

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

*Indian sugar market prices showed mixed trend across India on Friday. 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 prices stood at Rs.3125 whereas in U.P's Khatauli market at Rs.3300INR.*

*Sugar mills produced 9.36 LT higher sugar stood at 321.19 LT from 311.83 LT during the same time last year. Till 30<sup>th</sup> April, only 100 mills are crushing sugarcane this year compared to 110 sugar mills last year.*

**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:**

*The government has raised its sugar production estimate for 2018-19 (October-September) to a record 32.5 MT from 31.5 MT estimated in March, similar to what was achieved in the previous year. The production, however, is expected to be higher than the annual domestic requirement of 25-26 MT.*

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*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.*

*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.***

### **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 3100–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<br>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 | 329.6 | -2.1   |

## International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Thu May 02, 2019 |        |       |       |       |       |        |              |          |        |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                      |        |       |       |       |       |        | Previous Day |          |        |
| Mth  | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| Sugar #11(ICE)                               |        |       |       |       |       |        |              |          |        |
| <a href="#">19-Jul</a>                       | 190502 | 12.25 | 12.33 | 12.15 | 12.23 | 0.02   | 110,695      | 405,676  | 8,007  |
| <a href="#">19-Oct</a>                       | 190502 | 12.57 | 12.63 | 12.48 | 12.55 | 0.01   | 53,257       | 212,686  | 6,833  |
| <a href="#">20-Mar</a>                       | 190502 | 13.6  | 13.6  | 13.51 | 13.54 | -0.03  | 22,064       | 137,894  | -198   |
| <a href="#">20-May</a>                       | 190502 | 13.68 | 13.71 | 13.64 | 13.68 | -0.01  | 4,258        | 33,579   | 23     |
| <a href="#">20-Jul</a>                       | 190502 | 13.79 | 13.8  | 13.7  | 13.77 | unch   | 2,956        | 26,243   | 630    |
| <a href="#">20-Oct</a>                       | 190502 | 13.92 | 13.93 | 13.87 | 13.93 | 0.01   | 1,523        | 27,778   | 631    |
| <a href="#">21-Mar</a>                       | 190502 | 14.46 | 14.46 | 14.46 | 14.46 | 0.01   | 774          | 14,951   | 458    |
| <a href="#">21-May</a>                       | 190502 | 14.46 | 14.46 | 14.46 | 14.46 | 0.01   | 66           | 1,786    | 11     |
| Total Volume and Open Interest               |        |       |       |       |       |        | 195,649      | 863,738  | 14,594 |

## International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Thu May 02, 2019 |        |       |       |       |       |        |              |          |        |
|--|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information                      |        |       |       |       |       |        | Previous Day |          |        |
| Mth  | Date   | Open  | High  | Low   | Close | Change | Volume       | Open Int | Change |
| London Sugar(LCE)                            |        |       |       |       |       |        |              |          |        |
| <a href="#">19-Aug</a>                       | 190502 | 331.7 | 332   | 328   | 329.6 | -2.1   | 5,614        | 53,383   | 625    |
| <a href="#">19-Oct</a>                       | 190502 | 336.7 | 336.9 | 333.8 | 334.8 | -1.6   | 1,644        | 20,654   | -284   |
| <a href="#">19-Dec</a>                       | 190502 | 347   | 347.7 | 345   | 345.4 | -1.9   | 624          | 12,405   | 76     |
| <a href="#">20-Mar</a>                       | 190502 | 357.8 | 358   | 355   | 355.2 | -1.9   | 351          | 7,491    | 109    |
| <a href="#">20-May</a>                       | 190502 | 364   | 366   | 363.1 | 363.3 | -1.8   | 19           | 1,612    | 7      |
| Total Volume and Open Interest               |        |       |       |       |       |        | 8,252        | 96,805   | 533    |

| Sugar Prices at Key Spot Markets: |            |                 |                 |          |        |
|-----------------------------------|------------|-----------------|-----------------|----------|--------|
| Commodity                         | Centre     | Variety         | Prices (Rs/Qtl) |          | Change |
| Sugar                             |            |                 | 3-May-19        | 2-May-19 |        |
| Delhi                             | Delhi      | M-Grade         | 3200            | 3220     | -20    |
|                                   | Delhi      | S-Grade         | 3180            | 3200     | -20    |
| Uttar Pradesh                     | Khatauli   | M-Grade         | 3300            | 3300     | Unch   |
|                                   | Ramala     | M-Grade         | NA              | NA       | -      |
|                                   | Dhampur    | M-Grade Ex-Mill | 3250            | 3250     | Unch   |
|                                   | Dhampur    | S-Grade Ex-Mill | 3230            | 3230     | Unch   |
|                                   | Dhampur    | L-Grade Ex-Mill | 3300            | 3300     | Unch   |
| Maharashtra                       | Mumbai     | M-Grade         | 3326            | 3356     | -30    |
|                                   | Mumbai     | S-Grade         | 3242            | 3246     | -4     |
|                                   | Nagpur     | M-Grade         | 3250            | 3245     | 5      |
|                                   | Nagpur     | S-Grade         | 3225            | 3225     | Unch   |
|                                   | Kolhapur   | M-Grade         | 3125            | 3120     | 5      |
|                                   | Kolhapur   | S-Grade         | 3100            | 3100     | Unch   |
| Assam                             | Guhawati   | S-Grade         | 3410            | 3410     | Unch   |
| Meghalaya                         | Shillong   | S-Grade         | 3420            | 3420     | Unch   |
| 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)                              |                    |                          | 3-May-19        | 2-May-19 |        |
| Uttar Pradesh                             | Muzaffarnagar      | Chaku Fresh              | 2625            | 2650     | -25    |
|   | Muzaffarnagar      | Chaku(Arrival)(40kg Bag) | 3000            | 6000     | -3000  |
|   | Muzaffarnagar      | Khurpa (Fresh)           | 2675            | 2663     | 13     |
|   | Muzaffarnagar      | Laddoo (Fresh)           | 2950            | 2975     | -25    |
|   | Muzaffarnagar      | Rascut (Fresh)           | 2450            | 2425     | 25     |
|   | Hapur              | Chaurasa                 | 2750            | 2670     | 80     |
|   | Hapur              | Balti                    | 2725            | 2688     | 38     |
| Andhra Pradesh                            | Chittur            | Gold                     | 4000            | 4100     | -100   |
|   |                    | White                    | 3900            | 3900     | Unch   |
|   |                    | Black                    | 3500            | 3500     | Unch   |
| Maharashtra                               | Latur              | Lal Variety              | NR              | NR       | -      |
| Karnataka                                 | Bangalore          | Mudde (Average)          | 4400            | 4400     | Unch   |
|   | Belgaum            | Mudde (Average)          | NA              | NA       | -      |
|   | Belthangadi        | Yellow (Average)         | NA              | NA       | -      |
|   | Bijapur/Vijayapura | Achhu                    | 3100            | 2975     | 125    |
|   | Gulbarga/Kalaburgi | Other (Average)          | NA              | 2675     | -      |
|   | Mahalingapura      | Penti (Average)          | NA              | 3126     | -      |
|   | Mandya             | Achhu (Medium)           | 3650            | 3750     | -100   |
|   | Mandya             | Kurikatu (Medium)        | 3350            | 3450     | -100   |
|   | Mandya             | Other (Medium)           | 3250            | 3450     | -200   |
|   | Mandya             | Yellow (Medium)          | NA              | 3550     | -      |
|   | Shimoga/Shivamogga | Achhu (Average)          | NA              | NA       | -      |

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