

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

Indian Sugar Mills Association (ISMA) has lowered India's 2018-19 sugar production estimate by 2.5% to 307 lakh tonnes from first advance estimate of 315 lakh tonnes issued in October 2018. ISMA has procured the satellite images of cane area already harvested and remaining unharvested area in the fields, across the country during mid-season i.e. in the second week of January 2019. On the basis of these images of harvested and balance area, trend of yields and sugar recoveries achieved till now as also expected yield/sugar recovery in the balance period of the sugar season, sugar production in the current season is estimated to be around 307 lakh tonnes, against the first advance estimates of 315 lakh tonnes released by ISMA in October 2018. This is after considering estimated diversion of 5 lakh tonnes of sugar into production of ethanol through 'B' heavy molasses.

Till 15th January 2019, 510 sugar mills in the country have produced 146.86 lakh tonnes of sugar, compared with 135.57 lakh tonnes produced on the corresponding date of last year, i.e., current year's production is 8.32% ahead of last year's production. This is because the mills have started earlier this season, even though the whole year's sugar production will be less than last year. As on 15th January 2019, 117 sugar mills in U.P. were operating and they crushed 382.1 lakh tonnes of sugarcane and produced 41.93 lakh tonnes of sugar.

Weather Forecast for tomorrow:

During the next 24 hours, scattered light to moderate rain and snow will commence over Jammu & Kashmir and Himachal Pradesh today afternoon onward. Intensity of these activities will increase gradually. Weather of rest country will remain dry. Day temperatures will fall by 2 °C to 4 °C over many parts of Jammu & Kashmir and Himachal Pradesh due to cloud cover and rain whereas in isolated pockets of northern plains due to persistence of fog. Pollution will remain under 'very poor to severe' category over Delhi NCR.

Previous Updates:

Cane payment arrears reached Rs 19,000 crore for the season up to December 31. This was more than double last year's arrears at the same date. Of the total, around Rs 5,000 crore was carried over from last year. Excess sugar production and depressed domestic sugar price have led to accumulation of cane price arrears of farmers in sugarcane growing States including Uttar Pradesh, Maharashtra and Karnataka. The mills have already asked for an increase in the minimum sale price of sugar by Rs 5 a kg, to Rs 34 a kg. Prices in the country are inching up but are still only Rs 2,950 a quintal (Rs 29.5 a kg) in the wholesale market.

March NY world sugar #11 on Friday closed up +0.18 (+1.40%) and March ICE London white sugar (SWH19) closed up +4.70 (+1.35%). Sugar prices moved higher Friday after crude oil prices rallied to a 1-1/2 month high. Stronger crude oil prices are positive for ethanol prices and provide incentive to Brazil's sugar mills to divert more cane crushing toward ethanol production rather than sugar production, thus reducing sugar supplies.

India's sugar exports are likely to be far lower than a 5 million-tonne target set by government as a strengthening rupee and falling global prices make shipments unattractive despite a government push for overseas sales. As Agriwatch expected that India is likely to export to 3.0 million tonnes of sugar in the 2018/19 marketing year that started on Oct. 1

The Government of Punjab has released Rs 35 crore to the cooperative sugar mills of the state towards the payment for sugarcane dues for the year 2017-18. The same has been credited into the accounts of the sugarcane farmers. The cooperative sugar mills had dues amounting to Rs 182.26 crore pending towards the government as of December 31, 2018, out of which Rs 151.82 crores remain due following the payment of Rs 35 crore. Out of these Rs 151.82 crore, a sum of Rs 65 crore has been released by the Punjab Rural Development Board, which would be paid soon. This was stated by the state cooperation minister, S Sukhjinder Singh Randhawa.

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.

According to the latest data from the Maharashtra government's Commissioner ate 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.

Weekly Outlook:

Indian Sugar market traded firm 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 then 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 s year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		21-Jan-19	12-Jan-19	20-Dec-18	19-Jan-18	21-Jan-19
Oct-18	8.98	2174	#N/A	2034	1995	71.37
Mar-19	10.16	2083	#N/A	1957	1891	
May-19	10.02	2104	#N/A	1968	1912	

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

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous s year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		21-Jan-19	12-Jan-19	20-Dec-18	19-Jan-18	21-Jan-19
Oct-18	12.42	2627	#N/A	2447	2337	71.37
Dec-18	13.19	2690	#N/A	2513	2376	
Mar-19	12.40	2531	#N/A	2385	2252	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	354.7	1.5

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			22-Jan-19	21-Jan-19	
Sugar					
Delhi	Delhi	M-Grade	3040	3039	1
	Delhi	S-Grade	3020	3019	1
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	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	3206	3206	Unch
	Mumbai	S-Grade	3092	3092	Unch
	Nagpur	M-Grade	3150	3150	Unch
	Nagpur	S-Grade	3050	3050	Unch
	Kolhapur	M-Grade	3025	3025	Unch
	Kolhapur	S-Grade	2925	2925	Unch
Assam	Guhawati	S-Grade	3233	3233	Unch
Meghalaya	Shillong	S-Grade	3245	3245	Unch
Andhra Pradesh	Vijayawada	M-Grade	3440	3440	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3530	3530	Unch
Tamil Nadu	Chennai	S-Grade	3075	3150	-75
	Dindigul	M-Grade	#N/A	3420	-
	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
			22-Jan-19	21-Jan-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	2515	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	5000	-
	Muzaffarnagar	Khurpa (Fresh)	NA	2255	-
	Muzaffarnagar	Laddoo (Fresh)	NA	2513	-
	Muzaffarnagar	Rascut (Fresh)	NA	2038	-
	Hapur	Chaurasa	NA	Closed	-
	Hapur	Balti	NA	Closed	-

Andhra Pradesh	Chittur	Gold	3900	4000	-100
		White	3600	3700	-100
		Black	3100	3100	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4150	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2700	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	NA	2700	-
	Mandya	Kurikatu (Medium)	NA	2600	-
	Mandya	Other (Medium)	NA	2600	-
	Mandya	Yellow (Medium)	NA	2800	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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.