

## **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:**

*Australian Sugar mills crushed only 132,000 tonnes of cane in the week to December 9 as the crop has practically ended. Thailand's sugar production from the 2018/19 crush crossed the 1 million tonnes threshold by mid-December, official data showed.*

*Raw sugar futures in New York ended with slight losses as the market was weighed down by a weak Brazilian currency at the end of the week.*

*The government has warned mills to speed up sugar exports to achieve the 5 million tonnes annual target fixed for the current season (October 2018 – September 2019). Despite incentives offered for exports, sugar mills have contracted for a mere 600,000 tonnes of sugar exports and shipped around 179,000 tonnes for the quarter between October and December 2018. Additionally, around 80,000 tonnes of the sweetener is kept at various ports for loading for the quarter ending December 2018. This means, total quantity of export stands at a negligible 260,000 tonnes for the October- December 2018 quarter as against the quarterly average target of 1.25 million tonnes.*

### **Weather Forecast for tomorrow:**

*During the next 24 hours, sea conditions will be rough to very rough and wind speed will reach up to 80 to 100 kmph gusting to 110 kmph. Heavy to very heavy rains with few extremely heavy showers are expected over North Andhra Pradesh and Odisha. Moderate to heavy rains are likely over Telangana, Chhattisgarh, West Bengal and Jharkhand. Light rains are expected over North Tamil Nadu, northeastern states and Bihar. Fog is likely over northwestern plains.*

### **Previous Updates:**

*Sugar mills in the North/Northeast (NNE) sugarcane region produced 1,499,950 tonnes of sugar, tel quel, in the 2018/19 crush as of December 1, up 14.6% from 1,308,743 at the same time a year ago, AgMin data showed.*

*Mexico sugar imports for 2018/19 are projected to decrease 45,000 metric tons (MT) reflecting expected lower domestic prices relative to those of prospective import suppliers. Mexico exports for 2018/19 are increased by 238,074 MT to 1.266 million. This change reflects larger exports to the United States based on a forecast increase in U.S. Needs as defined in the amended Suspension Agreements*

*plus 1,842 MT reported by CONADESUCA corresponding to export licenses for 2017/18 extended for a period between October 1 and 15. Ending stocks for 2018/19 are projected residually at 1.330 million MT, implying a stocks -to-human consumption ratio of 30.1 percent*

***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.

***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.

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 18-12-2018)

| Contract    | +/-           | Open | High | Low  | Close | Volume | O.I |
|-------------|---------------|------|------|------|-------|--------|-----|
| Cont. (Nov) | -             | 2999 | 2999 | 2999 | 2999  | 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 |
|                                 |                             | 17-Dec-18 | 10-Dec-18 | 17-Nov-18 | 17-Dec-17 | 17-Dec-18  |
| Oct-18                          | #N/A                        | 2085      | 2104      | #N/A      | #N/A      | 71.67      |
| Mar-19                          | #N/A                        | 2005      | 2032      | #N/A      | #N/A      |            |
| May-19                          | #N/A                        | 2023      | 2048      | #N/A      | #N/A      |            |

(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 |
|                                   |                             | 17-Dec-18 | 10-Dec-18 | 17-Nov-18 | 17-Dec-17 | 17-Dec-18  |
| Oct-18                            | #N/A                        | 2510      | 2526      | #N/A      | #N/A      | 71.67      |
| Dec-18                            | #N/A                        | 2578      | 2590      | #N/A      | #N/A      |            |
| Mar-19                            | #N/A                        | 2435      | 2446      | #N/A      | #N/A      |            |

| Commodity                |        | Change |
|--------------------------|--------|--------|
| Thai Sugar FOB 45 Icumsa | 339.70 | -3.30  |

| Sugar Prices at Key Spot Markets:                   |            |                        |                 |           |        |
|---|------------|------------------------|-----------------|-----------|--------|
| Commodity   | Centre     | Variety                | Prices (Rs/Qtl) |           | Change |
| Sugar   |            |                        | 18-Dec-18       | 17-Dec-18 |        |
| Delhi   | Delhi      | M-Grade                | 3050            | 3075      | -25    |
|   | Delhi      | S-Grade                | 3030            | 3055      | -25    |
| Uttar Pradesh                                       | Khatauli   | M-Grade                | 3190            | 3200      | -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            | 3242      | Unch   |
|   | Mumbai     | S-Grade                | 3080            | 3060      | 20     |
|   | Nagpur     | M-Grade                | 3125            | 3125      | Unch   |
|   | Nagpur     | S-Grade                | 3075            | 3075      | Unch   |
|   | Kolhapur   | M-Grade                | 3000            | 3000      | Unch   |
|   | Kolhapur   | S-Grade                | 2950            | 2950      | Unch   |
| Assam   | Guhawati   | S-Grade                | 3258            | 3258      | Unch   |
| Meghalaya   | Shillong   | S-Grade                | 3270            | 3270      | Unch   |
| Andhra Pradesh                                      | Vijayawada | M-Grade                | 3400            | 3400      | Unch   |
|   | Vijayawada | S-Grade                | 3360            | 3360      | Unch   |
| West Bengal   | Kolkata    | M-Grade                | 3450            | 3450      | Unch   |
| Tamil Nadu  | Chennai    | S-Grade                | 3100            | 3100      | Unch   |
|   | Dindigul   | M-Grade                | 3380            | 3380      | 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)                              |               |                          | 18-Dec-18       | 17-Dec-18 |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh              | 2553            | 2528      | 25     |
|   | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 7000            | 10000     | -3000  |
|   | Muzaffarnagar | Khurpa (Fresh)           | 2303            | 2273      | 30     |
|   | Muzaffarnagar | Laddoo (Fresh)           | 2780            | 2720      | 60     |
|   | Muzaffarnagar | Rascut (Fresh)           | 2038            | 2030      | 8      |
|   | Hapur         | Chaurasa                 | 2175            | Closed    | -      |

|                |                    |                   |      |        |      |
|----------------|--------------------|-------------------|------|--------|------|
|                | Hapur              | Balti             | 2250 | Closed | -    |
| Andhra Pradesh | Chittur            | Gold              | 3900 | 3800   | 100  |
|                |                    | White             | 3800 | 3700   | 100  |
|                |                    | Black             | 3500 | 3400   | 100  |
| Maharashtra    | Latur              | Lal Variety       | NR   | NR     | -    |
| Karnataka      | Bangalore          | Mudde (Average)   | 4150 | 4150   | Unch |
|                | Belgaum            | Mudde (Average)   | 3200 | 3200   | Unch |
|                | Belthangadi        | Yellow (Average)  | NA   | NA     | -    |
|                | Bijapur/Vijayapura | Achhu             | NA   | NA     | -    |
|                | Gulbarga/Kalaburgi | Other (Average)   | 3250 | 3200   | 50   |
|                | Mahalingapura      | Penti (Average)   | NA   | 3033   | -    |
|                | Mandya             | Achhu (Medium)    | 2750 | 2700   | 50   |
|                | Mandya             | Kurikatu (Medium) | 2550 | 2550   | Unch |
|                | Mandya             | Other (Medium)    | 2500 | 2550   | -50  |
|                | Mandya             | Yellow (Medium)   | 2850 | 2700   | 150  |
|                | Shimoga/Shivamogga | Achhu (Average)   | 3100 | 3100   | Unch |

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