

## 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:

**According to trade sources, India's production during the 2019/20 marketing year could fall to between 28 million tonnes (mt) and 29 mt from this year's estimated 31.5-32 mt.** Maharashtra's production could fall 16.7 percent to 7.5 mt in the next season. The sugar marketing year runs from October to September. Production may fall by half in Maharashtra's central part of Marathwada, where people are struggling to secure drinking water. Apart from water scarcity, an infestation of white grubs will curtail production next season. . Many farmers couldn't plant cane in Maharashtra and Karnataka due to water scarcity. This will reflect in next year's production.

**The USDA reduced its estimate of domestic sugar beet production in 2018/19 (Oct/Sep) by 73,942 short tons, raw value, to 4.900 million in its December WASDE report.**

**Russian sugar production reached to 5,021,850 tonnes, white value, by December 3,** according to the Russian Sugar Producers Association

### Weather Forecast for tomorrow:

During the next 24 hours, isolated rain and snow are expected over parts of Himachal Pradesh and Uttarakhand. Fairly widespread moderate to heavy rains are possible over Andaman and Nicobar Islands. Light rain is expected over Coastal Tamil Nadu and Kerala. Isolated light rains are likely over Jharkhand, West Uttar Pradesh, Chhattisgarh, Odisha, Vidarbha and Marathwada, Arunachal Pradesh, Assam, Manipur and Nagaland . Shallow to moderate fog can be seen over Punjab, Haryana, West Uttar Pradesh and Delhi NCR, with few pockets recording thick fog in some pockets. Both the maximum and minimum temperatures would witness marginal decrease across these regions.

### Previous Updates:

**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.

**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.**

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 13-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	2975	2975	2975	2975	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
		12-Dec-18	5-Dec-18	12-Nov-18	12-Dec-17	12-Dec-18
Oct-18	5.18	2127	2079	2193	2022	72.04
Mar-19	3.37	2056	2009	2113	1989	
May-19	4.62	2069	2026	2136	1977	

(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
		12-Dec-18	5-Dec-18	12-Nov-18	12-Dec-17	12-Dec-18
Oct-18	6.52	2549	2493	2628	2393	72.04
Dec-18	7.52	2614	2555	2522	2432	

Mar-19	5.95	2472	2422	2549	2334	
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(Source: Reuters)\* Today – figures are a day ago Quotes.

Commodity		Change
Thai Sugar FOB 45 Icumsa	343.20	-1.50

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		13-Dec-18	6-Dec-18	13-Nov-18	13-Dec-17
Sugar S Grade					
Erode	-	NA	NA	NA	3895
Kolhapur	-10.85	2900	2908	2978	3253
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-12.75	3045	3095	3195	3490
Erode	-	NA	NA	NA	NA
Kanpur	-10.56	3143	3176	3332	3514
Kolhapur	-11.03	2977	2995	3071	3346
Kolkata	-9.64	3262	3276	NA	3610
Muzaffar Nagar	-11.14	3064	3090	3155	3448
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Dec-18	12-Dec-18	
Delhi	Delhi	M-Grade	3005	3015	-10
	Delhi	S-Grade	2985	2995	-10
Uttar Pradesh	Khatauli	M-Grade	3130	3140	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3050	Unch
	Dhampur	S-Grade Ex-Mill	3030	3030	Unch
	Dhampur	L-Grade Ex-Mill	3100	3100	Unch
Maharashtra	Mumbai	M-Grade	3242	3250	-8
	Mumbai	S-Grade	3070	3086	-16

	Nagpur	M-Grade	3025	3025	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2900	2900	Unch
	Kolhapur	S-Grade	2900	2900	Unch
<b>Assam</b>	Guhawati	S-Grade	3207	3207	Unch
<b>Meghalaya</b>	Shillong	S-Grade	3220	3220	Unch
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3420	3420	Unch
	Vijayawada	S-Grade	3400	3400	Unch
<b>West Bengal</b>	Kolkata	M-Grade	3450	3460	-10
<b>Tamil Nadu</b>	Chennai	S-Grade	3100	3100	Unch
	Dindigul	M-Grade	3500	3500	Unch
	Coimbatore	M-Grade	3450	3450	Unch
<b>Chattisgarh</b>	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)			13-Dec-18	12-Dec-18	
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	2553	2563	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2388	2428	-40
	Muzaffarnagar	Laddoo (Fresh)	2783	2780	3
	Muzaffarnagar	Rascut (Fresh)	2025	2038	-13
	Hapur	Chaurasa	2250	2150	100
	Hapur	Balti	2238	2200	38
<b>Andhra Pradesh</b>	Chittur	Gold	4000	3900	100
		White	3900	3800	100
		Black	3400	3500	-100
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	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)	3150	3100	50
	Mahalingapura	Penti (Average)	NA	3077	-
	Mandya	Achhu (Medium)	2750	2550	200

	Mandya	Kurikatu (Medium)	2500	2450	50
	Mandya	Other (Medium)	2550	2550	Unch
	Mandya	Yellow (Medium)	2800	2650	150
	Shimoga/Shivamogga	Achhu (Average)	3100	NA	-

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