

**Sugar & Gur Domestic & International Fundamentals****Price Outlook:**

*Wholesale sugar market prices witnessed steady on Wednesday Traders are waiting for the government to announce sales quota for December month 2018. The Government has restricted sugar sales by mills in the country at 2.2 MT in November 2018. The government said that 'sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar shall be eligible to sell additional quantity of sugar in addition to the quantity of White /Refined sugar prescribed for domestic sale.'*

**Recent Update:**

*The U.P state government has extended its concessional loan package for Uttar Pradesh's private sugar millers till the coming Monday. Around Rs 35 billion of dues to cane farmers is pending from private mills for the 2017-18 crushing season. The state had announced a soft loan package of Rs 40 billion to help the private millers, after commercial banks had put the sector in their 'negative list' for loans, with a supply glut and low retail prices.*

*Sugar mills across the country have produced close to 40 lakh tonnes (lt) of sugar till November 30, very similar to that in the corresponding period in the 2017-18 sugar season, showed data released by the Indian Sugar Mills Association (ISMA) on Tuesday. Maharashtra mills produced 18 lt, 21 per cent more year-on-year, while Uttar Pradesh accounted for 9.5 lt, 27.5 per cent lower (13.11 lt). Karnataka mills produced 7.93 lt, up 13 per cent. Mills in Gujarat, produced 1.95 lt sugar. Mills, in other States, so far contributed 2.3 lt, the ISMA release said.*

*As per sources, Sugar mills in Bijnor have paid the dues of Rs. 341 crore to the cane farmers when they got the government announcement of soft loan worth Rs. 4000 crore for sugar mills. Total dues of the cane farmers is Rs. 501 crore.*

*According to Green pool analyst, India may produce total 32.3 million sugar in 2017/18 and 34.1 million tonnes in 2018/19. While, it has revised down its estimates for European Union sugar output at 17.1 million Tonnes in 2018/19 from its previous estimate i.e. 17.7 million tonnes due to hot dry weather condition in major beet growing countries over the summer.*

*As per sources, China may explore to imports sugar from India in next month. If import deals will set with the government, prices may get support to rise in expectation of bulk buying quantity of sugar from China, Thailand and Malaysia. However, China is not in view for bulk buying quantities as it don't want to stockpiles the sugar.*

*According to the Indian Sugar Mills Association, total sugar stocks of India are likely to increase during the 2018/19 season despite an expected dip in production to 31.5 million tonnes from the previous season's 32.5 million tonnes. Indian sugar consumption may stand near 26 million tonnes and exports figure is likely to touch the target of 5 million as a result stocks may reach to 11.2 million tonnes from*

10.7 million. The average price of cane in India was \$42.30 per tonne in the 2017/18 season, compared with \$24.06 in Australia, \$25.11 in Brazil and \$27.45 in Thailand. India is offering higher sugar prices to its farmers.

**Indonesia is keen to buy sugar from India however it wants import duty to be reduced by 45% and 5% on Refined Palm-oil and sweetener respectively by Indian government.** India is one the second biggest sugar producer of the World and continue trying to export surplus sugar so that it can help sugar mills to reduce its stockpiles. Currently, Indonesia is in view that the Comprehensive Economic Cooperation Agreement (CECA) between India and Malaysia will come into effect from January next year that provides for a preferential import duty of 45 per cent on refined oil as opposed to 50 per cent duty under the India-ASEAN FTA further easy trading. Currently, India has imposed import duty of 100% on Sugar. India has produced 32.5 MT of sugar in 2017-18 marketing year (October-September). The government of India has advised to sugar millers to export 5MT of sugar this year ensuring to help needful financial sources. The country has shipped total 8,00,000 tonnes the Sweetener.

**As per Reuter sources, the UP government may rise the sugarcane price by about ~10 a quintal for the current crushing season and most of the bank placed sugarcane in the negative list due to uncertainties around sugarcane-sugar pricing and demand-supply mismatch.** In the previous season, SAP (state-advised price) prices was placed higher by ~10 a quintal from ~305 a quintal to ~315 a quintal for the common variety of sugarcane. On the other hand, farmers expect and demand the cane price to be hiked to almost ~400 a quintal due to increase in costs of farm inputs, including diesel, labour and fertilizer.

## Weather Update:

**06.12. 2018,** Squally weather very likely to prevail over Comorin area, Gulf of Mannar and southern parts of Southwest Bay of Bengal and adjoining equatorial Indian Ocean

## **Weather Forecast:-**

- Dry weather likely over the rest of the country.
- Dense fog at isolated places very likely over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura in the morning hours.
- Heavy rain likely at isolated places over south coastal Andhra Pradesh and north Coastal Tamilnadu.
- No significant change in minimum temperatures are likely over major parts of the country during next 3-4 days.



