

Sugar & Gur Domestic & International Fundamentals

Recent updates

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- Sugar prices plunged to a two-year low of Rs 28.40 per kg at mill gates on Monday, prompting traders to express optimism that short-term bottom could be in sight since the government might announce some measures to arrest falling prices and in turn control mounting cane price arrears. As prices have fallen Rs 6 per kg since the beginning of the crushing season, traders have lost confidence in the market. If the government comes out with some policy measure, it could give a positive signal to the market.

Previous updates.

- Sugar prices have fallen below Rs 3,000 a quintal for the first time in this crushing season due to intensified competition among mills. Mills in Maharashtra on last week quoted Rs 2,990 a quintal for sale of the S30 variety of sugar to stockists and traders. The realisation for mills for the S30 variety of sugar has slumped by over 15 per cent since the beginning of this crushing season in October. The M30 variety of sugar continued to trade above Rs 3,100 a quintal at the mill gate.
- Several sugar mills in India were unable to pay cane price to the farmers because of the recent fall in sugar prices which have started falling below the cost of production. There was concern about sugarcane farmers getting affected due to their cane price arrears accumulating.
- Indian Sugar Mills Association (ISMA) has increased sugar output estimate to 26.1mn tonnes in the crop year (October, 2017 to September, 2018) as against its earlier estimate of 25.1mn tonnes. The consumption of sugar in India is seen at 25mn tonnes in current year as against 24.6mn tonnes in earlier year. India may have surplus sugar available for exports in 2018-19. The main reason for the fall in sugar prices in the recent past was the expected sugar production during the current season, which is now looking to be more than the domestic requirement, because of which several sugar mills were under pressure to sell their sugar for revenue generation to pay to the cane farmers.
- Sugar futures fell hard in 2017, proving the worst performance of the major agricultural commodity contracts. New York-traded raw sugar futures tumbled by 22% - reversing 2016's gains almost exactly - while London white sugar plunged by 25%, undermined by the prospect of a return to a world production surplus. Besides unexpectedly strong output estimates for many major producers, such as the European Union and India, consumption ideas took a dent from health concerns – largely, but not universally, in Western nations.
- The Mexican sugar industry stands to lose almost US \$543 million annually as a result of a trade pact Mexico signed with the United States, according to an estimate by the CEO of a domestic sugar refinery. The two countries reached an agreement last June that on one hand avoided punishing tariffs but on the other reduced the quota of refined sugar that Mexico can export to its northern trade partner. The director of Sucroliq said the quota requirement, coupled with a provision that requires sugar producers to export their unrefined product to refineries by sea instead of directly over the border to end users, will have a significant impact on growers' bottom lines.
- Ukraine has almost completed the 2017/18 sugar season, processing 2.1 million tonnes of white sugar from the 2017 sugar beet harvest, the agriculture ministry said on Tuesday. It said 46 sugar refineries had processed 13.7 million tonnes of sugar beet so far this season out of the 13.8 million tonnes that have been harvested. Ukraine consumes about 1.5 million tonnes of sugar a year and produced 2 million tonnes of white sugar from beet in 2016. The country produced about 5 million tonnes of white beet

sugar a year during Soviet times but has cut production sharply due to a lack of export markets in the face of competition from cheaper cane sugar

- Sugar production in Uttar Pradesh recorded a growth of 24.54% to 4.1 million tonnes until January 12 on the back of higher recovery and increased crushing. Last year, mills produced 3.32 million tonnes Sugar in the corresponding period.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 24-01-2018)

Contract	+/-	Open	High	Low	Close
C1	0	2901	2901	2901	2901

Contract	Volume
C1	10

Spread
Basis

NCDEX Stock & Fed Position					
Stocks	Grade	Demat	In-Process	Total	FED
		23-Jan-18	23-Jan-18	23-Jan-18	22-Jan-18
Delhi	M	-	-	-	-
Sangli	M	-	-	-	-
Sholapur	M	-	-	-	-
Kolhapur	M	-	-	-	-
Belgaum	M	-	-	-	-
Delhi	S	-	-	-	-
Sangli	S	-	-	-	-
Sholapur	S	-	-	-	-
Kolhapur	S	-	-	-	-
Belgaum	S	-	-	-	-

Sugar Futures ICE& LIFFE as on 23 rd January 2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Mar-18	13.10	13.28	13.10	13.19	0.02
May-18	13.27	13.41	13.24	13.36	0.05
July-18	13.56	13.65	13.49	13.62	0.06
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Mar-18	352.00	355.00	351.20	352.00	-0.90
May-18	355.10	357.40	354.00	355.00	-1.00
Aug-18	360.30	362.40	359.60	360.80	-0.60

Commodity	Price (\$/Ton)	Change
Thai Sugar FOB 45 Icumsa	352.00	-

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Jan-18	23-Jan-18	
Delhi	Delhi	M-Grade	3277	3250	27
	Delhi	S-Grade	3257	3230	27
Uttar Pradesh	Khatauli	M-Grade	3254	3269	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3160	-10
	Dhampur	S-Grade Ex-Mill	3130	3140	-10
	Dhampur	L-Grade Ex-Mill	3200	3210	-10
Maharashtra	Mumbai	M-Grade	3360	3360	Unch
	Mumbai	S-Grade	3170	3170	Unch
	Nagpur	M-Grade	3025	3025	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	2900	2900	Unch
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade	3500	3500	Unch
	Vijayawada	S-Grade	3440	3440	Unch
West Bengal	Kolkata	M-Grade	3550	3550	Unch
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NR	NR	-
	Ambikapur	S-Grade (Without Duty)	NR	NR	-

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)			24-Jan-18	23-Jan-18	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2600	2610	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	5000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2613	2630	-18
	Muzaffarnagar	Laddoo (Fresh)	2625	2625	Unch
	Muzaffarnagar	Rascut (Fresh)	2125	2180	-55
	Hapur	Chaurasa	2375	2350	25

	Hapur	Balti	2400	2388	13
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4800	4800	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3450	3650	-200
	Mahalingapura	Penti (Average)	3242	3270	-28
	Mandya	Achhu (Medium)	3250	3250	Unch
	Mandya	Kurikatu (Medium)	3100	3100	Unch
	Mandya	Other (Medium)	3100	3000	100
	Mandya	Yellow (Medium)	3250	3250	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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