

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

Sugar wholesale market prices witnessed mixed trend on Wednesday. This was despite trade expectations that the release quota of 1.85 million tonnes for Jan was lower than probable demand. The UP and Maharashtra states demanding extra sales quota, due to the low sales quota, mills are unable to sell their sugar and repay the farmers on time. The arrears, including the carryover of the previous 2017-18 crushing season, are estimated at Rs 6,500 crore in the two key sugar producing states of Uttar Pradesh and Maharashtra. They together account for more than 50 per cent of the annual production. UP alone accounts for Rs 4,000 crore of arrears comprising almost Rs 2,000 crore and Rs 4,000 crore for the 2017-18 and 2018-19 seasons, respectively.

March NY world sugar #11 (SBH19) on Monday closed down -0.36 (-2.91%) and March ICE London white sugar (SWH19) closed down by -6.50 (-1.92%). Sugar prices slumped to fresh 2-3/4 month lows Monday as recent weakness in the Brazilian real has bolstered the outlook for increased Brazilian sugar exports. Data from shipper Williams showed that 489,119 MT of sugar was awaiting loading in Brazil's ports as of Dec 26, up +18.7% from the prior week. Losses were limited as crude oil moved higher, which benefits ethanol and sugar on the prospects for Brazil's sugar producers to divert more sugar cane crushing toward ethanol production than sugar production, thus cutting global sugar supplies.

Weather Forecast for tomorrow:

During the next 24 hours, isolated light rain will occur over Tamil Nadu and higher reaches of Jammu and Kashmir. Weather will remain dry over rest all parts of India. Minimums will increase further over Northwest India and hills of Western Himalayas leading to abatement of cold wave conditions from many places. Isolated pockets of Haryana, Punjab and Rajasthan will have cold wave conditions. Frost is expected to occur in many parts of Northwest India.

Previous Updates:

According to ratings agency Icra Ltd, sugar production in India is expected to decline by around 2% to 31.5 million tonnes (mt) in the current season. Even so, the sugar surplus scenario is likely to continue as the industry is carrying sizeable inventories. Even after accounting for exports aided by the government, the industry is likely to hold 11.3–12.3 mt of stock, which is equivalent to 5.3 months of domestic consumption. This is the highest in recent years

Gur/Jaggery Muzzaffarnagar prices upon staying above INR 2600 are witnessing an upside correction. Within the same a test of INR 2900 remains open ahead of prices turning lower towards INR 2500 and lower in the months ahead. The prices of M 30 and S 30 grades of sugar rates remained steady in Kolhapur sugar market on Thursday at Rs 2900 and Rs 2900 per quintal respectively.

Sugar prices have fallen and are hovering in the range of fixed price of Rs 2,900 per quintal. Moreover there is little demand for sugar and it is binding on millers to make payments to farmers. The UP and MH state sugar millers have decided to approach government once again with a plea to urge the Centre to intervene and increase the minimum floor price of sugar from the existing Rs 2,900 per quintal to Rs 3,250/3,400 per quintal to overcome the current financial distress.

The government is considering an additional soft loan of Rs 7,400 crore to sugar mills for creating ethanol capacity under a recently launched scheme, according to sources. The food ministry is also considering tweaking the scheme to ensure that non-molasses-based distilleries are also able to avail soft loans under the scheme launched in June for expansion and setting up of new ethanol plants. Under the scheme, the government had announced a soft loan of Rs 4,400 crore and provided an interest subvention of Rs 1,332 crore to mills over a period of five years, including a moratorium period of one year. However, the ministry has received 282 applications seeking Rs 13,400 crore soft loans. Out of this, 114 applications for a loan amount of Rs 6,000 crore has been approved, the sources said.

The prices of M-30 and S -30 grades of sugar rates remained steady in Kolhapur sugar market today at Rs 2925/2900 per quintal respectively. Indian sugar market ruled flat on eased supply and demand. Heavy carryover stocks, higher production and limited domestic demand kept the market under pressure.

Sugar mills in Brazil's Centre/South (CS) crushed 12.6 mln tonnes of sugarcane in the first half of December, bringing the total crush since the official start on April 1 to 556.851 mln tonnes, down 4.1% from 580.684 mln crushed by the same time in 2017/18, Unica reported in its press conference for the 2018/19 harvest. Thailand's 2018/19 cane crush continues to ramp up with daily crushing volumes exceeding 1 mln tonnes in mid-December.

