

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

Sugar prices at Kolhapur gained by Rs 25 on Wednesday on increased demand at the mill level led by strong rumours that the government may increase minimum support rates for mills, currently at ₹2,900 per quintal.

March NY world sugar #11 (SBH19) on Tuesday closed up +0.11 (+0.87%) and March ICE London white sugar (SWH19) closed up by +0.60 (+0.17%). Sugar prices pushed up to fresh 2-1/2 week highs Tuesday on strength in crude oil and the Brazilian real. Crude oil climbed to 3-week high Tuesday, which benefits ethanol prices and may prompt Brazil's sugar producers to divert more cane crushing to ethanol production than sugar, thus reducing sugar supplies. Also, the Brazilian real showed strength and was just below Monday's 2-month high against the dollar, which discourages exports by Brazil's sugar producers.

Weather Forecast for tomorrow:

Cold wave conditions very likely at isolated pockets over Vidarbha. In East/Northeast India, a cyclonic circulation is over Meghalaya and adjoining region. In wake of this, isolated rain and snow may occur over higher reaches of Arunachal Pradesh. Isolated light rain is also possible over East Assam and North Nagaland. Weather of rest north eastern states will remain dry. Day and night temperatures may fall marginally over East Uttar Pradesh, Bihar and Jharkhand. Dense fog is expected over the foothills of East Uttar Pradesh and Bihar.

Previos Updates:

The Centre is likely to revise the sugar minimum selling price (MSP) by 10 per cent from its current level of Rs 29 a kg to Rs 32 a kg in the weeks ahead. Last year, the Union food ministry had fixed the ex-factory sugar sale price at Rs 29 a kg to help domestic sugar mills amid falling retail sugar prices and the export-market squeeze owing to a global glut in the sector.

In Vijayawada, Retail prices are trading near Rs 34-36/ Kg compared to previous week Rs 34/ 37 kg. There is no threat to consumers as of now due to ample sugar production within the country and huge availability of exportable surplus.

Sugar prices have moved up by `20-30 per quintal on Friday on speculation that the government of Uttar Pradesh seems to favour a 12% possible price rise in the minimum floor price (MFP) of the sweetener. The outlook, however, does not look very promising with a continued weak demand in the market and reports of good sugar production.

According to the latest data from the Maharashtra government's Commissionerate of Sugar, mills in the state, as on December 31, were to have paid growers Rs 7,450.90 crore for cane at the "fair and remunerative price" or FRP of about Rs 245 per quintal declared by the Centre for the 2018-19 season (average rate, after deducting harvesting and transport charges from field). But they had only managed to pay Rs 2,875.37 crore, which translates into arrears of Rs 4,575.53 crore. For Uttar Pradesh the current season, they have, till January 4, bought cane worth Rs 10,051.02 crore at the state government's average state "advised" price or SAP of around Rs 320 per quintal. Out of this, they were to pay Rs 7,210.11 crore within the stipulated 14-day period from the date of cane delivery. But payments so far have been just Rs 2,857.03 crore, with the resulting arrears at Rs 4,353.08 crore, and Rs 6,123.26 crore overall.

India's sugar production till December 31, 2018 is up by 6.7% y-o-y. As on 31st December, 2018, 501 sugar mills were in operation in the country and have produced 110.52 lakh tonnes of sugar, as compared to 103.56 lakh tons produced by 505 sugar mills as on 31st December 2017. The slightly higher production of 6.96 lakh tonnes is because Maharashtra and Karnataka sugar mills started their crushing earlier this year. However, due to substantially lower rainfall and white grub infestation, Maharashtra will produce significantly lower quantity this year as compared to last year. Overall, the country is expected to produce much less sugar this season as compared to last year.

According to the order issued by the Ministry of Consumer and Food, subsidy on buffer stock will not be provided to the sugar mills which have failed to export mandatory exports. In the past year, the government decided to make 3 million tonnes of buffer stock to stop falling prices of sugar. The Cabinet had approved the provision of Rs 11.75 billion for buffer stock of 30 lakh tonnes for one year. But now the government has laid down the mandatory export ban to provide subsidy on sugar storage. The New York and London sugar prices are low compared with India's domestic raw sugar price by almost Rs 12-Rs 15 a kg and also don't have parity for Indian sugar for its destinations.

The total export of October-December, 2018 quarter is only 2.6 lakh tonnes, while the average target is 12.5 lakh tonnes in the quarter. Recently, the government gave a warning to Mills in this case. Most of the weakest exports in UP are sugar mills, which the government was providing transportation subsidy on exports. In spite of this, the provinces of the province could not fulfill the goal of sending another country to China.

Weekly Outlook:

Indian Sugar market witnessed a mixed trend during last week. On hopes of increase in floor price which is currently at Rs 2,900 per quintal. 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 month of 18.50 LMT little lower 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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

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
		8-Jan-19	1-Jan-19	8-Dec-18	8-Jan-18	8-Jan-19
Oct-18	-2.54	2091	#N/A	#N/A	2145	70.02
Mar-19	-4.56	2001	#N/A	#N/A	2097	
May-19	-3.59	2022	#N/A	#N/A	2097	

(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
		8-Jan-19	1-Jan-19	8-Dec-18	8-Jan-18	8-Jan-19
Oct-18	0.48	2508	#N/A	#N/A	2496	70.02
Dec-18	2.37	2577	#N/A	#N/A	2517	
Mar-19	-2.32	2418	#N/A	#N/A	2476	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	345.4	0.6

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			09-Jan-19	08-Jan-19	
Delhi	Delhi	M-Grade	3150	3150	Unch
	Delhi	S-Grade	3130	3130	Unch
Uttar Pradesh	Khatauli	M-Grade	3270	3265	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3075	3075	Unch
	Dhampur	S-Grade Ex-Mill	3055	3055	Unch
	Dhampur	L-Grade Ex-Mill	3125	3125	Unch
Maharashtra	Mumbai	M-Grade	3256	3256	Unch

	Mumbai	S-Grade	3066	3066	Unch
	Nagpur	M-Grade	3100	3075	25
	Nagpur	S-Grade	3050	3025	25
	Kolhapur	M-Grade	2975	2950	25
	Kolhapur	S-Grade	2925	2900	25
Assam	Guhawati	S-Grade	3233	3207	25
Meghalaya	Shillong	S-Grade	3245	3220	25
Andhra Pradesh	Vijayawada	M-Grade	3440	3460	-20
	Vijayawada	S-Grade	3400	3420	-20
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3100	3110	-10
	Dindigul	M-Grade	#N/A	3440	-
	Coimbatore	M-Grade	#N/A	3450	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	#N/A	3500	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			09-Jan-19	08-Jan-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2470	2463	8
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	6000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2338	2338	Unch
	Muzaffarnagar	Laddoo (Fresh)	2563	2628	-65
	Muzaffarnagar	Rascut (Fresh)	2075	2075	Unch
	Hapur	Chaurasa	2188	2188	Unch
	Hapur	Balti	2250	2250	Unch
Andhra Pradesh	Chittur	Gold	4200	4300	-100
		White	3700	3700	Unch
		Black	3100	3000	100
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	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3050	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	NA	-

	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3200	3200	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> © 2019 Indian Agribusiness Systems Ltd.

