanied with hail & gusty winds (wind speed reaching 40-50 kmph) are likely over Telangana during next 48 hours and over Odisha during next 24 hours. 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 West Bengal & Sikkim occasionally during next 5 days. Day maximum temperatures are likely to rise by 2-4°C over northwest and central India during next 3 days, which may cause heat wave conditions at isolated places over Rajasthan between 21st to 23rd April, 2019.

Previous Updates:

This year's recovery rate up by 0.05% at 11.05% against last year recovery rate of 11%. This year the cooperative mills witnessed a hike in the recovery rate at 11.14% whereas private mills registered at 10.80% this sugar season.

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.

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%.

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	338.7	6.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri April 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190418	12.36	12.79	12.33	12.76	0.41	54,559	112,139	-10,376
19-Jul	190418	12.53	13.01	12.51	12.98	0.45	87,526	372,785	4,048
19-Oct	190418	12.85	13.28	12.83	13.25	0.41	40,482	184,092	4,212
20-Mar	190418	13.8	14.18	13.75	14.14	0.36	20,702	128,154	5,705
20-May	190418	13.92	14.24	13.88	14.2	0.29	3,037	31,950	616
20-Jul	190418	14.02	14.29	13.95	14.25	0.25	1,150	21,587	23
20-Oct	190418	14.2	14.42	14.11	14.38	0.2	460	25,571	233
21-Mar	190418	14.76	14.92	14.58	14.9	0.16	343	6,862	-86
Total Volume and Open Interest							208,271	887,198	4,374

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri April 19, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190418	332.5	339.4	331.8	338.7	6.3	6,086	52,051	858
19-Oct	190418	337.5	345.7	337.3	344.8	7.3	2,333	19,540	79
19-Dec	190418	349.3	357.3	349.2	356.4	7.2	563	11,838	153
20-Mar	190418	361	368.9	361	368	7.2	206	7,171	80
20-May	190418	376.5	376.5	375.3	375.6	7	106	1,559	-10
Total Volume and Open Interest							9,318	93,398	1,150

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Apr-19	19-Apr-19	
Delhi	Delhi	M-Grade	3145	3140	5
	Delhi	S-Grade	3125	3120	5
Uttar Pradesh	Khatauli	M-Grade	3270	Closed	-
	Ramala	M-Grade	NA	Closed	-
	Dhampur	M-Grade Ex-Mill	3150	3120	30
	Dhampur	S-Grade Ex-Mill	3130	3100	30
	Dhampur	L-Grade Ex-Mill	3200	3170	30
Maharashtra	Mumbai	M-Grade	3302	3302	Unch
	Mumbai	S-Grade	3212	3212	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3050	3050	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3370	3370	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	NR	-

	Coimbatore	M-Grade	NR	NR	-
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)			20-Apr-19	19-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2950	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	2450	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	2825	Closed	-
	Muzaffarnagar	Rascut (Fresh)	2315	Closed	-
	Hapur	Chaurasa	2413	2413	Unch
	Hapur	Balti	2425	2413	13
Andhra Pradesh	Chittur	Gold	4200	4200	Unch
		White	3800	3800	Unch
		Black	3400	3600	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3800	NA	-
	Mandya	Kurikatu (Medium)	3450	NA	-
	Mandya	Other (Medium)	3600	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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