

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

Sugar wholesale market prices witnessed steady to firm on Monday. 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, Maharashtra and Karnataka. The release quota for January expected to be little higher than December month, since UP and Maharashtra states demanding extra sales quota, due to the low sales quota, mills are unable to sell their sugar and repay the farmers on time.

March NY world sugar #11 (SBH19) on Friday closed up +0.14 (+1.14%) and March ICE London white sugar (SWH19) closed up by +3.10 (+0.92%). Sugar prices recovered from 2-3/4 month lows Friday and closed higher after crude oil prices rallied, which is positive for ethanol and sugar on the prospects for Brazil's sugar producers to divert more sugar cane crushing toward ethanol production than sugar production, thus cutting global sugar supplies. Sugar prices posted 2-3/4 month lows early Friday after Petrobras cut its wholesale Brazil gasoline price for a second time this week, which is negative for ethanol prices.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rain and snow may occur over Arunachal Pradesh. Isolated rain will occur over Assam, Meghalaya, Nagaland, Coastal Andhra Pradesh as well as over few places of Interior Tamil Nadu, Kerala and Lakshadweep. Cold wave conditions are expected over Madhya Pradesh, Chhattisgarh, parts of Maharashtra, Gujarat and northwestern plains of the country.

Previous Updates:

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

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.

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.

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
		28-Dec-18	21-Dec-18	30-Nov-18	28-Dec-17	28-Dec-18
Oct-18	-7.29	2011	2013	2075	2169	69.97
Mar-19	-9.93	1942	1936	2003	2156	
May-19	-8.78	1950	1945	2020	2137	

(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
		28-Dec-18	21-Dec-18	30-Nov-18	28-Dec-17	28-Dec-18
Oct-18	-3.85	2438	2434	2487	2535	69.97
Dec-18	-2.15	2508	2498	2547	2563	
Mar-19	-6.13	2372	2364	2425	2527	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	339	3.1

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			31-Dec-18	29-Dec-18	
Delhi	Delhi	M-Grade	3020	2926	94
	Delhi	S-Grade	3000	2906	94
Uttar Pradesh	Khatauli	M-Grade	3125	3100	25
	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	3220	3220	Unch
	Mumbai	S-Grade	3070	3066	4

	Nagpur	M-Grade	3045	3045	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2920	2920	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	3600	3700	-100
	Vijayawada	S-Grade	3600	3700	-100
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch
	Dindigul	M-Grade	3450	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
Chattisgarh	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
			31-Dec-18	28-Dec-18	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2505	2553	-48
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2338	2325	13
	Muzaffarnagar	Laddoo (Fresh)	2613	2625	-13
	Muzaffarnagar	Rascut (Fresh)	2053	2053	Unch
	Hapur	Chaurasa	Closed	2225	-
	Hapur	Balti	Closed	2300	-
Andhra Pradesh	Chittur	Gold	4400	4200	200
		White	3800	3600	200
		Black	3300	NA	-
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	2910	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3212	3210	2
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2850	2900	-50

	Mandya	Kurikatu (Medium)	2650	2650	Unch
	Mandya	Other (Medium)	2800	2850	-50
	Mandya	Yellow (Medium)	2900	2870	30
	Shimoga/Shivamogga	Achhu (Average)	3200	3150	50

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