

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

Indian sugar market across India was weak on Tuesday. The prices are expected to be bullish in coming days. 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.3120 whereas in U.P's Khatauli market at Rs.3405INR.

Total sugarcane production in India during 2018-19 is estimated at a record of 400.37 million tonnes. The production of sugarcane during 2018-19 is higher by 50.59 million tonnes than the average sugarcane production of 349.78 million tonnes as per the data released by 3rd advance estimates of production by Department of Agriculture, Cooperation and Farmers Welfare.

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:

Maharashtra sugar millers have opted to export sugar through third party quota at Rs. 28-28.5/kg selling 3-4 lakh tonnes sugar. Tepid demand of sugar in the domestic market, millers are not able to sell its sugar at MSP. This has forced them to store sugar stocks in open and as monsoon is arriving very soon according to IMD, therefore, selling sugar on third party export quota over and above their own export quota, helped the mills liquidate the excess sugar with them.

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.

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.

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	332.40	0.9

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			3-Jun-19	1-Jun-19	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3415	3400	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3290	3270	20
	Dhampur	S-Grade Ex-Mill	3270	3250	20
	Dhampur	L-Grade Ex-Mill	3340	3320	20
Maharashtra	Mumbai	M-Grade	3366	3366	Unch
	Mumbai	S-Grade	3226	3240	-14

	Nagpur	M-Grade	3245	3250	-5
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3120	3125	-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	3670	3600	70
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)			3-Jun-19	1-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3000	3013	-13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	500	1000	-500
	Muzaffarnagar	Khurpa (Fresh)	2925	2888	38
	Muzaffarnagar	Laddoo (Fresh)	3175	3175	Unch
	Muzaffarnagar	Rascut (Fresh)	2750	2750	Unch
	Hapur	Chaurasa	Closed	2938	-
	Hapur	Balti	Closed	2813	-
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3700	3700	Unch
		Black	3400	3600	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	2750	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2900	3000	-100
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3150	3200	-50

	Mandya	Kurikatu (Medium)	3100	2900	200
	Mandya	Other (Medium)	3200	3100	100
	Mandya	Yellow (Medium)	3350	3100	250
	Shimoga/Shivamogga	Achhu (Average)	3850	3650	200

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