

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

Positive trend has been seen in several Indian markets. 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 the current sugarcane crushing season (October to September), the country's sugar exports have increased to 21.29 lakh tonnes, which is much higher than last year. In the marketing year 2017-18, about 5 lakh tonnes of sugar was exported. However, sugar mills are still far behind the export target. Mills have to export 5 million tonnes of sugar. To reduce the excess payment of sugarcane farmers and reduce the excess of stock on sugar mills, the government is giving a lot of incentives for sugar exports. It has also been noticed on the export figures.

AISTA Chief Executive Officer RP Bhagaria said that till date, there has been an export agreement for about 30 lakh tonnes of sugar, out of which 28.53 lakh tonnes have been sent from sugar mills.

Sugar production in India in 2019-20 is expected to fall 8.4 % YoY, to 30.3 mln tn due to anticipation of lower cane production and reduction in avg recovery rate of sugar – USDA report. Although, its output seen rising in UP to 11.0 mln tn from 10.23 mln tn last year.

Months before the 2019-20 crushing season takes off, sugar millers in Maharashtra have sounded the alarm about the possibility of a drastic dip in production. Maharashtra, which accounts for about 34 per cent of India's total sugar production, may end up producing less than half of 107.2 lakh tonnes (lt), its output in the last season.

Uttar Pradesh energy watchdog proposing to reduce tariffs by 35% of bagasse-based power supplied to the state utility by sugar mills, the beleaguered millers are looking at taking a hit of almost Rs 500 crore annually if the proposal sails through as reported by Business Standard dated 10 th 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:

Brazil is expected to produce a smaller cane crop in 2019-20 but sugar output is expected to be higher according to government agency Conab. They projected the main center-south cane crop at 566 million

tonnes, versus 572 million tonnes in 2018/19, as planted area had fallen in the region and country because many farmers are switching to other crops such as soybeans.

The Maharashtra's cane dues now amount to Rs 3,595 crore, with the mills finally shutting down crushing operations on Monday. The total dues of Maharashtra's sugar mills to farmers were Rs 21,154 crore, of which Rs 16,545 crore have been paid. Outstanding dues as on May 6 are Rs 4,831 crore.

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.

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 30th 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 30th April. Till 30th 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.

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	324.7	3.0

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing May 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190514	11.83	11.99	11.74	11.94	0.1	78,295	450,156	-2,972
19-Oct	190514	12.18	12.31	12.09	12.26	0.07	34,943	255,100	4,575
20-Mar	190514	13.17	13.29	13.1	13.26	0.07	15,775	167,445	1,841
20-May	190514	13.29	13.44	13.25	13.41	0.06	6,022	39,672	845
20-Jul	190514	13.44	13.57	13.39	13.55	0.05	2,480	30,852	924
20-Oct	190514	13.65	13.78	13.61	13.76	0.05	456	30,895	-105
21-Mar	190514	14.18	14.28	14.13	14.28	0.04	59	15,587	-8
21-May	190514	14.2	14.29	14.13	14.29	0.02	4	2,084	2
Total Volume and Open Interest							138,069	995,128	5,101

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing May 15, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190514	325.7	329.8	324.1	328.6	2.2	5,313	54,521	-156
19-Oct	190514	329.3	333.6	327.8	332.2	1.9	1,386	22,032	249
19-Dec	190514	338.2	342	336.9	341	1.8	510	13,036	83
20-Mar	190514	347	351.3	346.7	350.5	1.7	251	8,037	81
20-May	190514	356	359.6	356	359.3	1.6	126	1,915	78
Total Volume and Open Interest							7,621	101,390	361

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-May-19	14-May-19	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3430	3430	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	3396	3400	-4
	Mumbai	S-Grade	3260	3260	Unch
	Nagpur	M-Grade	3235	3245	-10
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3110	3120	-10
	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	3680	3680	Unch
	Vijayawada	S-Grade	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3630	3620	10
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch

	Dindigul	M-Grade	3600	3600	Unch
	Coimbatore	M-Grade	3650	3650	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)			15-May-19	14-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3305	3313	-8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	5000	2000
	Muzaffarnagar	Khurpa (Fresh)	2913	2948	-35
	Muzaffarnagar	Laddoo (Fresh)	3138	3225	-88
	Muzaffarnagar	Rascut (Fresh)	2625	2638	-13
	Hapur	Chaurasa	2900	2875	25
	Hapur	Balti	2850	2850	Unch
Andhra Pradesh	Chittur	Gold	NA	NA	-
		White	NA	NA	-
		Black	NA	NA	-
Maharashtra	Latur	Lal Variety	NA	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3178	-
	Mandya	Achhu (Medium)	3450	3450	Unch
	Mandya	Kurikatu (Medium)	3350	3200	150
	Mandya	Other (Medium)	3350	3200	150
	Mandya	Yellow (Medium)	3500	3150	350
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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