

Sugar & Gur Domestic & International Fundamentals

Price Outlook:

Firm sentiments have been witnessed in the domestic market today. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand. 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:

India's sugar industry is eyeing exports to China and hoping for positive outcome from the talks with the Chinese delegation which is visiting the country from Thursday. If China decides to buy sugar from India, the Indian industry hopes to export about 2 million tonnes of sugar. This will be a big boost to the industry which is struggling to get exports moving owing to the fall in international prices, appreciation of Indian rupee and a section of traders holding on to the commodity in the hope that domestic prices will increase.

Amid protests by the sugarcane farmers in parts of the Punjab State, the Punjab government on Wednesday decided to pay ₹25 per quintal directly to the sugarcane farmers and directed the private sugar mills to immediately start crushing operations. The government also announced an immediate release of ₹65 crore towards the interest on loans taken by private sugar mill owners to clear pending dues of farmers.

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.

Weather Update:

07.12. 2018, No Weather warning

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:

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.

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
		5-Dec-18	28-Nov-18	5-Nov-18	5-Dec-17	5-Dec-18
Oct-18	-4.34	2079	2098	2223	2173	70.51
Mar-19	-6.55	2009	2033	2152	2150	
May-19	-5.55	2026	2047	2175	2145	
(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
		5-Dec-18	28-Nov-18	5-Nov-18	5-Dec-17	5-Dec-18
Oct-18	-1.78	2493	2511	2652	2538	70.51
Dec-18	-0.80	2555	2570	2543	2575	
Mar-19	-1.82	2422	2455	2584	2467	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	343.50	-0.80

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		6-Dec-18	29-Nov-18	6-Nov-18	6-Dec-17
Sugar S Grade					
Erode	-	NA	NA	NA	3895
Kolhapur	-12.67	2908	2918	3000	3330
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-11.32	3095	3065	3180	3490
Erode	-	NA	NA	NA	NA
Kanpur	-11.56	3176	3190	3373	3591
Kolhapur	-12.25	2995	3000	3094	3413
Kolkata	-10.20	3276	3276	3391	3648
Muzaffar Nagar	-10.43	3090	3081	3218	3450
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Dec-18	5-Dec-18	
Delhi	Delhi	M-Grade	3000	2910	90
	Delhi	S-Grade	2980	2890	90
Uttar Pradesh	Khatauli	M-Grade	3200	3190	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3040	10
	Dhampur	S-Grade Ex-Mill	3030	3020	10
	Dhampur	L-Grade Ex-Mill	3100	3090	10
Maharashtra	Mumbai	M-Grade	3256	3266	-10
	Mumbai	S-Grade	3092	3092	Unch
	Nagpur	M-Grade	3075	3075	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2950	2950	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	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	3420	3400	20
	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)			6-Dec-18	5-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2438	2450	-13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2275	2263	13
	Muzaffarnagar	Laddoo (Fresh)	2693	2643	50
	Muzaffarnagar	Rascut (Fresh)	2043	2063	-20
	Hapur	Chaurasa	2150	2150	Unch
	Hapur	Balti	2175	2100	75
Andhra Pradesh	Chittur	Gold	4000	3900	100
		White	3800	3700	100
		Black	3600	3600	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	3300	3300	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3175	-
	Mahalingapura	Penti (Average)	NA	2942	-
	Mandya	Achhu (Medium)	2650	2650	Unch
	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2600	2600	Unch
	Mandya	Yellow (Medium)	2950	2800	150

	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-
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