

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:

Sugar production has increased by 2.1 per cent to 7.05 million tonnes till December 15 of the current marketing year. Mills had produced 6.9 million tonnes of sugar in the same period of 2017-18 marketing year. India is likely to produce 31.5 million tonnes of sugar in 2018-19 marketing year, slightly lower than 32.5 million tonnes last year, according to ISMA forecast. Sugar consumption is estimated at 26 million tonnes in 2018-19.

Production in Maharashtra, the country's largest sugar producing state, rose to 2.9 million tonnes till December 15 of this year, as against 2.57 million tonnes in the same period last year. About 176 mills were in operation in the state and the average sugar recovery achieved so far was 10.18 per cent as compared to 10.10 per cent in the year-ago. Whereas production in Uttar Pradesh, the country's second largest producing state, remained lower at 1.89 million tonnes so far when compared with 2.33 million tonnes in the year-ago. However the production in Karnataka, the country's third largest sugar producing state, stood higher at 1.39 million tonnes as against 1.12 million tonnes in the year-ago. The total output of other States, including Andhra Pradesh, Telangana, Tamil Nadu and Bihar, is 4.5 lt.

Indian sugar industry is making efforts to export raw sugar to South Korea during 2018-19 sugar season. The industry will undertake further discussions and talks with the sugar refineries in South Korea to pursue the matter further so that sugar exports may take place from India to South Korea. South Korea imports around 1.5 million tonnes of raw sugar annually.

Weather Forecast for tomorrow:

During the next 24 hours, moderate rainfall activity with few heavy spells is expected over parts of Gangetic West Bengal and northeastern states. Scattered light rains are likely over Odisha, Jharkhand, Chhattisgarh and Andhra Pradesh Coast. Moderate rains are expected over Andaman and Nicobar Islands. Scattered rains are likely over parts of South Tamil Nadu and Kerala and isolated pockets of Northwest Jammu and Kashmir.

Previous Updates:

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.

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 CONADESUCOA 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)	-	2995	2995	2995	2995	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
		18-Dec-18	11-Dec-18	18-Nov-18	18-Dec-17	18-Dec-18
Oct-18	1.91	2043	2136	#N/A	2004	71.19
Mar-19	-0.72	1961	2067	#N/A	1976	
May-19	0.80	1974	2080	#N/A	1958	
(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
		18-Dec-18	11-Dec-18	18-Nov-18	18-Dec-17	18-Dec-18
Oct-18	4.16	2461	2557	#N/A	2363	71.19
Dec-18	5.77	2532	2621	#N/A	2393	
Mar-19	3.08	2392	2479	#N/A	2320	
(Source: Reuters)* Today – figures are a day ago Quotes.						

Commodity		Change
Thai Sugar FOB 45 Icumsa	336.00	-3.70

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Dec-18	18-Dec-18	
Delhi	Delhi	M-Grade	2990	3050	-60
	Delhi	S-Grade	2970	3030	-60
Uttar Pradesh	Khatauli	M-Grade	3185	3190	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3030	3050	-20
	Dhampur	S-Grade Ex-Mill	3010	3030	-20
	Dhampur	L-Grade Ex-Mill	3080	3100	-20

Maharashtra	Mumbai	M-Grade	3242	3242	Unch
	Mumbai	S-Grade	3082	3080	2
	Nagpur	M-Grade	3075	3125	-50
	Nagpur	S-Grade	3025	3075	-50
	Kolhapur	M-Grade	2950	3000	-50
	Kolhapur	S-Grade	2900	2950	-50
Assam	Guhawati	S-Grade	3207	3258	-51
Meghalaya	Shillong	S-Grade	3220	3270	-50
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	Unch
	Vijayawada	S-Grade	3360	3360	Unch
West Bengal	Kolkata	M-Grade	3460	3450	10
Tamil Nadu	Chennai	S-Grade	3050	3100	-50
	Dindigul	M-Grade	3460	3380	80
	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)			19-Dec-18	18-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2600	2553	48
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2350	2303	48
	Muzaffarnagar	Laddoo (Fresh)	2813	2780	33
	Muzaffarnagar	Rascut (Fresh)	2045	2038	8
	Hapur	Chaurasa	2225	2175	50
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	3900	3900	Unch
		White	3800	3800	Unch
		Black	3500	3500	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	NA	3200	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3250	-
	Mahalingapura	Penti (Average)	NA	3075	-

	Mandya	Achhu (Medium)	NA	2750	-
	Mandya	Kurikatu (Medium)	NA	2550	-
	Mandya	Other (Medium)	NA	2500	-
	Mandya	Yellow (Medium)	NA	2850	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3100	-

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