

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

Indian sugar market across India was steady on Saturday. The prices are expected to be bullish in coming days as demand for the refined sugar from local markets is accelerating due to scorching summer prevailing in India especially in north. Prices might remain at higher side if government accepts the rise in 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. Kolhapur sugar market prices stood same at Rs.3125 whereas in U.P's Khatauli market at Rs.3400INR.

Government fixes June sales quota slightly higher at 21.5 LT to each of 534 mills in the country against 21LT for last month along with added incentivized quota to those mills who have completed their export targets under MIEQ Quota.

Weather Forecast:

The monsoon is likely to be delayed this year as its arrival expected on June 7, 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:

Sugar domestic consumption is likely to increase by 2-3% in this sugar season to 258 lakh tonnes this year according to ICRA in its recent report. Sugar production in 2019 is expected to be marginally higher at around 32.5-33.0 million MT higher by at least 6.5-7.0 million MT when compared to 32.2 million MT in 2018.

Haryana cooperative sugar mills received Rs.350 crore on Tuesday to clear arrears and paying off to sugarcane farmers for crushing season of 2018-19. Payments of Rs.1,098.38 crore had been made till now and outstanding dues is decided to pay in the next coming week.

The centre has asked the sugar mills to calculate the cost of sugar production which may range around Rs.34 but the sources says that the stress would be relieved if the prices are finalized at Rs.35-36. The government has finally came with initiation for the solution regarding setting of the minimum support price which is much lower than the cost of sugar production.

Banks have sanctioned a soft loan of Rs.689 crore 2 lakh 79 thousand to 42 sugar mills in Maharashtra to aid the factories to clear the pending cane arrears due to glut in production resulting in depressed prices. The Central government will bear the interest for one year on this loan.

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 due to unfavorable weather in major producing states, 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.

The Maharashtra government 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 affecting the sugarcane production in the coming season.

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 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. 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.

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.

Weekly Outlook:

Indian Sugar markets remained firm during last week. We expect sugar prices may trade firm due to good demand in the 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 3120–Rs 3290 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	322.30	-3.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri May 31, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190531	11.73	12.13	11.6	12.1	0.34	90,839	431,010	-9,466
19-Oct	190531	12.14	12.46	12.04	12.43	0.25	48,679	285,085	-1,010
20-Mar	190531	13.12	13.37	13.02	13.34	0.16	12,173	181,295	-297
20-May	190531	13.31	13.48	13.16	13.47	0.17	3,281	42,022	-16
20-Jul	190531	13.39	13.61	13.33	13.6	0.17	1,722	36,268	236
20-Oct	190531	13.58	13.8	13.53	13.78	0.16	765	31,064	61
21-Mar	190531	14.13	14.33	14.05	14.32	0.18	639	16,343	227
21-May	190531	14.06	14.32	14.06	14.32	0.18	113	2,465	89
Total Volume and Open Interest							158,220	1,029,297	-10,179

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri May 31, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190531	324.1	331	321.7	330.6	6.7	5,446	56,614	-152
19-Oct	190531	328.9	336.3	326.9	335.9	7.2	2,157	25,401	96
19-Dec	190531	338.9	345.3	336.4	345	6.8	723	14,345	60
20-Mar	190531	345.3	351.9	344	351.8	6.3	276	8,834	119
20-May	190531	352.3	358.6	351	358.6	6	111	2,205	83
Total Volume and Open Interest							8,713	109,697	206

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Jun-19	31-May-19	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3400	3440	-40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3270	3300	-30
	Dhampur	S-Grade Ex-Mill	3250	3280	-30
	Dhampur	L-Grade Ex-Mill	3320	3350	-30
Maharashtra	Mumbai	M-Grade	3366	3370	-4
	Mumbai	S-Grade	3240	3240	Unch
	Nagpur	M-Grade	3250	3245	5
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3125	3120	5
	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	3720	3720	Unch

	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	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)	3350	3350	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)			1-Jun-19	31-May-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3013	3053	-40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2888	2950	-63
	Muzaffarnagar	Laddoo (Fresh)	3175	3200	-25
	Muzaffarnagar	Rascut (Fresh)	2750	2750	Unch
	Hapur	Chaurasa	2938	2938	Unch
	Hapur	Balti	2813	2813	Unch
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3700	3700	Unch
		Black	3600	3400	200
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)	NA	2953	-
	Mandya	Achhu (Medium)	NA	3200	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	3200	-
	Mandya	Yellow (Medium)	NA	3250	-
	Shimoga/Shivamogga	Achhu (Average)	3650	3650	Unch

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