

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:

The wholesale sugar price is currently quoted at Rs 29 a kg of 'S' variety and Rs 29.50 a kg of 'M' variety in Mumbai. Farm gate sugar prices are currently hovering between Rs 29-30 a kg across the country, which mills are compensating partly with an increase in recovery in the high yielding cane variety to compensate the high production cost of Rs 34 a kg.

According to All India Sugar Trade Association (AISTA) , The Sri Lanka has emerged as the largest sugar importer by contributing nearly half of India's total sweetener exports during the current season beginning October 2018. India's total sugar exports to Sri Lanka at 84,536.90 tonnes. With 16,801 tonnes and 15,340 tonnes, United Arab Emirates and Somalia have become the second and third largest importer of Indian sugar, respectively. Total exports between October 1 and December 5, 2018 stands at 179,849 tonnes. Apart from this, a quantity of 155,830 tonnes is in pipeline (waiting to load) to move in December 2018/early January 2019, out of which 113,360 tonnes are raw sugar to be dispatched to port-based sugar refineries for shipment. During this period, India exported sugar to 20 countries, of which Sri Lanka has emerged as the largest buyer.

Weather Forecast for tomorrow:

During the next 24 hours, scattered rains with isolated snowfall are expected to continue over Jammu and Kashmir, Himachal Pradesh and Uttarakhand. Isolated rains are likely over Northwest Uttar Pradesh, Jharkhand, Telangana and Kerala. Scattered rains are expected over Odisha and Andaman and Nicobar Islands. Day and night temperatures are expected to fall over entire Northwest and Central India. Delhi pollution is expected to improve further.

Previous Updates:

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

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 14-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	2981	2981	2981	2981	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
		14-Dec-18	7-Dec-18	14-Nov-18	14-Dec-17	14-Dec-18
Oct-18	5.34	2108	2104	2119	2001	71.73
Mar-19	2.53	2033	2034	2043	1982	
May-19	4.48	2049	2050	2067	1961	

(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
		14-Dec-18	7-Dec-18	14-Nov-18	14-Dec-17	14-Dec-18
Oct-18	7.23	2533	2527	2560	2362	71.73
Dec-18	8.46	2599	2590	2491	2397	
Mar-19	5.90	2460	2439	2491	2323	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	345.20	2.00

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		15-Dec-18	8-Dec-18	15-Nov-18	15-Dec-17
Sugar S Grade					
Erode	-	NA	NA	NA	3895
Kolhapur	-10.02	2900	2902	2955	3223
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-11.23	3050	3085	3120	3436
Erode	-	NA	NA	NA	NA

Kanpur	-10.59	3125	3166	3281	3495
Kolhapur	-10.42	2975	2988	3050	3321
Kolkata	-8.83	3262	3271	3367	3578
Muzaffar Nagar	-10.85	3080	3107	3173	3455
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Dec-18	14-Dec-18	
Delhi	Delhi	M-Grade	3025	3000	25
	Delhi	S-Grade	3005	2980	25
Uttar Pradesh	Khatauli	M-Grade	3150	3130	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3040	3030	10
	Dhampur	S-Grade Ex-Mill	3020	3010	10
	Dhampur	L-Grade Ex-Mill	3090	3080	10
Maharashtra	Mumbai	M-Grade	3242	3242	Unch
	Mumbai	S-Grade	3070	3070	Unch
	Nagpur	M-Grade	3050	3050	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2925	2925	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	3400	3420	-20
	Vijayawada	S-Grade	3360	3400	-40
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3100	3100	Unch
	Dindigul	M-Grade	3500	3500	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)			15-Dec-18	14-Dec-18	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2553	2538	15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	5000	1000
	Muzaffarnagar	Khurpa (Fresh)	2313	2328	-15
	Muzaffarnagar	Laddoo (Fresh)	2665	2750	-85
	Muzaffarnagar	Rascut (Fresh)	2030	2030	Unch
	Hapur	Chaurasa	2188	2225	-38
	Hapur	Balti	2200	2225	-25
Andhra Pradesh	Chittur	Gold	3800	3900	-100
		White	3700	3800	-100
		Black	3400	3400	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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3150	3175	-25
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2700	2700	Unch
	Mandya	Kurikatu (Medium)	2500	2500	Unch
	Mandya	Other (Medium)	2500	2550	-50
	Mandya	Yellow (Medium)	2700	2900	-200
	Shimoga/Shivamogga	Achhu (Average)	NA	3100	-

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