## Previous Updates:

**In the country's biggest sugar-producing region — Uttar Pradesh, the state government is likely to do a marginal increase for the state advised price (SAP) on sugarcane.** Last year, the state government had increased prices by 3.3% to Rs 315 a quintal. The state is expecting a 12% increase in cane production this year at 213.1 million tons and a similar increase in sugar production at 12.5-13 million tons. As 51 mills out of the 121 in the state already started cane crushing, officials in the department said the government was likely to announce the SAP for sugarcane in the coming days. The hike can be similar to

the previous year of Rs 10 a quintal, said an official at the ministry. The industry said it's facing deficit on its cash flows due to cane pricing and depressed sugar prices. Any further increase will impact them. Current wholesale prices of sugar in the state were ruling at Rs 31.5 a kg while the mills said that they need a minimum price of Rs 34-35 per kg to be profitable.

**India's sugar exports have come to a standstill after a sharp fall in prices in the last two weeks. Raw sugar prices in the benchmark Chicago Mercantile Exchange (CME) for near-month delivery declined by 4 per cent on Monday, trading at cents 12.80 /lb. The decline translates into Rs 1,000 a tonne of fall in Indian denominations which makes a big difference in exporters' realization. Following reports of exports becoming unviable, refined sugar (M30) has declined by 2.5 per cent to trade on Monday at Rs 33,100 a tonne in Vashi wholesale market in Maharashtra.**

**Saddled with surplus stock, sugar mills in India the world's second largest producer, have contracted to export about 8 lakh tonnes of the sweetener so far to countries like Middle East and Sri Lanka, a government official said. Out of the total contracted quantity, raw sugar comprises 6 lakh tonnes and the rest 2 lakh tonnes is white sugar, the official added. Industries are negotiating with various countries to boost export of sugar. China has agreed to buy and talks are on with Indonesia as well. To liquidate surplus stock, the government has asked domestic sugar mills to mandatory export 5 million tonnes in the 2018-19 marketing year (October-September) and is even compensating expenses towards internal transport, freight, handling and other charges.**

**The crisis in the cane belt of Kolhapur over the first installment payment amount came to an end on Saturday, after sugar millers and farmers' representatives held discussions and agreed on a solution. Millers have agreed to pay the FRP as the first installment payment, while they will consider the extra Rs 200, as demanded by farmers' bodies, after December. Earlier this week, angry farmers allegedly torched the divisional agricultural offices of the Rajarambapu Cooperative Sugar Mill and the VasantdadaPatil Cooperative Sugar Mill. The harvesting and transportation of cane was also disrupted at various places.**

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

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	3000	3000	3000	3000	0	0
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
		4-Dec-18	27-Nov-18	2-Nov-18	1-Dec-17	4-Dec-18
Oct-18	-4.84	2078	2041	2257	2184	70.34
Mar-19	-7.15	2009	1960	2195	2164	
May-19	-6.10	2026	1979	2216	2158	

(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
		4-Dec-18	27-Nov-18	2-Nov-18	1-Dec-17	4-Dec-18
Oct-18	-2.92	2490	2450	2712	2565	70.34
Dec-18	-1.87	2551	2517	2608	2600	
Mar-19	-3.42	2422	2384	2627	2508	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	344.30	-6.10

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		5-Dec-18	28-Nov-18	3-Nov-18	5-Dec-17
Sugar S Grade					
Erode	-	NA	NA	NA	3895
Kolhapur	-12.72	2909	2900	3010	3333
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-12.05	3095	3120	3241	3519
Erode	-	NA	NA	NA	NA
Kanpur	-11.79	3181	3190	3381	3606

Kolhapur	-12.58	2995	2999	3102	3426
Kolkata	-10.36	3270	3286	3386	3648
Muzaffar Nagar	-10.92	3082	3099	3230	3460
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Dec-18	4-Dec-18	
Delhi	Delhi	M-Grade	2910	2916	-6
	Delhi	S-Grade	2890	2896	-6
Uttar Pradesh	Khatauli	M-Grade	3190	3190	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3040	3040	Unch
	Dhampur	S-Grade Ex-Mill	3020	3020	Unch
	Dhampur	L-Grade Ex-Mill	3090	3090	Unch
Maharashtra	Mumbai	M-Grade	3266	3266	Unch
	Mumbai	S-Grade	3092	3092	Unch
	Nagpur	M-Grade	3075	3025	50
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2950	2900	50
	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	3500	3500	Unch
	Vijayawada	S-Grade	3460	3460	Unch
West Bengal	Kolkata	M-Grade	3460	3460	Unch
Tamil Nadu	Chennai	S-Grade	3150	3150	Unch
	Dindigul	M-Grade	3400	3400	Unch
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			5-Dec-18	4-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2450	2413	38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	Unch

	Muzaffarnagar	Khurpa (Fresh)	2263	2238	25
	Muzaffarnagar	Laddoo (Fresh)	2643	2613	30
	Muzaffarnagar	Rascut (Fresh)	2063	2038	25
	Hapur	Chaurasa	2150	2150	Unch
	Hapur	Balti	2100	2125	-25
Andhra Pradesh	Chittur	Gold	3900	3900	Unch
		White	3700	3700	Unch
		Black	3600	3600	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2400	-
	Gulbarga/Kalaburgi	Other (Average)	3175	3275	-100
	Mahalingapura	Penti (Average)	2942	2987	-45
	Mandya	Achhu (Medium)	2650	2750	-100
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2600	2650	-50
	Mandya	Yellow (Medium)	2800	2800	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3350	-

## Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.