

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

Mixed trend was seen in Indian sugar market across India on Friday. The prices are expected to remain down for coming few days due to less demand and the prices in UP is likely to remain bearish due to incoming supply of sugar from Maharashtra. 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.3140 whereas in U.P's Khatauli market at Rs.3350INR.

Maharashtra is likely to divert 25% of cane to ethanol production due to low prices of sugar, surplus stocks and pilling cane arrears. Maharashtra sugar commissioner has made a proposal to Chief Minister for the assistance of promotion of ethanol production from sugarcane juice in the state.

Maharashtra sugar mills have, by the end of crushing season, paid 94 per cent Fair and Remunerative Price (FRP) to sugarcane farmers. According to industry experts, this is the first time that farmers have received almost all the payment without any delay. Of the total payable FRP of Rs.23,000 crore, mills have paid about Rs.21, 604 crore to over 20 lakh cane growers in the State.

Weather Forecast:

According to IMD, the Monsoon is likely to set in over Kerala during the next 24 hours as 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:

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 %.

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 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	339.30	3.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu June 06, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
19-Jul	190606	12.2	12.52	12.09	12.51	0.3	100,952	405,531	-7,967
19-Oct	190606	12.45	12.72	12.37	12.72	0.23	75,530	295,147	9,489
20-Mar	190606	13.35	13.6	13.29	13.59	0.19	25,693	192,493	5,257
20-May	190606	13.48	13.7	13.42	13.69	0.15	2,252	41,183	316
20-Jul	190606	13.61	13.81	13.58	13.81	0.14	1,491	37,023	107
20-Oct	190606	13.79	13.98	13.77	13.98	0.13	838	31,158	-70
21-Mar	190606	14.28	14.49	14.28	14.49	0.12	65	16,563	6
21-May	190606	14.28	14.48	14.28	14.48	0.11	4	2,433	-2
Total Volume and Open Interest							206,827	1,025,985	7,135

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Thu June 06, 2019									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
19-Aug	190606	332.8	339.6	332.1	339.3	7.2	7,764	55,214	-1,721
19-Oct	190606	338.8	344.5	338.1	344.1	6	3,767	26,308	-229
19-Dec	190606	347.7	352.9	347.2	352.6	5.9	1,300	14,876	-110
20-Mar	190606	355.9	360	355	360	5.6	382	9,136	-15
20-May	190606	361.7	366.3	361.6	366.3	5.1	87	2,213	-14
Total Volume and Open Interest							13,309	110,043	-2,089

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Jun-19	6-Jun-19	
Delhi	Delhi	M-Grade	3250	3325	-75
	Delhi	S-Grade	3230	3305	-75
Uttar Pradesh	Khatauli	M-Grade	3350	3385	-35
	Ramala	M-Grade	NA	NA	-
	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	3232	Unch
	Nagpur	M-Grade	3265	3245	20
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3140	3120	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	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	3600	3600	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)			7-Jun-19	6-Jun-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2963	2900	63
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	500	1000	-500
	Muzaffarnagar	Khurpa (Fresh)	2775	2925	-150
	Muzaffarnagar	Laddoo (Fresh)	3183	3180	3
	Muzaffarnagar	Rascut (Fresh)	2675	2750	-75

	Hapur	Chaurasa	2938	2925	13
	Hapur	Balti	2813	2813	Unch
Andhra Pradesh	Chittur	Gold	4000	4000	Unch
		White	3700	3700	Unch
		Black	3400	3400	Unch
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	2940	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3024	-
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	2900	3000	-100
	Mandya	Other (Medium)	3000	3100	-100
	Mandya	Yellow (Medium)	3100	3200	-100
	Shimoga/Shivamogga	Achhu (Average)	3800	3850	-50

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