

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Despite various government measures to bail out sugar mills from their financial woes, cane payment arrears reached Rs 19,000 crore for the season up to December 31. This was more than double last year's arrears at the same date. Of the total, around Rs 5,000 crore was carried over from last year. The rest was for cane supplies for barely six weeks of the current season. Mills began crushing in the second half of November for the 1-season, which officially began October 1. According to news sources Maharashtra's sugar commissioner has given in-principle approval for making part of the cane payment in the form of sugar as sugarcane price arrears in the state have increased to Rs 4,576 crore.

India's sugar exports are likely to be far lower than a 5 million-tonne target set by government as a strengthening rupee and falling global prices make shipments unattractive despite a government push for overseas sales. As Agriwatch expected that India is likely to export to 3.0 million tonnes of sugar in the 2018/19 marketing year that started on Oct. 1

Weather Forecast for tomorrow:

During the next 24 hours, light to moderate rain and snow is expected over many places of Jammu and Kashmir, Himachal Pradesh and isolated pockets of Uttrakhand and Arunachal Pradesh. Isolated rains may also occur over North Punjab. Minimums are expected to rise over the northwestern plains and maximums may drop over Jammu and Kashmir, Himachal Pradesh, Uttrakhand and parts of Punjab. Pollution levels over Delhi-NCR will remain unchanged.

Previos Updates:

The Government of Punjab has released Rs 35 crore to the cooperative sugar mills of the state towards the payment for sugarcane dues for the year 2017-18. The same has been credited into the accounts of the sugarcane farmers. The cooperative sugar mills had dues amounting to Rs 182.26 crore pending towards the government as of December 31, 2018, out of which Rs 151.82 crores remain due following the payment of Rs 35 crore. Out of these Rs 151.82 crore, a sum of Rs 65 crore has been released by the Punjab Rural Development Board, which would be paid soon. This was stated by the state cooperation minister, S Sukhjinder Singh Randhawa.

The Centre is likely to revise the sugar minimum selling price (MSP) by 10 per cent from its current level of Rs 29 a kg to Rs 32 a kg in the weeks ahead. Last year, the Union food ministry had fixed the ex-factory sugar sale price at Rs 29 a kg to help domestic sugar mills amid falling retail sugar prices and the export-market squeeze owing to a global glut in the sector.

According to the latest data from the Maharashtra government's Commissioner ate of Sugar, mills in the state, as on December 31, were to have paid growers Rs 7,450.90 crore for cane at the "fair and remunerative price" or FRP of about Rs 245 per quintal declared by the Centre for the 2018-19 season (average rate, after deducting harvesting and transport charges from field). But they had only managed to pay Rs 2,875.37 crore, which translates into arrears of Rs 4,575.53 crore. For Uttar Pradesh the

current season, they have, till January 4, bought cane worth Rs 10,051.02 crore at the state government's average state "advised" price or SAP of around Rs 320 per quintal. Out of this, they were to pay Rs 7,210.11 crore within the stipulated 14-day period from the date of cane delivery. But payments so far have been just Rs 2,857.03 crore, with the resulting arrears at Rs 4,353.08 crore, and Rs 6,123.26 crore overall.

India's sugar production till December 31, 2018 is up by 6.7% y-o-y. As on 31st December, 2018, 501 sugar mills were in operation in the country and have produced 110.52 lakh tonnes of sugar, as compared to 103.56 lakh tons produced by 505 sugar mills as on 31st December 2017. The slightly higher production of 6.96 lakh tonnes is because Maharashtra and Karnataka sugar mills started their crushing earlier this year. However, due to substantially lower rainfall and white grub infestation, Maharashtra will produce significantly lower quantity this year as compared to last year. Overall, the country is expected to produce much less sugar this season as compared to last year.

Weekly Outlook:

Indian Sugar market witnessed a mixed trend during last week. On hopes of increase in floor price which is currently at Rs 2,900 per quintal. 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, Maharashtra and Karnataka. The release quota for January month of 18.50 LMT little lower than December month, since 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.

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 starts

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		18-Jan-19	11-Jan-19	18-Dec-18	18-Jan-18
Sugar S Grade					
Erode	#VALUE!	NA	0	0	3820
Kolhapur	-4.07	2934.5	2919	2906	3059
Kolkata	-	NA	0	0	0
Vashi	#VALUE!	NA	0	0	0

Sugar M Grade					
Delhi	-1.82	3235	3195	3132	3295
Erode	#VALUE!	NA	0	0	0
Kanpur	-2.53	3314	3191	3143	3400
Kolhapur	-4.44	3012	2992	2994	3152
Kolkata	-1.35	3429	3381	3300	3476
Muzaffar Nagar	-2.91	3204	3200	3080	3300
*NA: Not Available					

Commodity		Change
Thai Sugar FOB 45 Icumsa	348.5	-5.30

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/QtI)		Change
			19-Jan-19	18-Jan-19	
Delhi	Delhi	M-Grade	3040	3064	-24
	Delhi	S-Grade	3020	3044	-24
Uttar Pradesh	Khatauli	M-Grade	3310	3300	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3075	3075	Unch
	Dhampur	S-Grade Ex-Mill	3055	3055	Unch
	Dhampur	L-Grade Ex-Mill	3125	3125	Unch
Maharashtra	Mumbai	M-Grade	3200	3200	Unch
	Mumbai	S-Grade	3096	3092	4
	Nagpur	M-Grade	3150	3150	Unch
	Nagpur	S-Grade	3050	3050	Unch
	Kolhapur	M-Grade	3025	3025	Unch
	Kolhapur	S-Grade	2925	2925	Unch
Assam	Guhawati	S-Grade	3233	3233	Unch
Meghalaya	Shillong	S-Grade	3245	3245	Unch
Andhra Pradesh	Vijayawada	M-Grade	3440	3440	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3530	3530	Unch
Tamil Nadu	Chennai	S-Grade	3150	3150	Unch

	Dindigul	M-Grade	3440	3440	Unch
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3500	Unch

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

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/QtI)		Change
			19-Jan-19	18-Jan-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2488	2500	-13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2278	2263	15
	Muzaffarnagar	Laddoo (Fresh)	2513	2503	10
	Muzaffarnagar	Rascut (Fresh)	2053	2063	-10
	Hapur	Chaurasa	2188	2175	13
	Hapur	Balti	2163	2163	Unch
Andhra Pradesh	Chittur	Gold	Closed	Closed	-
		White	Closed	Closed	-
		Black	Closed	Closed	-
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	2400	-
	Gulbarga/Kalaburgi	Other (Average)	3050	2950	100
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2700	2700	Unch
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2600	2600	Unch
	Mandya	Yellow (Medium)	2750	2700	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3150	-

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