

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

Gur/Jaggery Muzzaffarnagar prices upon staying above INR 2600 are witnessing an upside correction. Within the same a test of INR 2900 remains open ahead of prices turning lower towards INR 2500 and lower in the months ahead. The prices of M 30 and S 30 grades of sugar rates remained steady in Kolhapur sugar market on Thursday at Rs 2900 and Rs 2900 per quintal respectively.

Sugar prices have fallen and are hovering in the range of fixed price of Rs 2,900 per quintal. Moreover there is little demand for sugar and it is binding on millers to make payments to farmers. The UP and MH state sugar millers have decided to approach government once again with a plea to urge the Centre to intervene and increase the minimum floor price of sugar from the existing Rs 2,900 per quintal to Rs 3,250/3,400 per quintal to overcome the current financial distress.

Weather Forecast for tomorrow:

During the next 24 hours, isolated rains are expected over Kerala and South Tamil Nadu. Weather will remain dry over rest all places of the country. Intensity of fog will reduce over the northwestern plains due to the prevalence of dry northwesterly winds. Minimums may drop over Northwest and Central India.

Previous Updates:

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.

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:

We expect sugar prices may trade down on good physical supplies from mills are continuing in the physical market due to imposed stock limit on mills. Prices are supportive after Jan due to the expectation of weak cane crush this season in the key producing states of UP, MH and KA.

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
		26-Dec-18	19-Dec-18	26-Nov-18	26-Dec-17	26-Dec-18
Oct-18	-5.90	2013	2030	2050	2139	69.99
Mar-19	-7.90	1942	1958	1977	2109	
May-19	-7.22	1949	1969	1997	2100	

(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
		26-Dec-18	19-Dec-18	26-Nov-18	26-Dec-17	26-Dec-18
Oct-18	-2.11	2438	2451	2463	2490	69.99
Dec-18	-1.01	2499	2514	2527	2524	
Mar-19	-4.28	2364	2390	2397	2469	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	337.7	Unch

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			27-Dec-18	26-Dec-18	
Delhi	Delhi	M-Grade	3000	3000	Unch
	Delhi	S-Grade	2980	2980	Unch
Uttar Pradesh	Khatauli	M-Grade	3130	3145	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3030	3030	Unch
	Dhampur	S-Grade Ex-Mill	3010	3010	Unch
	Dhampur	L-Grade Ex-Mill	3080	3080	Unch
Maharashtra	Mumbai	M-Grade	3230	3230	Unch

	Mumbai	S-Grade	3070	3070	Unch
	Nagpur	M-Grade	3025	3025	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2900	2900	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	3700	3440	260
	Vijayawada	S-Grade	3700	3440	260
West Bengal	Kolkata	M-Grade	3450	3420	30
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch
	Dindigul	M-Grade	3450	3450	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
			27-Dec-18	26-Dec-18	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2638	2653	-15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2338	2338	Unch
	Muzaffarnagar	Laddoo (Fresh)	2688	2700	-13
	Muzaffarnagar	Rascut (Fresh)	2053	2090	-38
	Hapur	Chaurasa	2188	2188	Unch
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	3900	4000	-100
		White	3600	3600	Unch
		Black	NA	NA	-
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)	3210	3215	-5
	Mahalingapura	Penti (Average)	3109	3026	83
	Mandya	Achhu (Medium)	2850	2850	Unch

	Mandya	Kurikatu (Medium)	2600	2600	Unch
	Mandya	Other (Medium)	2750	2600	150
	Mandya	Yellow (Medium)	2850	2850	Unch
	Shimoga/Shivamogga	Achhu (Average)	3150	3350	-200

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.

