

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

***Sugar millers in India are urging the government to increase the benchmark price of the commodity to help them pay off about \$2.7 billion they owe to farmers. The Indian Sugar Mills Association sent a letter to the government asking for the minimum selling price to be raised to Rs 35-36 (\$0.49-\$0.51) a kilogram at factory gates from Rs 29 currently.***

***According to a report published in TimesofIndia.com, 36 sugar factories in Kolhapur and Sangli district have deposited Rs 2,207 crore in the bank accounts of farmers. The factories in two districts still owe Rs 1,207 crore to the farmers. Total amount payable to farmers in Kolhapur and Sangli district is Rs 3,114 crore till January 31. It has been almost three months of crushing commencement, and still many mills have yet not paid the first installment. The rule mandates that FRP amount should be deposited to the farmers' bank accounts within 14 days after the sugarcane harvest is handed over to the factory owners.***

**Weather Forecast for tomorrow:**

During the next 24 hours, spell of rain and snow is expected over few places of Jammu and Kashmir and higher reaches of Himachal Pradesh. Rain and thundershowers will occur over many parts of South Tamil Nadu. Isolated places of Kerala and Andaman and Nicobar Islands may also witness light rainfall activity. Light rain and snow is likely to effect isolated places over Arunachal Pradesh. Delhi will experience moderate to dense fog with pollution in poor category.

**Previos Updates:**

***The cooperative sugar mills in Haryana have so far produced over 13.97 lakh quintals of sugar by crushing 152.57 lakh quintals of sugarcane during the current crushing season. So far, the average rate of sugar recovery by the cooperative sugar mills has been registered at 9.53 per cent.***

***Sugar millers in India are urging the government to increase the benchmark price of the commodity to help them pay off about \$2.7 billion they owe to farmers. The Indian Sugar Mills Association sent a letter to the government asking for the minimum selling price to be raised to Rs 35-36 (\$0.49-\$0.51) a kilogram at factory gates from Rs 29 currently.***

***The pace of cane crushing in Thailand eased fractionally during the past week but daily cane crushing volumes are still about 1.2 mln tonnes. While, Mexico's sugar production crossed the 1.5 mln-tonne mark, though volumes are still behind in year-ago levels, official data showed.***

***Data from the Sugar Directorate indicate that the volume of the sweetener imported in 2018 declined to 284,169 from 989,619 tonnes in the previous year when acute shortage compelled the State to remove import duty. Excess sugar attracts import duty at the rate of 25 percent if obtained from 19-member Comesa bloc and 100 percent if it comes from outside.***

***The prices of M-30 and S-30 grades of sugar remains steady in Kolhapur market on Friday at Rs 2940 and 2900 respectively. March NY world sugar #11 on Thursday closed up +0.01 (+0.08%) and March ICE London white sugar closed up +0.50 (+0.14%). Sugar prices closed higher Thursday on signs of smaller***

sugar production in Brazil after Unica reported 2018/19 Brazil Center-South sugar production through mid-Jan was down -26.5% y-o-y at 26.350 MMT, with the percentage of cane used for sugar production falling to 35.5% from 46.9% last year and the percentage of cane used for ethanol production rising to 64.5% from 53.1% last year.

**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.

## Weekly Outlook:

**Indian Sugar markets were weak last week.** We expect sugar prices may trade lower as good physical supplies from mills are continuing in the physical market. Prices will be supportive in coming days due to the expectation of weak cane crush this season in the key producing states of UP, Maharashtra and Karnataka. After demanding the UP and Maharashtra sugar mills on extra sales quota the government has released 21.00 Lakh MT of sugar for Feb higher than the previous month.

## 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)	
	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
Futures month		1-Feb-19	28-Jan-19	1-Jan-19	1-Jan-18	1-Feb-19
Mar-19	2.93	2007	2038	NA	1905	71.11
May-19	7.93	2015	2054	NA	1922	
Jul-19	8.67	2044	2079	NA	1963	

(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
		1-Feb-19	27-Jan-19	1-Jan-19	1-Feb-18	1-Feb-19
Mar-19	6.19	2402	2460	2378	2262	71.11
May-19	5.63	2402	2460	2449	2274	
Aug-19	7.59	2480	2524	2312	2305	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	337.80	-3.50

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			04-Feb-19	02-Feb-19	
Delhi	Delhi	M-Grade	3140	3080	60
	Delhi	S-Grade	3120	3060	60
Uttar Pradesh	Khatauli	M-Grade	3245	3229	16
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3100	Unch
	Dhampur	S-Grade Ex-Mill	3080	3080	Unch
	Dhampur	L-Grade Ex-Mill	3150	3150	Unch
Maharashtra	Mumbai	M-Grade	3300	3300	Unch
	Mumbai	S-Grade	3080	3082	-2
	Nagpur	M-Grade	3050	3050	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2925	2925	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	3440	3440	Unch
	Vijayawada	S-Grade	3400	3400	Unch
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3080	3050	30
	Dindigul	M-Grade	#N/A	#N/A	-
	Coimbatore	M-Grade	#N/A	#N/A	-

Chattisgarh	Ambikapur	M-Grade (Without Duty)	#N/A	#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
Jaggery(Gur)			04-Feb-19	02-Feb-19	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2625	2750	-125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2288	2275	13
	Muzaffarnagar	Laddoo (Fresh)	2538	2500	38
	Muzaffarnagar	Rascut (Fresh)	2008	2015	-8
	Hapur	Chaurasa	Closed	2225	-
	Hapur	Balti	Closed	2200	-
Andhra Pradesh	Chittur	Gold	3600	3500	100
		White	3200	3300	-100
		Black	2800	2900	-100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2500	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3050	-
	Mahalingapura	Penti (Average)	3002	NA	-
	Mandya	Achhu (Medium)	2550	2500	50
	Mandya	Kurikatu (Medium)	2450	2450	Unch
	Mandya	Other (Medium)	2450	2500	-50
	Mandya	Yellow (Medium)	2650	2600	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3050	-

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