

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

*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.*

*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 45 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 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) 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 according to IMD. 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 4,831crore.***

***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 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	322.90	-0.20

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

Daily Futures Price Listing Fri May 24, 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>	190524	11.64	11.77	11.56	11.66	0.09	75,937	453,084	1,558
<a href="#">19-Oct</a>	190524	12	12.17	11.96	12.05	0.08	37,149	277,362	2,499
<a href="#">20-Mar</a>	190524	13.03	13.21	12.99	13.11	0.11	16,650	179,051	1,989
<a href="#">20-May</a>	190524	13.16	13.35	13.13	13.25	0.12	5,141	42,447	607
<a href="#">20-Jul</a>	190524	13.27	13.46	13.27	13.38	0.11	2,459	34,034	1,231
<a href="#">20-Oct</a>	190524	13.46	13.65	13.46	13.56	0.1	972	30,861	161
<a href="#">21-Mar</a>	190524	14.11	14.13	14.05	14.06	0.1	229	15,940	13
<a href="#">21-May</a>	190524	14.12	14.12	14.07	14.07	0.09	54	2,240	24
Total Volume and Open Interest							138,616	1,038,686	8,082

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

Daily Futures Price Listing Fri May 24, 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>	190524	323.5	326.1	322	324.4	2.3	4,824	56,103	382
<a href="#">19-Oct</a>	190524	327.8	330.6	326.1	329	2.4	2,481	24,924	484
<a href="#">19-Dec</a>	190524	338.8	341	337.2	340.1	2.6	1,067	13,834	30
<a href="#">20-Mar</a>	190524	348	350	346.7	349.6	2.8	346	8,525	-45
<a href="#">20-May</a>	190524	356.9	357.8	356.9	357.8	2.9	106	2,108	-2
Total Volume and Open Interest							8,884	107,775	872

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-May-19	24-May-19	
Delhi	Delhi	M-Grade	3300	3320	-20
	Delhi	S-Grade	3280	3300	-20
Uttar Pradesh	Khatauli	M-Grade	3440	3450	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3260	40
	Dhampur	S-Grade Ex-Mill	3280	3240	40
	Dhampur	L-Grade Ex-Mill	3350	3310	40
Maharashtra	Mumbai	M-Grade	3370	3370	Unch
	Mumbai	S-Grade	3250	3246	4
	Nagpur	M-Grade	3325	3305	20
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3180	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	3640	Unch
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)			25-May-19	24-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3320	3313	8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	3000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2925	2713	213
	Muzaffarnagar	Laddoo (Fresh)	3175	3213	-38

	Muzaffarnagar	Rascut (Fresh)	2650	2588	63
	Hapur	Chaursa	3000	3000	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	NA	-
		White	3700	NA	-
		Black	3500	NA	-
Maharashtra	Latur	Lal Variety	0	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)	2800	2726	74
	Mahalingapura	Penti (Average)	NA	3072	-
	Mandya	Achhu (Medium)	NA	3400	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3200	-
	Mandya	Yellow (Medium)	NA	3400	-
	Shimoga/Shivamogga	Achhu (Average)	3700	3850	-150

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