

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

Indian sugar market prices were unchanged across India on Monday. 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 unchanged at Rs.3100/q whereas in U.P's Khatauli market at Rs.3315INR.

The sugar exports have been hindered by excess output and lower (than domestic) international prices. Between October 1, 2018 and April 6, 2019, India exported only 35 per cent out of the target of 5 MMT, though the crushing season is almost over. With the net supply continuing to far exceed demand, India is likely to open the new sugar year 2019-20 with a carry-over stock of over 10 MMT according to ISMA.

Weather Forecast for tomorrow:

Due to the approach of Cyclonic Storm, wind speed is likely to increase around the coast of Tamil Nadu, Andhra Pradesh and Kerala. The speed may vary between 50 and 60 kmph during the next 24 hours and may increase gradually. Light to moderate rain may occur over the northeastern states, Sub Himalayan West Bengal and adjoining Bihar along with isolated squall. Rains may occur over parts of Kerala, South Karnataka, North Andhra Pradesh coast, Rayalaseema, extreme South Madhya Maharashtra and Jammu and Kashmir. Isolated dust storm is possible over Punjab, extreme North Rajasthan and Himachal Pradesh. Heat wave conditions will continue in Madhya Pradesh, Gujarat, Maharashtra, Rajasthan and extend further over southwestern parts of Haryana, South and West Uttar Pradesh, Chhattisgarh and adjoining West Odisha.

Previous Updates:

Of the 5 mln tn export target set by the government for 2018-19, Indian sugar mills have shipped out 2.2 mln tn of the sweetener until the start of April, and is likely to export 3.5 mln tn this season ending September.

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.

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	340.0	-0.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri April 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190426	12.39	12.45	12.19	12.26	-0.1	47,652	58,668	-10,073
19-Jul	190426	12.72	12.76	12.52	12.65	-0.04	79,399	383,239	-3,296
19-Oct	190426	13.04	13.08	12.86	12.99	-0.03	24,647	198,965	352
20-Mar	190426	13.91	13.95	13.75	13.89	unch	10,105	132,660	40
20-May	190426	13.94	13.98	13.81	13.95	0.02	4,067	31,548	506
20-Jul	190426	13.95	14.01	13.85	13.99	0.05	2,675	22,863	569

20-Oct	190426	14.05	14.13	13.98	14.12	0.08	2,226	26,143	614
21-Mar	190426	14.53	14.67	14.5	14.64	0.09	4,183	14,216	3,040
Total Volume and Open Interest							176,775	873,028	-7,905

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri April 26, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190426	341.3	342.4	336.5	340	-0.1	2,905	53,361	84
19-Oct	190426	344.3	346.3	341.3	345.5	0.9	1,093	20,866	-19
19-Dec	190426	355.3	356.8	352.4	356.5	0.7	622	12,392	66
20-Mar	190426	366	366.6	364.2	366.6	0.3	199	7,304	73
20-May	190426	372.8	372.8	372.8	372.8	-0.1	22	1,595	5
Total Volume and Open Interest							4,862	96,759	211

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Apr-19	27-Apr-19	
Delhi	Delhi	M-Grade	3225	3200	25
	Delhi	S-Grade	3205	3180	25
Uttar Pradesh	Khatauli	M-Grade	3300	3315	-15
	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	Closed	3340	-
	Mumbai	S-Grade	Closed	3222	-
	Nagpur	M-Grade	Closed	3225	-
	Nagpur	S-Grade	Closed	3175	-
	Kolhapur	M-Grade	Closed	3100	-
	Kolhapur	S-Grade	Closed	3050	-

Assam	Guhawati	S-Grade	Closed	3360	-
Meghalaya	Shillong	S-Grade	Closed	3370	-
Andhra Pradesh	Vijayawada	M-Grade	3580	3580	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3550	3500	50
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch
	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	3520	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)			29-Apr-19	27-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2625	2625	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	4000	2000
	Muzaffarnagar	Khurpa (Fresh)	2613	2615	-3
	Muzaffarnagar	Laddoo (Fresh)	2853	2825	28
	Muzaffarnagar	Rascut (Fresh)	2340	2325	15
	Hapur	Chaurasa	Closed	2650	-
	Hapur	Balti	Closed	2625	-
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3700	3600	100
		Black	3200	3200	Unch
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	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3750	3800	-50
	Mandya	Kurikatu (Medium)	3450	3450	Unch
	Mandya	Other (Medium)	3400	3100	300
	Mandya	Yellow (Medium)	3600	3750	-150
	Shimoga/Shivamogga	Achhu (Average)	NA	3800	-

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