

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

The prices of M-30 and S-30 grades of sugar remains steady in Kolhapur market on Friday at Rs 2940 and 2900 respectively. March NY world sugar #11 on Thursday closed up +0.01 (+0.08%) and March ICE London white sugar closed up +0.50 (+0.14%). Sugar prices closed higher Thursday on signs of smaller sugar production in Brazil after Unica reported 2018/19 Brazil Center-South sugar production through mid-Jan was down -26.5% y-o-y at 26.350 MMT, with the percentage of cane used for sugar production falling to 35.5% from 46.9% last year and the percentage of cane used for ethanol production rising to 64.5% from 53.1% last year.

Indian Sugar Mills Association (ISMA) has lowered India's 2018-19 sugar production estimate by 2.5% to 307 lakh tonnes from first advance estimate of 315 lakh tonnes issued in October 2018. ISMA has procured the satellite images of cane area already harvested and remaining unharvested area in the fields, across the country during mid-season i.e. in the second week of January 2019. On the basis of these images of harvested and balance area, trend of yields and sugar recoveries achieved till now as also expected yield/sugar recovery in the balance period of the sugar season, sugar production in the current season is estimated to be around 307 lakh tonnes, against the first advance estimates of 315 lakh tonnes released by ISMA in October 2018. This is after considering estimated diversion of 5 lakh tonnes of sugar into production of ethanol through 'B' heavy molasses.

Till 15th January 2019, 510 sugar mills in the country have produced 146.86 lakh tonnes of sugar, compared with 135.57 lakh tonnes produced on the corresponding date of last year, i.e., current year's production is 8.32% ahead of last year's production. This is because the mills have started earlier this season, even though the whole year's sugar production will be less than last year. As on 15th January 2019, 117 sugar mills in U.P. were operating and they crushed 382.1 lakh tonnes of sugarcane and produced 41.93 lakh tonnes of sugar.

Weather Forecast for tomorrow:

Thunderstorm accompanied with hailstorm at isolated places very likely over interior Odisha, Jharkhand, Chhattisgarh, Sub-Himalayan West Bengal & Sikkim, Coastal Andhra Pradesh and Telangana.

Previous Updates:

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. Excess sugar production and depressed domestic sugar price have led to accumulation of cane price arrears of farmers in sugarcane growing States including Uttar Pradesh, Maharashtra and Karnataka. The mills have already asked for an increase in the minimum sale price of sugar by Rs 5 a kg, to Rs 34 a kg. Prices in the country are inching up but are still only Rs 2,950 a quintal (Rs 29.5 a kg) in the wholesale market.

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

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.

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 traded firm 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

International Sugar Futures ICE						(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar	
		24-Jan-19	17-Jan-19	24-Dec-18	24-Jan-18	24-Jan-19	
Oct-18	9.19	2168	2149	2021	1986	71.28	
Mar-19	10.47	2072	2053	1949	1876		
May-19	10.32	2093	2077	1957	1897		

(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	
		24-Jan-19	17-Jan-19	24-Dec-18	24-Jan-18	24-Jan-19	
Oct-18	12.40	2605	2582	2444	2317	71.28	
Dec-18	12.97	2669	2648	2505	2362		
Mar-19	12.07	2503	2486	2370	2234		

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	351.2	0.5

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			25-Jan-19	24-Jan-19	
Delhi	Delhi	M-Grade	3100	3150	-50
	Delhi	S-Grade	3080	3130	-50
Uttar Pradesh	Khatauli	M-Grade	3260	3260	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3000	3000	Unch
	Dhampur	S-Grade Ex-Mill	2980	2980	Unch
	Dhampur	L-Grade Ex-Mill	3050	3050	Unch
Maharashtra	Mumbai	M-Grade	3206	3206	Unch
	Mumbai	S-Grade	3092	3092	Unch
	Nagpur	M-Grade	3065	3065	Unch

	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2940	2940	Unch
	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	3440	3440	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3540	3540	Unch
Tamil Nadu	Chennai	S-Grade	3075	3075	Unch
	Dindigul	M-Grade	#N/A	3420	-
	Coimbatore	M-Grade	#N/A	3450	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	#N/A	3500	-
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			25-Jan-19	24-Jan-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2553	2528	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	3000	-1500
	Muzaffarnagar	Khurpa (Fresh)	2205	2263	-58
	Muzaffarnagar	Laddoo (Fresh)	2450	2500	-50
	Muzaffarnagar	Rascut (Fresh)	2038	2038	Unch
	Hapur	Chaurasa	2188	2225	-38
	Hapur	Balti	2175	2200	-25
Andhra Pradesh	Chittur	Gold	3800	4000	-200
		White	3200	3600	-400
		Black	2900	3000	-100
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	2600	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3100	-
	Mahalingapura	Penti (Average)	3124	3146	-22
	Mandya	Achhu (Medium)	2550	2650	-100
	Mandya	Kurikatu (Medium)	2500	2500	Unch
Mandya	Other (Medium)	2500	2500	Unch	

	Mandya	Yellow (Medium)	2600	2700	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	3200	-

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