

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

**According to ratings agency Icra Ltd, sugar production in India is expected to decline by around 2% to 31.5 million tonnes (mt) in the current season.** Even so, the sugar surplus scenario is likely to continue as the industry is carrying sizeable inventories. Even after accounting for exports aided by the government, the industry is likely to hold 11.3–12.3 mt of stock, which is equivalent to 5.3 months of domestic consumption. This is the highest in recent years.

**New York closed a little lower last week. March futures are now near some support at about 1200. London was lower as well.** Sugar was hurt by the weakness in petroleum futures that have hurt demand ideas. Brazil has been using a majority of its Sugarcane harvest to produce ethanol this year instead of Sugar, and there is some talk the mills might switch back to Sugar unless petroleum prices improve soon. Dry conditions continue in Brazil, the EU, and Russia, but conditions are mostly good in Ukraine. Very good conditions are reported in Thailand.

**Weather Forecast for tomorrow:**

During the next 24 hours, isolated light rains are possible over South Chhattisgarh, Andhra Pradesh, Coastal Karnataka and Kerala. Light to moderate rains are expected to continue over Lakshadweep. Cold wave conditions are expected to continue over parts of Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Punjab, Haryana, Uttar Pradesh, Delhi, Rajasthan and parts of Madhya Pradesh, Chhattisgarh, Gujarat and North Maharashtra. Pollution levels will remain high over Delhi-NCR region. Moderate to dense fog is expected over Northwest Uttar Pradesh, Punjab and Haryana.

**Previous Updates:**

**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 sate 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.

**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 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.*

## 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
		27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17	27-Dec-18
Oct-18	-7.34	2005	2034	2041	2164	70.32
Mar-19	-10.06	1930	1957	1960	2145	
May-19	-9.02	1937	1968	1979	2130	

(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
		27-Dec-18	20-Dec-18	27-Nov-18	27-Dec-17	27-Dec-18
Oct-18	-3.67	2436	2447	2450	2529	70.32
Dec-18	-2.31	2504	2513	2517	2563	
Mar-19	-6.31	2362	2385	2384	2521	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	335.9	-1.08

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Dec-18	27-Dec-18	
Delhi	Delhi	M-Grade	2960	3000	-40
	Delhi	S-Grade	2940	2980	-40
Uttar Pradesh	Khatauli	M-Grade	3120	3130	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3030	20
	Dhampur	S-Grade Ex-Mill	3030	3010	20
	Dhampur	L-Grade Ex-Mill	3100	3080	20
Maharashtra	Mumbai	M-Grade	3220	3230	-10
	Mumbai	S-Grade	3066	3070	-4
	Nagpur	M-Grade	3025	3025	Unch

	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2900	2900	Unch
	Kolhapur	S-Grade	2900	2900	Unch
<b>Assam</b>	Guhawati	S-Grade	3207	3207	Unch
<b>Meghalaya</b>	Shillong	S-Grade	3220	3220	Unch
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3700	3700	Unch
<b>West Bengal</b>	Kolkata	M-Grade	3450	3450	Unch
<b>Tamil Nadu</b>	Chennai	S-Grade	3050	3050	Unch
	Dindigul	M-Grade	3450	3450	Unch
	Coimbatore	M-Grade	3450	3450	Unch
<b>Chattisgarh</b>	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
			28-Dec-18	27-Dec-18	
Jaggery(Gur)					
<b>Uttar Pradesh</b>	Muzaffarnagar	Chaku Fresh	2553	2638	-85
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2325	2338	-13
	Muzaffarnagar	Laddoo (Fresh)	2625	2688	-63
	Muzaffarnagar	Rascut (Fresh)	2053	2053	Unch
	Hapur	Chaurasa	2225	2188	38
	Hapur	Balti	2300	2250	50
<b>Andhra Pradesh</b>	Chittur	Gold	4200	3900	300
		White	3600	3600	Unch
		Black	NA	NA	-
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	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)	3210	3210	Unch
	Mahalingapura	Penti (Average)	NA	3109	-
	Mandya	Achhu (Medium)	2900	2850	50
	Mandya	Kurikatu (Medium)	2650	2600	50
	Mandya	Other (Medium)	2850	2750	100

	Mandya	Yellow (Medium)	2870	2850	20
	Shimoga/Shivamogga	Achhu (Average)	3150	3150	Unch

**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.

