

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

Sugar production has increased by 8 percent as on January 31, 2019, to 185.19 lakh tonne during the current sugar season (SS), against 171.23 tonne in the year-ago period. However, considering the trend of yields, recoveries and as well as the diversion of some 'B' heavy molasses to ethanol, sugar production in the current season is ISMA estimated to be 307 lakh tonne, a 5-6 percent lower than the 325-lakh tonne output in the previous season,

Cane price arrears across the country had reached about Rs 20,000 crore at the end of January 2019. Considering the pace of crushing in the remaining three peak months of current SS and if the current average all India domestic ex-mill price remains at Rs 29-30 per kilo, millers might not be able to clear the dues on time. Further sugar exports were also not happening at the desired pace. Several mills are either not voluntarily willing to export sugar against their allocated export quotas or do not find it viable enough to do so. Therefore, to ensure that all mills fulfil their allocated export quotas, the government should enforce the quotas.

March NY world sugar #11 (SBH19) on Monday closed up +0.25 (+1.98%) and March ICE London white sugar (SWH19) closed up +2.20 (+0.65%). Dry conditions in Brazil's Center-South, its largest sugar-producing region, spurred fund buying of sugar on concern dry conditions will reduce sugar yields and cause Brazil's sugar production estimates to be revised lower. Another positive is lower sugar output in Thailand, the world's third-largest sugar producer, after the Thai Sugar Millers Corp reported that Thailand sugar production in the first 69 days of the 120-day season fell -3% y/y to 6.08 MMT due to warmer weather and cane field fires.

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.

Previous Updates:

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.

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.

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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.

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)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		04-Feb-19	28-Jan-19	04-Jan-19	04-Jan-18	04-Feb-19
Mar-19	-5.25	2057	2038	1866	2165	71.46
May-19	-4.52	2059	2054	1880	2152	
Jul-19	-3.50	2083	2079	1902	2156	

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

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		04-Feb-19	28-Jan-19	04-Jan-19	04-Jan-18	04-Feb-19
Mar-19	-3.99	2430	2460	2312	2527	71.46
May-19	-3.46	2430	2460	2312	2514	
Aug-19	-0.84	2512	2524	2342	2533	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	340	2.20

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			05-Feb-19	04-Feb-19	
Delhi	Delhi	M-Grade	3095	3140	-45
	Delhi	S-Grade	3075	3120	-45
Uttar Pradesh	Khatauli	M-Grade	3245	3245	Unch
	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	3350	3300	50
	Mumbai	S-Grade	3080	3080	Unch
	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	3420	3440	-20
	Vijayawada	S-Grade	3380	3400	-20
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3050	3080	-30
	Dindigul	M-Grade	#N/A	3400	-
	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
			05-Feb-19	04-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2490	2625	-135
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2303	2288	15
	Muzaffarnagar	Laddoo (Fresh)	2525	2538	-13
	Muzaffarnagar	Rascut (Fresh)	2015	2008	8
	Hapur	Chaurasa	2225	Closed	-
	Hapur	Balti	2200	Closed	-
Andhra Pradesh	Chittur	Gold	3600	3600	Unch
		White	3300	3200	100
		Black	3000	2800	200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	2950	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2370	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3002	-
	Mandya	Achhu (Medium)	2550	2550	Unch
	Mandya	Kurikatu (Medium)	2450	2450	Unch
	Mandya	Other (Medium)	2450	2450	Unch
	Mandya	Yellow (Medium)	2600	2650	-50

	Shimoga/Shivamogga	Achhu (Average)	3000	3000	Unch
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