

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

**March NY world sugar #11 (SBH19) on Wednesday closed up +0.08 (+0.62%) and March ICE London white sugar (SWH19) closed down -0.50 (-0.15%).** Sugar prices on Wednesday settled mixed. On the bullish side, researcher Marex Spectron estimates that Thailand 2019/20 sugar production will drop -15% y/y to 11 MMT as lower cane prices prompt some farmers to switch to more-profitable crops. Also, stronger crude prices Wednesday benefited ethanol prices, which may prompt Brazil's sugar mills to divert more cane crushing toward ethanol production than sugar production, thus reducing sugar supplies.

**Weather Forecast for tomorrow:**

Moderate to heavy rain and snow is expected over Jammu Kashmir, Himachal Pradesh and Uttarakhand. Light to moderate rains with few heavy spells of rain and thundershowers are possible over Punjab, Haryana and parts of Uttar Pradesh. Scattered rains may also occur over Delhi and North Madhya Pradesh. Day temperatures will drop over many parts of Punjab, Haryana and Uttar Pradesh. Pollution levels are expected to improve over Delhi-NCR region.

**Previos Updates:**

**Payment arrears to Maharashtra cane growers during the current crushing season that started last October at over Rs 4,800 crore** already, cash-strapped sugar mills in Maharashtra have come up with a new formula to address the problem. They will, henceforth, pay about 20 per cent of dues in the form of sugar. This means that for every tonne of cane supplied, mills will give 17 kg of sugar as payment.

**March NY world sugar #11 (SBH19) on Tuesday closed down -0.03 (-0.23%) and March ICE London white sugar (SWH19) closed up +1.90 (+0.56%).** Sugar prices were undercut Tuesday by an updated weather forecast from Somar Meteorologia calling for rain this week in south to central Brazil. Mar NY sugar earlier posted a 1-week high in overnight trading on concern about dry conditions in Brazil's Center-South, its largest sugar-producing region.

**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.

**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.

**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.

## Weekly Outlook:

**Indian Sugar markets were weak during the 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. As per the Agriwatch estimate, spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2950–Rs 3300 per quintal for next week.

## **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
		06-Feb-19	30-Jan-19	06-Jan-19	06-Jan-18	06-Feb-19
Mar-19	3.82	2068	2000	NA	1992	71.57
May-19	3.66	2066	2017	NA	1993	
Jul-19	3.81	2099	2052	NA	2022	

(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
		05-Feb-19	29-Jan-19	05-Jan-19	05-Jan-18	04-Feb-19
Mar-19	6.01	2436	2436	NA	2298	71.74
May-19	4.77	2436	2436	NA	2325	
Aug-19	7.29	2518	2505	NA	2347	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	341.9	Unch

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			07-Feb-19	06-Feb-19	
Delhi	Delhi	M-Grade	3140	3100	40
	Delhi	S-Grade	3120	3080	40
Uttar Pradesh	Khatauli	M-Grade	3245	3245	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3100	20
	Dhampur	S-Grade Ex-Mill	3100	3080	20
	Dhampur	L-Grade Ex-Mill	3170	3150	20
Maharashtra	Mumbai	M-Grade	3350	3350	Unch
	Mumbai	S-Grade	3090	3100	-10
	Nagpur	M-Grade	3125	3125	Unch

	Nagpur	S-Grade	3050	3050	Unch
	Kolhapur	M-Grade	3000	3000	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	3480	-40
	Vijayawada	S-Grade	3400	3440	-40
West Bengal	Kolkata	M-Grade	3470	3470	Unch
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch
	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
			07-Feb-19	06-Feb-19	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2513	2513	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	5000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2313	2313	Unch
	Muzaffarnagar	Laddoo (Fresh)	2563	2530	33
	Muzaffarnagar	Rascut (Fresh)	2020	2020	Unch
	Hapur	Chaurasa	2200	2225	-25
	Hapur	Balti	2200	2200	Unch
Andhra Pradesh	Chittur	Gold	3600	3600	Unch
		White	3200	3300	-100
		Black	2900	3000	-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	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3120	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	2500	2500	Unch
	Mandya	Kurikatu (Medium)	2450	2450	Unch
	Mandya	Other (Medium)	2450	2450	Unch

	Mandya	Yellow (Medium)	2600	2450	150
	Shimoga/Shivamogga	Achhu (Average)	NA	3000	-

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