

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

Indian sugar market across India was weak on Wednesday. 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 steady at Rs.3120 whereas in U.P's Khatauli market at Rs.3405INR.

Raw sugar futures on ICE climbed to a five-week high on Tuesday. Prices were supported by a firmer Brazilian real, dealers said. A stronger real can discourage producer selling of dollar-denominated commodity sugar. Also, Brazil's Trade Ministry showed that Brazil May sugar exports fell -15% y/y to 1.781 MMT.

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:

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.

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	336.80	4.4

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue June 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190604	12.2	12.45	12.08	12.42	0.23	105,625	429,113	-683
19-Oct	190604	12.52	12.66	12.39	12.64	0.14	58,066	284,096	-294
20-Mar	190604	13.37	13.49	13.3	13.47	0.1	18,183	184,725	2,365
20-May	190604	13.49	13.6	13.41	13.58	0.09	2,877	41,557	223
20-Jul	190604	13.65	13.72	13.53	13.71	0.09	1,792	36,461	259
20-Oct	190604	13.8	13.9	13.76	13.89	0.09	1,118	31,016	-21
21-Mar	190604	14.32	14.42	14.32	14.41	0.09	1,070	16,529	180
21-May	190604	14.33	14.4	14.33	14.4	0.09	27	2,468	-20
Total Volume and Open Interest							188,795	1,029,711	2,010

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue June 04, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190604	329.8	338	329.4	336.8	6	7,433	57,088	415
19-Oct	190604	336.7	343.6	335.5	342.7	5.5	3,755	26,280	540
19-Dec	190604	345	351.1	343.6	350.5	5	767	14,511	141
20-Mar	190604	351.1	357.8	350.5	357.4	4.9	233	9,129	-9
20-May	190604	357.2	363.8	357.2	363.7	4.4	99	2,167	-53
Total Volume and Open Interest							12,321	111,462	1,027

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Jun-19	4-Jun-19	
Delhi	Delhi	M-Grade	3280	3290	-10
	Delhi	S-Grade	3260	3270	-10
Uttar Pradesh	Khatauli	M-Grade	Closed	3405	-
	Ramala	M-Grade	Closed	NA	-
	Dhampur	M-Grade Ex-Mill	3280	3290	-10
	Dhampur	S-Grade Ex-Mill	3260	3270	-10
	Dhampur	L-Grade Ex-Mill	3330	3340	-10
Maharashtra	Mumbai	M-Grade	3340	3346	-6
	Mumbai	S-Grade	3234	3230	4
	Nagpur	M-Grade	Closed	3245	-
	Nagpur	S-Grade	Closed	3225	-
	Kolhapur	M-Grade	Closed	3120	-
	Kolhapur	S-Grade	Closed	3100	-
Assam	Guhawati	S-Grade	Closed	3410	-
Meghalaya	Shillong	S-Grade	Closed	3420	-
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3670	3670	Unch
Tamil Nadu	Chennai	S-Grade	Closed	3580	-
	Dindigul	M-Grade	3500	3560	-60
	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)			5-Jun-19	4-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	2950	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	1000	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	2888	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	3175	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2750	-

	Hapur	Chaurasa	2938	2938	Unch
	Hapur	Balti	2813	2813	Unch
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	3500	3500	Unch
		Black	3300	3300	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4300	-
	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	3035	-
	Mandya	Achhu (Medium)	NA	3150	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	3150	-
	Mandya	Yellow (Medium)	NA	3150	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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