Indonesia has set the raw sugar import quota for industrial use for 2019 at 2.83 mln tonnes, according to Oke Nurwan, director general of international trade at the Trade Ministry.

So far, India has exported only 2.46 lakh tonnes of sugar for this season. If the current trend continues, achieving 5 million tonnes of MIEQ export looks difficult. Sugar factories face several headwinds for executing export orders. Apart from depreciating Indian rupee making thereby exports less remunerative, depreciation in the Brazilian Lira coupled with sustained fall in global prices made sugar shipment from India less remunerative. With the government releases subsidy amount at the end of the season, sugar mills fear blockage of working capital for the entire year on which they pay interest to lenders.

Weekly Outlook:

We expect sugar prices may trade down on good physical supplies from mills are continuing in the physical market due to imposed stock limit on mills. Prices are supportive after Jan due to the expectation of weak cane crush this season in the key producing states of UP, MH and KA.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 21-12-2018)

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 starts.

International Sugar Futures ICE						(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar	
		31-Dec-18	24-Dec-18	30-Nov-18	31-Dec-17	31-Dec-18	
Oct-18	#N/A	1959	2021	2075	#N/A	69.79	
Mar-19	#N/A	1881	1949	2003	#N/A		
May-19	#N/A	1892	1957	2020	#N/A		

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE						(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar	
		31-Dec-18	24-Dec-18	30-Nov-18	31-Dec-17	31-Dec-18	
Oct-18	#N/A	2385	2444	2487	#N/A	69.79	
Dec-18	#N/A	2455	2505	2547	#N/A		
Mar-19	#N/A	2321	2370	2425	#N/A		

(Source: Reuters)* Today – figures are a day ago Quotes.

Commodity		Change
Thai Sugar FOB 45 Icmsa	332.5	-6.5

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			02-Jan-19	31-Dec-18	
Sugar					
Delhi	Delhi	M-Grade	3000	3020	-20
	Delhi	S-Grade	2980	3000	-20
Uttar Pradesh	Khatauli	M-Grade	3225	3125	100
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3050	Unch
	Dhampur	S-Grade Ex-Mill	3030	3030	Unch
	Dhampur	L-Grade Ex-Mill	3100	3100	Unch
Maharashtra	Mumbai	M-Grade	3232	3220	12

	Mumbai	S-Grade	3076	3070	6
	Nagpur	M-Grade	3075	3045	30
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2950	2920	30
	Kolhapur	S-Grade	2900	2900	Unch
Assam	Guhawati	S-Grade	3207	3207	Unch
Meghalaya	Shillong	S-Grade	3220	3220	Unch
Andhra Pradesh	Vijayawada	M-Grade	3460	3600	-140
	Vijayawada	S-Grade	3420	3600	-180
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3120	3050	70
	Dindigul	M-Grade	3460	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#N/A	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change	
			02-Jan-19	31-Dec-18		
Jaggery(Gur)						
	Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2628	2505	123
		Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
		Muzaffarnagar	Khurpa (Fresh)	2368	2338	30
		Muzaffarnagar	Laddoo (Fresh)	2625	2613	13
		Muzaffarnagar	Rascut (Fresh)	2053	2053	Unch
		Hapur	Chaurasa	2200	Closed	-
Hapur		Balti	2250	Closed	-	
Andhra Pradesh	Chittur	Gold	4400	4400	Unch	
		White	3800	3800	Unch	
		Black	3300	3300	Unch	
Maharashtra	Latur	Lal Variety	NR	NR	-	
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch	
	Belgaum	Mudde (Average)	NA	NA	-	
	Belthangadi	Yellow (Average)	NA	NA	-	
	Bijapur/Vijayapura	Achhu	NA	2910	-	
	Gulbarga/Kalaburgi	Other (Average)	NA	3212	-	
	Mahalingapura	Penti (Average)	3042	NA	-	

Mandya	Achhu (Medium)	2850	2850	Unch
Mandya	Kurikatu (Medium)	2650	2650	Unch
Mandya	Other (Medium)	2750	2800	-50
Mandya	Yellow (Medium)	2850	2900	-50
Shimoga/Shivamogga	Achhu (Average)	3250	3200	50

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