

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.

“This year prices of oil rose 35 per cent, whereas sugar fell 5 per cent, and hike in oil prices led to increasing values for gasoline in Brazil. Due to this demand and prices for ethanol raised.” Sugar production in Brazil is also likely to fall from expected production as mills are likely to allocate less cane for sugar.

Farmer organization claimed sugar mills have not been paying farmers for the past several months and questioned what mills did with the loan amount approved for clearing cane dues.

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 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 Icmsa	323.10	-6.10

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed May 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190522	11.87	11.95	11.58	11.62	-0.19	56,562	446,416	1,748
19-Oct	190522	12.24	12.33	12.03	12.04	-0.13	29,044	260,209	1,185
20-Mar	190522	13.15	13.28	13.04	13.06	-0.09	8,633	175,262	2,749
20-May	190522	13.28	13.39	13.18	13.19	-0.07	1,629	40,979	144
20-Jul	190522	13.39	13.5	13.31	13.32	-0.06	1,269	32,861	-19
20-Oct	190522	13.59	13.68	13.49	13.51	-0.05	547	30,947	58
21-Mar	190522	14.1	14.19	14.01	14.01	-0.07	106	15,857	24
21-May	190522	14.12	14.21	14.04	14.04	-0.06	37	2,156	30
Total Volume and Open Interest							97,827	1,008,265	5,919

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed May 22, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190522	327	329.5	322.1	322.8	-3.5	3,854	55,676	86
19-Oct	190522	331.7	334	326.7	327.6	-3.4	1,606	24,261	134
19-Dec	190522	341.7	343.2	337	338.2	-2.6	715	13,590	139
20-Mar	190522	350	351	346.3	347.3	-2	188	8,568	100
20-May	190522	358.4	358.4	355.3	355.3	-1.9	29	2,101	7
Total Volume and Open Interest							6,469	106,348	505

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-May-19	22-May-19	
Delhi	Delhi	M-Grade	3320	3300	20
	Delhi	S-Grade	3300	3280	20
Uttar Pradesh	Khatauli	M-Grade	3450	3440	10
	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	3246	3250	-4
	Nagpur	M-Grade	3305	3265	40
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3180	3140	40
	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	3640	Unch
Tamil Nadu	Chennai	S-Grade	3580	3580	Unch
	Dindigul	M-Grade	NR	3560	-

	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)			23-May-19	22-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	3253	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	3000	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	2875	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	3155	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2550	-
	Hapur	Chaurasa	2950	2900	50
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	0	NA	-
		White	0	NA	-
		Black	0	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	3000	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2725	-
	Mahalingapura	Penti (Average)	NA	3125	-
	Mandya	Achhu (Medium)	3400	3400	Unch
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3250	3200	50
	Mandya	Yellow (Medium)	3400	3400	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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