

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

Mixed trend has been seen in Indian sugar markets across India 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 the increasing 2 years mounting 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.3320INR.

Sugar cane arrears of farmers in Uttar Pradesh till April 18 stands Rs.9,536 crore. Despite the central government's announcement of a soft loan package of `3,000 crore for mills in UP and further Rs.500 crore from the state government to 24 cooperative sugar mills for settling the arrears.

Weather Forecast for tomorrow:

A low pressure area is likely to develop over Equatorial Indian Ocean and adjoining southwest Bay of Bengal to the southeast of Sri Lanka around 25th April. It is likely to intensify into a depression during subsequent 48 hours. It is very likely to move northwestwards towards Tamilnadu coast across east coast of Srilanka. Isolated thunderstorms with gusty wind (wind speed reaching 50-60 kmph) likely over Coastal Andhra Pradesh and Tamilnadu during next 24 hours. Heat wave conditions are likely in isolated pockets over Vidarbha, Madhya Pradesh and Rajasthan from 24th onwards.

Previous Updates:

The Sugar Technologists Association of India (STAI) has urged the government to revise the minimum support price from Rs.3100/q to Rs.3600/q so that the sugar millers can overcome the financial crisis by paying the cane arrears to sugarcane farmers. Also The National Federation of Cooperative Sugar Millers and the Maharashtra Federation of Cooperative Sugar Millers have been seeking a hike in MSP of sugar.

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.

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 lcumsa	338.7	Unch

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon April 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190422	12.72	12.8	12.5	12.54	-0.22	35,681	105,994	-6,145
19-Jul	190422	12.95	13.05	12.71	12.77	-0.21	66,855	380,508	7,723
19-Oct	190422	13.25	13.33	13.04	13.09	-0.16	19,969	190,191	6,099
20-Mar	190422	14.1	14.2	13.91	13.96	-0.18	9,428	127,763	-391
20-May	190422	14.16	14.25	13.97	14.03	-0.17	2,563	31,772	-178
20-Jul	190422	14.18	14.29	14.02	14.08	-0.17	840	21,582	-5
20-Oct	190422	14.34	14.41	14.14	14.2	-0.18	452	25,615	44
21-Mar	190422	14.86	14.86	14.66	14.71	-0.19	106	6,812	-50
Total Volume and Open Interest							135,894	894,295	7,097

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon April 22, 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			23-Apr-19	22-Apr-19	
Delhi	Delhi	M-Grade	3200	3250	-50
	Delhi	S-Grade	3180	3230	-50
Uttar Pradesh	Khatauli	M-Grade	3320	3330	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3346	3346	Unch
	Mumbai	S-Grade	3216	3216	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3175	50
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3100	3050	50
Assam	Guhawati	S-Grade	3410	3360	51
Meghalaya	Shillong	S-Grade	3420	3370	50
Andhra Pradesh	Vijayawada	M-Grade	3580	3580	Unch
	Vijayawada	S-Grade	3540	3520	20
West Bengal	Kolkata	M-Grade	3500	3500	Unch
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3580	3580	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)			23-Apr-19	22-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2953	2938	15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2475	2435	40
	Muzaffarnagar	Laddoo (Fresh)	2850	2803	48
	Muzaffarnagar	Rascut (Fresh)	2300	2300	Unch
	Hapur	Chaurasa	2450	Closed	-
	Hapur	Balti	2425	Closed	-
Andhra Pradesh	Chittur	Gold	4300	4300	Unch
		White	3800	3800	Unch
		Black	3300	3300	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4200	4200	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3094	-
	Mandya	Achhu (Medium)	3750	3750	Unch
	Mandya	Kurikatu (Medium)	3450	3450	Unch
	Mandya	Other (Medium)	3600	3500	100
	Mandya	Yellow (Medium)	NA	3750	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3850	-

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