

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

**The Sugar Output In The Ongoing 2018-19 Marketing Year (October-September) Is Pegged At 33 Million Tonnes, Lower Than 34.3 Million Tonnes Achieved In The Previous Year.** India's sugar production is likely to decline 8.4 per cent to 30.3 million tonnes for the second straight year in the 2019-20 marketing year that would begin from October because of likely fall in sugarcane output, a latest USDA report said.

***The jaggery production in Visakhapatnam district is likely to come down at least by 50% compared with the last season. As a result of this, the arrival of jaggery at the Anakapalle jaggery market in Vizag district—the second biggest market in the country—has registered a downward trend.***

***Indian sugar exports continue to lag behind the government's 5 million mt target for the current marketing year, on the back of weakening global prices, making it unattractive for local mills to export.***

***Indian low quality whites for spot June-loading cargoes stood at \$340/mt FOB west coast India, which is a \$5-\$10/mt premium to Thai 45i refined sugar on a flat price basis.***

***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.***

**The government had introduced various measures, including soft loan scheme for sugar mills to help them clear mounting cane arrears, but Millers in Maharashtra are finding it difficult to avail the scheme.**

***The Maharashtra government department's website informed that water storage in Aurangabad Division, which comprises Aurangabad, Beed, Hingoli, Parbhani and Osmanabad districts, was 0.43 per cent as against 23.44 per cent at the same time last year.***

***Farmers have started uprooting sugarcane in the severely drought affected regions of Maharashtra to feed their animals. This is expected to hit sugarcane growth. Apart from this, sugarcane has also been damaged due to heat waves in the state. Moreover, farmers have decided to switch to other crops like soybean and pulses amongst others to boost their farm income. All these factors are set to bring down the overall cane sowing area by 10-15 per cent in the next sugar season (SS) ie October 2019 to September 2020.***

**In absolute term, cane arrears in UP stood uncomfortably high at `10,500 crore as of May 3, compared with `11,000 crore a year before and higher than `9,000 crore as of March 11 this year. Usually, UP alone makes up for over 60% of the country's cane arrears.**

***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:**

*The monsoon is likely to be delayed this year as its arrival expected on June 6, five days after its normal onset date, the India Meteorological Department said on Wednesday.*

*"This year, the statistical model forecast suggests that the monsoon onset over Kerala is likely to be slightly delayed," the IMD said. "The southwest monsoon onset is likely to set over Kerala on 6th June with a model error of plus or minus 4 days."*

*The dreaded El Nino, which often disrupts global weather patterns including the monsoon, is likely to be neutralised by a local phenomenon in the Indian Ocean, which can lead to good rainfall in the June-September season, top meteorologists said.*

#### **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 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.

## 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<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 | 329.20 | 8.90   |

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

| Daily Futures Price Listing Tuesday May 21, 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>                           | 190521 | 11.63 | 11.85 | 11.36 | 11.81 | 0.19   | 97,643       | 444,668   | 4,794  |
| <a href="#">19-Oct</a>                           | 190521 | 12.05 | 12.21 | 11.85 | 12.17 | 0.15   | 53,490       | 259,024   | 165    |
| <a href="#">20-Mar</a>                           | 190521 | 13.02 | 13.18 | 12.87 | 13.15 | 0.15   | 14,221       | 172,513   | 2,299  |
| <a href="#">20-May</a>                           | 190521 | 13.14 | 13.29 | 13.01 | 13.26 | 0.13   | 2,840        | 40,835    | 779    |
| <a href="#">20-Jul</a>                           | 190521 | 13.26 | 13.39 | 13.15 | 13.38 | 0.12   | 2,110        | 32,880    | 410    |
| <a href="#">20-Oct</a>                           | 190521 | 13.42 | 13.57 | 13.36 | 13.56 | 0.1    | 663          | 30,889    | -16    |
| <a href="#">21-Mar</a>                           | 190521 | 13.94 | 14.08 | 13.89 | 14.08 | 0.11   | 441          | 15,833    | 167    |
| <a href="#">21-May</a>                           | 190521 | 13.97 | 14.1  | 13.92 | 14.1  | 0.11   | 65           | 2,126     | 26     |
| Total Volume and Open Interest                   |        |       |       |       |       |        | 171,606      | 1,002,346 | 8,703  |

