

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

**Indian sugar market was weak across India on Monday.** 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.3100 whereas in U.P's Khatauli market at Rs.3400INR.

**The sugar stocks at the end of the 2018-19 marketing year is expected to be higher level at around 14.7 million tonnes** with the opening balance of 10.7 million tonnes as on October 1, 2018, and domestic demand of 26 million tonnes as well as export of 3 million tonnes according to ISMA.

**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:**

**Total sugar production is expected to surge upto 330 LT and about 5 LT higher than previous season's production.** Maharashtra's sugar production rose to 107LT, whereas U.P and Karnataka has reached the sugar production at 112.65 and 43.2 LT till 30<sup>th</sup> April, data released by ISMA.

**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.** Till 30<sup>th</sup> April, only 100 mills are crushing sugarcane this year compared to 110 sugar mills last year.

**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.

## Weekly Outlook:

**Indian Sugar markets remained firm during last week.** We expect sugar prices may trade higher 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 3250 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	327.4	-2.20

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

Daily Futures Price Listing Fri May 03, 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>	190503	12.24	12.25	11.97	12.01	-0.22	109,768	429,662	23,986
<a href="#">19-Oct</a>	190503	12.56	12.56	12.32	12.35	-0.2	71,999	224,401	11,715
<a href="#">20-Mar</a>	190503	13.54	13.55	13.36	13.39	-0.15	31,572	145,697	7,803
<a href="#">20-May</a>	190503	13.67	13.68	13.52	13.54	-0.14	5,534	35,302	1,723
<a href="#">20-Jul</a>	190503	13.75	13.76	13.63	13.64	-0.13	1,741	26,623	380
<a href="#">20-Oct</a>	190503	13.91	13.93	13.81	13.82	-0.11	675	27,914	136
<a href="#">21-Mar</a>	190503	14.4	14.4	14.34	14.35	-0.11	605	15,098	147
<a href="#">21-May</a>	190503	14.4	14.4	14.34	14.35	-0.11	315	1,761	-25
Total Volume and Open Interest							222,307	909,688	45,950

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

Daily Futures Price Listing Fri May 03, 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>	190503	329.9	330.1	326.5	327.4	-2.2	7,597	53,863	480
<a href="#">19-Oct</a>	190503	335.9	335.9	331.9	332.7	-2.1	1,538	20,837	183
<a href="#">19-Dec</a>	190503	346	346.5	342.4	343	-2.4	654	12,506	101
<a href="#">20-Mar</a>	190503	356	356.7	352.4	353.1	-2.1	517	7,658	167
<a href="#">20-May</a>	190503	363.3	363.7	361	361.2	-2.1	53	1,619	7
Total Volume and Open Interest							10,391	97,756	951

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-May-19	4-May-19	
Delhi	Delhi	M-Grade	3200	3230	-30
	Delhi	S-Grade	3180	3210	-30
Uttar Pradesh	Khatauli	M-Grade	3400	3400	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3240	3250	-10
	Dhampur	S-Grade Ex-Mill	3220	3230	-10
	Dhampur	L-Grade Ex-Mill	3290	3300	-10
Maharashtra	Mumbai	M-Grade	3366	3326	40
	Mumbai	S-Grade	3240	3246	-6
	Nagpur	M-Grade	3225	3250	-25
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3125	-25
	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	3570	3550	20
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)			6-May-19	4-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2650	2650	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	3000	2000
	Muzaffarnagar	Khurpa (Fresh)	2778	2700	78
	Muzaffarnagar	Laddoo (Fresh)	3063	2975	88
	Muzaffarnagar	Rascut (Fresh)	2450	2475	-25

	Hapur	Chaurasa	Closed	2750	-
	Hapur	Balti	Closed	2725	-
Andhra Pradesh	Chittur	Gold	4100	4000	100
		White	3900	3800	100
		Black	3300	3200	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	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	2800	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3600	3650	-50
	Mandya	Kurikatu (Medium)	3400	3350	50
	Mandya	Other (Medium)	3150	3250	-100
	Mandya	Yellow (Medium)	3550	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3800	3850	-50

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