

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

Mixed trend has been seen in Indian sugar markets across India on Friday. 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.

The rains in early April restricted the crushing operations as only 23% of cane was allocated to the mills versus 31% last year leading to reduction in sugar production by 52% in the first two weeks of the new season compared to the corresponding period last year in Brazil's center-south region, Unica said.

Weather Forecast for tomorrow:

Scattered light to moderate rain and thundershower will continue over parts of Jammu and Kashmir, Himachal Pradesh, North Punjab and North Haryana. Isolated rains are likely to occur over Uttarakhand. Dust storm activities are likely to occur over Western parts of Rajasthan. Light rains are likely at a few places over Kerala, interior Tamil Nadu, Assam, Meghalaya and Arunachal Pradesh.

Previous Updates:

Sugar production has already touched 31.2 mln tn, and it could come close to the last year's record of 32.5 mln tn as some mills in Maharashtra and U.P are still crushing cane.

Pakistan exports 1.5 Lakh Tonnes of sugar to China under the Chinese duty-free incentive package of \$ 1 billion. As of last month Pakistan bagged the opportunity to export 3 lakh tonnes of sugar for which India has been waiting for long time. Pakistani official stated that that China has extended a duty free package for export of rice, sugar and 3.5 lakh tonnes of cotton yarn to Pakistan.

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.

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.

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	340.1	-0.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu April 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190425	12.66	12.7	12.35	12.36	-0.32	44,389	68,741	-13,634
19-Jul	190425	12.9	12.94	12.66	12.69	-0.21	82,532	386,535	666
19-Oct	190425	13.21	13.24	12.98	13.02	-0.2	27,559	198,613	3,861
20-Mar	190425	14.04	14.1	13.86	13.89	-0.19	10,115	132,620	1,211
20-May	190425	14.06	14.12	13.89	13.93	-0.17	5,200	31,042	415
20-Jul	190425	14.05	14.1	13.9	13.94	-0.15	3,608	22,294	175
20-Oct	190425	14.1	14.17	14	14.04	-0.12	2,094	25,529	-909
21-Mar	190425	14.57	14.64	14.5	14.55	-0.08	2,481	11,176	1,904
Total Volume and Open Interest							178,414	880,933	-6,325

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu April 25, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190425	340.8	344.7	339.1	340.1	-0.2	6,701	53,277	520
19-Oct	190425	345.9	348.9	343.6	344.6	-1.2	2,635	20,885	705
19-Dec	190425	357.6	359.8	354.7	355.8	-1.8	1,034	12,326	110
20-Mar	190425	368.5	370.5	365.5	366.3	-2	141	7,231	27
20-May	190425	375.9	375.9	372.9	372.9	-2.1	48	1,590	23
Total Volume and Open Interest							10,595	96,548	1,384

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Apr-19	25-Apr-19	
Delhi	Delhi	M-Grade	3200	3240	-40
	Delhi	S-Grade	3180	3220	-40
Uttar Pradesh	Khatauli	M-Grade	3320	3310	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3340	3340	Unch
	Mumbai	S-Grade	3222	3220	2
	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	3580	3580	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3500	3500	Unch
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch

	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	NR	3520	-
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)			26-Apr-19	25-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2600	2788	-188
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	6000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2563	2550	13
	Muzaffarnagar	Laddoo (Fresh)	2788	2803	-15
	Muzaffarnagar	Rascut (Fresh)	2363	2363	1
	Hapur	Chaurasa	2595	2563	33
	Hapur	Balti	2563	2525	38
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3600	3700	-100
		Black	3200	3300	-100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	2800	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3100	-100
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3123	3120	3
	Mandya	Achhu (Medium)	NA	3750	-
	Mandya	Kurikatu (Medium)	NA	3450	-
	Mandya	Other (Medium)	NA	3650	-
	Mandya	Yellow (Medium)	NA	3750	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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