

**Sugar & Gur Domestic & International Fundamentals****Recent Update:**

*The government is considering an additional soft loan of Rs 7,400 crore to sugar mills for creating ethanol capacity under a recently launched scheme, according to sources. The food ministry is also considering tweaking the scheme to ensure that non-molasses-based distilleries are also able to avail soft loans under the scheme launched in June for expansion and setting up of new ethanol plants. Under the scheme, the government had announced a soft loan of Rs 4,400 crore and provided an interest subvention of Rs 1,332 crore to mills over a period of five years, including a moratorium period of one year. However, the ministry has received 282 applications seeking Rs 13,400 crore soft loans. Out of this, 114 applications for a loan amount of Rs 6,000 crore has been approved, the sources said.*

*The prices of M-30 and S -30 grades of sugar rates remained steady in Kolhapur sugar market today at Rs 2925/2900 per quintal respectively. Indian sugar market ruled flat on eased supply and demand. Heavy carryover stocks, higher production and limited domestic demand kept the market under pressure.*

**Weather Forecast for tomorrow:**

*Cold wave conditions at a few places very likely over Punjab, Haryana and Uttar Pradesh and at isolated places over West Rajasthan, East Rajasthan, West Madhya Pradesh, East Madhya Pradesh, Bihar, Jharkhand, Odisha, Saurashtra & Kutch, Gujarat region and north Madhya Maharashtra.*

**Previous Updates:**

*Sugar mills in Brazil's Centre/South (CS) crushed 12.6 mln tonnes of sugarcane in the first half of December, bringing the total crush since the official start on April 1 to 556.851 mln tonnes, down 4.1% from 580.684 mln crushed by the same time in 2017/18, Unica reported in its press conference for the 2018/19 harvest. Thailand's 2018/19 cane crush continues to ramp up with daily crushing volumes exceeding 1 mln tonnes in mid-December.*

*Indonesia has set the raw sugar import quota for industrial use for 2019 at 2.83 mln tonnes, according to Oke Nurwan, director general of international trade at the Trade Ministry.*

*So far, India has exported only 2.46 lakh tonnes of sugar for this season. If the current trend continues, achieving 5 million tonnes of MIEQ export looks difficult. Sugar factories face several headwinds for executing export orders. Apart from depreciating Indian rupee making thereby exports less remunerative, depreciation in the Brazilian Lira coupled with sustained fall in global prices made sugar shipment from India less remunerative. With the government releases subsidy amount at the end of the season, sugar mills fear blockage of working capital for the entire year on which they pay interest to lenders.*

*Sugar prices have fallen by over 11 per cent in the benchmarks Nybot and Liffe exchanges during the last two months. Also, the rupee appreciated and Brazilian Lira depreciated during the last two months to sugar export from Brazil more competitive. Despite these odds sugar mills are expected to start dispatches by the end of December. Sugar prices in Nybot declined by 11.44 per cent to trade currently at \$12.30 oz per pound. In the benchmark Liffe market, near month sugar contract was quoted \$339.70 per tonne, 10.37 per cent lower than \$379 per tonne traded two months ago.*

**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.**

## Weekly 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.**

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 21-12-2018)

Contract	+/-	Open	High	Low	close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
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
		21-Dec-18	16-Dec-18	23-Nov-18	23-Dec-17	23-Dec-18
Oct-18	#N/A	2013	#N/A	2047	#N/A	#N/A
Mar-19	#N/A	1936	#N/A	1974	#N/A	
May-19	#N/A	1945	#N/A	1991	#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
		21-Dec-18	16-Dec-18	23-Nov-18	23-Dec-17	23-Dec-18
Oct-18	#N/A	2434	#N/A	2455	#N/A	#N/A
Dec-18	#N/A	2498	#N/A	2520	#N/A	
Mar-19	#N/A	2364	#N/A	2387	#N/A	

Commodity		Change
Thai Sugar FOB 45 Icumsa	339.40	-1.60

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Dec-18	22-Dec-18	
Delhi	Delhi	M-Grade	3000	2950	50
	Delhi	S-Grade	2980	2930	50
Uttar Pradesh	Khatauli	M-Grade	3150	3170	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3040	3040	Unch
	Dhampur	S-Grade Ex-Mill	3020	3020	Unch
	Dhampur	L-Grade Ex-Mill	3090	3090	Unch
Maharashtra	Mumbai	M-Grade	3162	3242	-80
	Mumbai	S-Grade	3080	3080	Unch
	Nagpur	M-Grade	3050	3025	25
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2925	2900	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	3440	3400	40
	Vijayawada	S-Grade	3440	3360	80
West Bengal	Kolkata	M-Grade	3420	3450	-30
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch

	Dindigul	M-Grade	3460	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
<b>Chattisgarh</b>	Ambikapur	M-Grade (Without Duty)	3600	#N/A	-

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)			24-Dec-18	21-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2700	2703	-3
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	1000
	Muzaffarnagar	Khurpa (Fresh)	2413	2328	85
	Muzaffarnagar	Laddoo (Fresh)	2730	2788	-58
	Muzaffarnagar	Rascut (Fresh)	2090	2063	28
	Hapur	Chaurasa	Closed	2200	-
	Hapur	Balti	Closed	2238	-
Andhra Pradesh	Chittur	Gold	4000	4000	Unch
		White	3600	3700	-100
		Black	NA	3400	-
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	2850	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3150	3186	-36
	Mahalingapura	Penti (Average)	NA	3073	-
	Mandya	Achhu (Medium)	2800	2850	-50
	Mandya	Kurikatu (Medium)	2600	2550	50
	Mandya	Other (Medium)	2600	2550	50
	Mandya	Yellow (Medium)	2800	2800	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3100	-

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