

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

March NY world sugar #11 (SBH19) on Tuesday closed down -0.10 (-0.77%) and March ICE London white sugar (SWH19) closed down -6.10 (-1.72%). Sugar prices settled lower Tuesday on negative carry-over from a slide in crude oil prices, which undercuts ethanol and may prompt Brazil's sugar mills to divert more cane crushing toward sugar production rather than ethanol production, thus boosting sugar supplies.

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 un harvested 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.

Previos 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.

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.

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 star

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		22-Jan-19	15-Jan-19	21-Dec-18	22-Jan-18	22-Jan-19
Oct-18	8.35	2158	2162	2013	1992	71.37
Mar-19	9.69	2067	2094	1936	1885	
May-19	9.63	2088	2108	1945	1905	

(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
		22-Jan-19	15-Jan-19	21-Dec-18	22-Jan-18	22-Jan-19
Oct-18	10.60	2589	2615	2434	2341	71.37
Dec-18	11.46	2653	2672	2498	2380	
Mar-19	10.36	2488	2520	2364	2254	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	348.6	-6.1

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Jan-19	22-Jan-19	
Delhi	Delhi	M-Grade	3100	3040	60
	Delhi	S-Grade	3080	3020	60
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	3075	3150	-75

	Nagpur	S-Grade	3025	3050	-25
	Kolhapur	M-Grade	2950	3025	-75
	Kolhapur	S-Grade	2900	2925	-25
Assam	Guhawati	S-Grade	3207	3233	-25
Meghalaya	Shillong	S-Grade	3220	3245	-25
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	3075	Unch
	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
			23-Jan-19	22-Jan-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2525	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2263	NA	-
	Muzaffarnagar	Laddoo (Fresh)	2525	NA	-
	Muzaffarnagar	Rascut (Fresh)	2050	NA	-
	Hapur	Chaurisa	2238	NA	-
	Hapur	Balti	2200	NA	-
Andhra Pradesh	Chittur	Gold	3900	3900	Unch
		White	3600	3600	Unch
		Black	3100	3100	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	2990	NA	-
	Mandya	Achhu (Medium)	2700	NA	-
	Mandya	Kurikatu (Medium)	2600	NA	-

	Mandya	Other (Medium)	2600	NA	-
	Mandya	Yellow (Medium)	2600	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3400	NA	-

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