

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Mixed trend was seen in Indian sugar market across India on Thursday. The prices are expected to remain steady 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.3385INR.

In Maharashtra, around 20,000 villages are facing severe drinking water crises with no water left in 35 major and medium dams. In about 1,000 small dams, the water level is less than 7.6%, according to the data released by Maharashtra water resources department. In first week of June in 2018, the average water level in these dams was 17.89 %.

Weather Forecast:

The monsoon is likely to be delayed this year as its arrival expected on June 8, 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:

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.

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 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	335.70	-1.1

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed June 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190605	12.42	12.53	12.15	12.21	-0.21	102,381	413,498	-15,615
19-Oct	190605	12.64	12.76	12.41	12.49	-0.15	66,895	285,658	1,562
20-Mar	190605	13.48	13.6	13.32	13.4	-0.07	21,830	187,236	2,511
20-May	190605	13.59	13.71	13.46	13.54	-0.04	4,302	40,867	-690
20-Jul	190605	13.72	13.83	13.59	13.67	-0.04	3,496	36,916	455
20-Oct	190605	13.9	14.01	13.78	13.85	-0.04	1,462	31,228	212
21-Mar	190605	14.43	14.53	14.3	14.37	-0.04	626	16,557	28
21-May	190605	14.42	14.51	14.37	14.37	-0.03	67	2,435	-33
Total Volume and Open Interest							201,856	1,018,850	-10,861

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed June 05, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190605	338	339.7	331.5	332.1	-4.7	9,298	56,935	-153
19-Oct	190605	343.6	344.8	337.5	338.1	-4.6	5,340	26,537	257
19-Dec	190605	351.2	352.5	345.8	346.7	-3.8	1,596	14,986	475
20-Mar	190605	357.9	359.3	353.3	354.4	-3	410	9,151	22
20-May	190605	364.8	365.8	361.2	361.2	-2.5	221	2,227	60
Total Volume and Open Interest							16,903	112,132	670

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Jun-19	5-Jun-19	
Delhi	Delhi	M-Grade	3325	3280	45
	Delhi	S-Grade	3305	3260	45
Uttar Pradesh	Khatauli	M-Grade	3385	Closed	-
	Ramala	M-Grade	NA	Closed	-
	Dhampur	M-Grade Ex-Mill	3280	3280	Unch
	Dhampur	S-Grade Ex-Mill	3260	3260	Unch
	Dhampur	L-Grade Ex-Mill	3330	3330	Unch
Maharashtra	Mumbai	M-Grade	3340	3340	Unch
	Mumbai	S-Grade	3232	3234	-2
	Nagpur	M-Grade	3245	Closed	-
	Nagpur	S-Grade	3225	Closed	-
	Kolhapur	M-Grade	3120	Closed	-
	Kolhapur	S-Grade	3100	Closed	-
Assam	Guhawati	S-Grade	3410	Closed	-
Meghalaya	Shillong	S-Grade	3420	Closed	-
Andhra Pradesh	Vijayawada	M-Grade	3660	3680	-20
	Vijayawada	S-Grade	3600	3620	-20
West Bengal	Kolkata	M-Grade	3680	3670	10
Tamil Nadu	Chennai	S-Grade	3600	Closed	-
	Dindigul	M-Grade	3560	3500	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)			6-Jun-19	5-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2900	Closed	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	2925	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	3180	Closed	-
	Muzaffarnagar	Rascut (Fresh)	2750	Closed	-

	Hapur	Chaurasa	2925	2938	-13
	Hapur	Balti	2813	2813	Unch
Andhra Pradesh	Chittur	Gold	4000	4100	-100
		White	3700	3500	200
		Black	3400	3300	100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3150	NA	-
	Mandya	Kurikatu (Medium)	3000	NA	-
	Mandya	Other (Medium)	3100	NA	-
	Mandya	Yellow (Medium)	3200	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3850	NA	-

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