

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

Most of the sugar market prices were unchanged from the previous day. This was despite trade expectations that the release quota of 1.85 million tonnes for Jan was lower than probable demand. The 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. The arrears, including the carryover of the previous 2017-18 crushing season, are estimated at Rs 6,500 crore in the two key sugar producing states of Uttar Pradesh and Maharashtra. They together account for more than 50 per cent of the annual production. UP alone accounts for Rs 4,000 crore of arrears comprising almost Rs 2,000 crore and Rs 4,000 crore for the 2017-18 and 2018-19 seasons, respectively.

Uttar Pradesh, appears to have favored a 12 per cent increase in the government-set floor price for the sweetener even as farmers in another producing belt, Maharashtra, have begun agitations to secure payments for the cane already crushed at mills this season. "As 65 per cent of the sugar produced in the country is used by institutional buyers, if the MSP (minimum support price) of sugar is increased from Rs 29/kg to Rs 32.50/kg, it would not affect the consumers that adversely," Sanjay Bhoosreddy, principal secretary, Sugar Industry and Cane Development Department, Uttar Pradesh, said.

Weather Forecast for tomorrow:

During the next 24 hours, isolated light rain will occur over Tamil Nadu and higher reaches of Jammu and Kashmir. Weather will remain dry over rest all parts of India. Minimums will increase further over Northwest India and hills of Western Himalayas leading to abatement of cold wave conditions from many places. Isolated pockets of Haryana, Punjab and Rajasthan will have cold wave conditions. Frost is expected to occur in many parts of Northwest India.

Previous Updates:

According to ratings agency Icri 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.

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)	
	% Change over previou s year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
Futures month		31-Dec-18	24-Dec-18	30-Nov-18	31-Dec-17	31-Dec-18
Oct-18	#N/A	1959	2021	2075	#N/A	69.79

Mar-19	#N/A	1881	1949	2003	#N/A
May-19	#N/A	1892	1957	2020	#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
		31-Dec-18	24-Dec-18	30-Nov-18	31-Dec-17	31-Dec-18
Oct-18	#N/A	2385	2444	2487	#N/A	69.79
Dec-18	#N/A	2455	2505	2547	#N/A	
Mar-19	#N/A	2321	2370	2425	#N/A	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	328.8	-3.7

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			03-Jan-19	02-Jan-19	
Delhi	Delhi	M-Grade	3100	3000	100
	Delhi	S-Grade	3080	2980	100
Uttar Pradesh	Khatauli	M-Grade	3260	3225	35
	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	3232	3232	Unch
	Mumbai	S-Grade	3076	3076	Unch
	Nagpur	M-Grade	3075	3075	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2950	2950	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	3460	3460	Unch

	Vijayawada	S-Grade	3420	3420	Unch
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3120	3120	Unch
	Dindigul	M-Grade	3460	3460	Unch
	Coimbatore	M-Grade	3450	3450	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3500	3600	-100

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)			03-Jan-19	02-Jan-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2488	2628	-140
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	7000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2368	2368	Unch
	Muzaffarnagar	Laddoo (Fresh)	2625	2625	Unch
	Muzaffarnagar	Rascut (Fresh)	2038	2053	-15
	Hapur	Chaurasa	2200	2200	Unch
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	4520	4400	120
		White	3800	3800	Unch
		Black	2500	3300	-800
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2700	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3050	-
	Mahalingapura	Penti (Average)	3081	3042	39
	Mandya	Achhu (Medium)	2800	2850	-50
	Mandya	Kurikatu (Medium)	2650	2650	Unch
	Mandya	Other (Medium)	2750	2750	Unch
	Mandya	Yellow (Medium)	NA	2850	-
	Shimoga/Shivamogga	Achhu (Average)	3250	3250	Unch

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