

Sugar & Gur Domestic & International Fundamentals

Price Outlook:

Indian sugar prices are likely to show support in the coming days on the back of likely improvement in the retail off take for Christmas and New Year. 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:

Cane farmers of North Karnataka are fighting against all odds to eke out a living due to the non-clearance of their dues by sugar mills. The farmers put the blame on the state government for their plight. In Belagavi and Bagalkot districts, which are major producers of sugarcane and where factories have not settled dues, most growers have sold their land or raised huge loans to meet expenses.

According to Unica, Mills in Brazil's main cane producing region extended operations into December as rain reduced harvest pace and also sugar content in cane. Unica said that 132 mills were still operating in December, a period when normally the season is basically over, since widespread rains over most of the center-south region lead to pauses in field work. At the end of November last year, 150 mills already ended operations compared with 131 mills this year. Center-south sugar production reached 528,000 tonnes in the second half of November, compared with 880,000 in the previous two-week period. Mills crushed 14.57 million tonnes of cane versus 21.29 million tonnes in the first half of the month, Ethanol production was 744 million liters compared with 1.08 billion liters in the previous two-week period. Sugar content in cane fell because of excess moisture.

Weather Forecast for tomorrow:

During the next 24 hours, rain and snow are expected over many parts of Jammu and Kashmir, Himachal Pradesh and few places of Uttarakhand. Light to moderate rain is expected over Punjab, Haryana, parts of Rajasthan, Jharkhand, Odisha, Chhattisgarh, parts of Telangana and Vidarbha. Isolated rains are likely over Kerala, Delhi and Assam. Light to moderate rains with few heavy spells are possible over Andaman and Nicobar Island.

Previous Updates:

The cooperative sugar mills in Haryana have so far produced over 2.75 lakh quintals of sugar by crushing 37.48 lakh tonnes of sugarcane during the current crushing season

The COFCO believes that world sugar prices will depend on the cost of fuel in Brazil. According to its estimates, from 33.5% to 48.6% of the sugar cane harvest can be intended for the production of biofuels in the 2019/20. The Brazilian Sugarcane Industry Association (Unica), from April 1 to November 16, 2018, sugar production in central and southern Brazil decreased by 26.8% compared to the same

period of the last year. Brazil produces more than 20% of the world's sugar. At the same time, it accounts for almost half of global sugar exports.

The government backs the sugar industry's demand for more financial assistance to enhance the ethanol capacity as for the first time India hopes to double blending with petrol to 8 per cent in the 2018-19 sugar season. So far, India has been able to blend less than 4 per cent petrol with ethanol but because of better price offered by Oil Marketing Companies (OMCs), the industry feels that country will double the blending level.

Australia's total sugar cane crush so far has topped 32.029 million tonnes against 31.644 mln last season, Australian Sugar Milling Council (ASMC) data showed.

Brazilian mills are expected to increase the amount of cane they allocate to sugar production next season due to better prices for the sweetener, which will lead to a rise in sugar output of 3 million tonnes, broker and consultancy INTL FCStone said on Wednesday. FCStone expects Brazil's center-south to produce 29.6 million tonnes of sugar in the 2019/20 season that starts in April versus 26.3 million tonnes in 2018/19, which was the country's smallest output in years and almost 10 million tonnes lower than in the previous crop.

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.

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	2990	2990	2990	2990	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
		11-Dec-18	4-Dec-18	11-Nov-18	11-Dec-17	11-Dec-18
Oct-18	4.20	2136	2078	2157	2050	71.92
Mar-19	2.77	2067	2009	2074	2011	
May-19	4.01	2080	2026	2097	2000	

(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
		11-Dec-18	4-Dec-18	11-Nov-18	11-Dec-17	11-Dec-18
Oct-18	5.77	2557	2490	2585	2418	71.92
Dec-18	6.71	2621	2551	2503	2456	
Mar-19	5.39	2479	2422	2514	2352	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	343.00	Unch

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		12-Dec-18	5-Dec-18	12-Nov-18	12-Dec-17
Sugar S Grade					
Erode	-	NA	NA	NA	3945
Kolhapur	-13.54	2900	2909	2979	3354
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-12.10	3050	3095	3145	3470
Erode	-	NA	NA	NA	NA
Kanpur	-10.53	3143	3181	3333	3513
Kolhapur	-11.42	2971	2995	3075	3354
Kolkata	-9.55	3267	3270	3395	3612
Muzaffar Nagar	-10.60	3070	3082	3205	3434
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Dec-18	11-Dec-18	
Delhi	Delhi	M-Grade	3015	3000	15
	Delhi	S-Grade	2995	2980	15
Uttar Pradesh	Khatauli	M-Grade	3140	3155	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3015	35
	Dhampur	S-Grade Ex-Mill	3030	2995	35
	Dhampur	L-Grade Ex-Mill	3100	3065	35
Maharashtra	Mumbai	M-Grade	3250	3256	-6
	Mumbai	S-Grade	3086	3086	Unch
	Nagpur	M-Grade	3025	3050	-25
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2900	2925	-25
	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	3420	3420	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3460	3450	10
Tamil Nadu	Chennai	S-Grade	3100	3100	Unch
	Dindigul	M-Grade	3500	3400	100
	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)			12-Dec-18	11-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2563	2528	35
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2428	2338	90
	Muzaffarnagar	Laddoo (Fresh)	2780	2750	30
	Muzaffarnagar	Rascut (Fresh)	2038	2028	10
	Hapur	Chaurasa	2150	2163	-13
	Hapur	Balti	2200	2225	-25
Andhra Pradesh	Chittur	Gold	3900	3900	Unch
		White	3800	3700	100
		Black	3500	NA	-
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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3100	3150	-50
	Mahalingapura	Penti (Average)	3077	2896	181
	Mandya	Achhu (Medium)	2550	2550	Unch
	Mandya	Kurikatu (Medium)	2450	2500	-50
	Mandya	Other (Medium)	2550	2450	100
	Mandya	Yellow (Medium)	2650	2650	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3100	-

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.