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

| Daily Futures Price Listing Tuesday May 21, 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>                           | 190521 | 323.2 | 327   | 318.1 | 326.3 | 3.1    | 10,713       | 55,590   | 2,081  |
| <a href="#">19-Oct</a>                           | 190521 | 327.7 | 331.6 | 323   | 331   | 3.3    | 2,435        | 24,127   | 398    |
| <a href="#">19-Dec</a>                           | 190521 | 337.7 | 341.3 | 333   | 340.8 | 3.4    | 1,312        | 13,451   | -176   |
| <a href="#">20-Mar</a>                           | 190521 | 343.9 | 349.6 | 342.3 | 349.3 | 2.6    | 512          | 8,468    | 122    |
| <a href="#">20-May</a>                           | 190521 | 352.2 | 357.2 | 350.6 | 357.2 | 2      | 57           | 2,094    | 18     |
| Total Volume and Open Interest                   |        |       |       |       |       |        | 15,096       | 105,843  | 2,508  |

## DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |            |                        |                 |           |        |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity                         | Centre     | Variety                | Prices (Rs/Qtl) |           | Change |
| Sugar                             |            |                        | 22-May-19       | 21-May-19 |        |
| Delhi                             | Delhi      | M-Grade                | 3300            | 3300      | Unch   |
|                                   | Delhi      | S-Grade                | 3280            | 3280      | Unch   |
| Uttar Pradesh                     | Khatauli   | M-Grade                | 3440            | 3425      | 15     |
|                                   | Ramala     | M-Grade                | NA              | NA        | -      |
|                                   | Dhampur    | M-Grade Ex-Mill        | 3260            | 3260      | Unch   |
|                                   | Dhampur    | S-Grade Ex-Mill        | 3240            | 3240      | Unch   |
|                                   | Dhampur    | L-Grade Ex-Mill        | 3310            | 3310      | Unch   |
| Maharashtra                       | Mumbai     | M-Grade                | 3376            | 3376      | Unch   |
|                                   | Mumbai     | S-Grade                | 3250            | 3250      | Unch   |
|                                   | Nagpur     | M-Grade                | 3265            | 3245      | 20     |
|                                   | Nagpur     | S-Grade                | 3225            | 3225      | Unch   |
|                                   | Kolhapur   | M-Grade                | 3140            | 3120      | 20     |
|                                   | 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                | 3620            | 3620      | Unch   |
| West Bengal                       | Kolkata    | M-Grade                | 3640            | 3650      | -10    |
| Tamil Nadu                        | Chennai    | S-Grade                | 3580            | 3580      | Unch   |
|                                   | Dindigul   | M-Grade                | 3560            | 3560      | 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)                              |               |                          | 22-May-19       | 21-May-19 |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh              | 3253            | 3278      | -25    |
|   | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 3000            | 3000      | Unch   |

|                |                    |                   |      |      |      |
|----------------|--------------------|-------------------|------|------|------|
|                | Muzaffarnagar      | Khurpa (Fresh)    | 2875 | 2825 | 50   |
|                | Muzaffarnagar      | Laddoo (Fresh)    | 3155 | 3100 | 55   |
|                | Muzaffarnagar      | Rascut (Fresh)    | 2550 | 2550 | Unch |
|                | Hapur              | Chaurasa          | 2900 | 2900 | Unch |
|                | Hapur              | Balti             | NA   | NA   | -    |
| Andhra Pradesh | Chittur            | Gold              | 4000 | NA   | -    |
|                |                    | White             | 3900 | NA   | -    |
|                |                    | Black             | 3500 | NA   | -    |
| Maharashtra    | Latur              | Lal Variety       | NR   | NR   | -    |
| Karnataka      | Bangalore          | Mudde (Average)   | 4300 | 4300 | 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)   | 3125 | 3116 | 9    |
|                | Mandya             | Achhu (Medium)    | NA   | 3400 | -    |
|                | Mandya             | Kurikatu (Medium) | NA   | 3300 | -    |
|                | Mandya             | Other (Medium)    | NA   | 3250 | -    |
|                | Mandya             | Yellow (Medium)   | NA   | 3500 | -    |
|                | Shimoga/Shivamogga | Achhu (Average)   | 3700 | 3650 | 50   |

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