

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

Indian sugar market prices showed mixed trend across India on Wednesday. The prices are expected to be bullish in May month as demand for the refined sugar from local markets is accelerating due to scorching summer prevailing in India. Prices might remain at higher side if 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. In contrast, Kolhapur sugar market was closed on the occasion of Labour Day whereas in U.P's Khatauli market at Rs.3300INR.

The food ministry yesterday released the notification allocating 21 LMT monthly sugar quota to each of 534 mills in the country. Those sugar mills which have completed their 75% to 100% export targets under MIEQ (Minimum Indicative Export Quota) allotted to them for the sugar season 2018-19 have been given incentive in the form of additional allocation @ 10% of their normal allocation for the month of May 2019. And those mills achieving 50 to 75% of their export targets under MIEQ quota for the season 2018-19 have been given @ 7.5% of their normal allocation for the month of May, 2019.

Weather Forecast:

According to IMD, India is likely to receive a "near normal" South-West monsoon this year but its onset over Kerala could be delayed owing to the prevailing El Nino conditions in the Pacific Ocean. El Nino may impact the onset of the monsoon over Kerala. But it's a weak El Nino. Moreover, the temperature anomaly in the Pacific is expected to come down by July. Forecaster predicted that the chances of rainfall being either above normal or excess are remote. The national weather forecaster will issue its second stage forecast in the first week of June.

Previous Updates:

Government is likely to announce monthly sales quota for May month which is speculated to be around 21 to 22 lakh tonnes according to trade sources which is higher than previous month's quota of 18 lakh tonnes plus the centre also allowed mills to sell their unsold sugar stocks for March in April.

Mills in Center-South Brazil crushed 13.865 million mt of sugarcane to begin the 2019-20 crop year, a drop of 37.99% compared to previous year against the target of 16.5 million mt crushed, according to Unica. This was the lowest cane volume crushed in the first 15 days of April since the 2015-16 crop year, when only 13.05 million mt was crushed over the period. Initial expectations were for 176 mills to have commenced crushing by April 15, but only 150 mills had started crushing also the number was also below the 174 mills that began crushing during last year.

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.

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.

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.

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.

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	334.90	0.3

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue April 30, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-May	190430	11.55	12.04	11.55	11.99	0.36	51,713	21,436	-19,027
19-Jul	190430	12.38	12.75	12.3	12.34	0.01	95,732	378,278	-992
19-Oct	190430	12.75	13.08	12.66	12.69	unch	30,890	200,661	1,051
20-Mar	190430	13.75	14.04	13.69	13.7	0.02	9,200	133,265	1,064
20-May	190430	13.87	14.13	13.8	13.8	-0.01	1,918	31,147	148
20-Jul	190430	13.94	14.19	13.86	13.86	-0.04	1,464	23,359	122
20-Oct	190430	14.13	14.32	13.99	13.99	-0.07	896	26,340	39
21-Mar	190430	14.65	14.83	14.5	14.5	-0.09	306	14,481	147
Total Volume and Open Interest							192,257	833,901	-17,404

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue April 30, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190430	336.3	341.9	333.8	334.9	0.4	5,359	52,311	125
19-Oct	190430	341	347.3	339.3	340.3	0.4	1,766	20,852	-54
19-Dec	190430	351.9	357.8	349.6	350.7	-0.3	823	12,217	-60
20-Mar	190430	361.7	367.5	359.5	360.1	-0.7	101	7,343	31
20-May	190430	369	372.2	367	367.1	-0.7	5	1,597	-1
Total Volume and Open Interest							8,058	95,570	43

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-May-19	30-Apr-19	
Delhi	Delhi	M-Grade	3240	3225	15
	Delhi	S-Grade	3220	3205	15
Uttar Pradesh	Khatauli	M-Grade	3300	3275	25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3200	50
	Dhampur	S-Grade Ex-Mill	3230	3180	50
	Dhampur	L-Grade Ex-Mill	3300	3250	50
Maharashtra	Mumbai	M-Grade	Closed	3296	-
	Mumbai	S-Grade	Closed	3226	-
	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	3550	Unch
Tamil Nadu	Chennai	S-Grade	3460	3460	Unch

	Dindigul	M-Grade	3620	3620	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)			1-May-19	30-Apr-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2650	2650	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2700	2638	63
	Muzaffarnagar	Laddoo (Fresh)	2975	2925	50
	Muzaffarnagar	Rascut (Fresh)	2375	2375	Unch
	Hapur	Chaurasa	2670	2675	-5
	Hapur	Balti	2688	2650	38
Andhra Pradesh	Chittur	Gold	4200	4100	100
		White	3800	3700	100
		Black	3400	3200	200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4400	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2675	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	3700	-
	Mandya	Kurikatu (Medium)	NA	3450	-
	Mandya	Other (Medium)	NA	3550	-
	Mandya	Yellow (Medium)	NA	3550	-
	Shimoga/Shivamogga	Achhu (Average)	NA	4000	-

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