

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- There is a ₹ 8 gap between sugar price and the cost of production which is about ₹ 34 a kg. Mills can only support a sugarcane price of about ₹2,100 a tonne whereas they are expected to shell out ₹ 2,800 assuming an average 10 per cent recovery.
- According to Government officials, The Goods and Services Tax (GST) Council, headed by finance minister Arun Jaitley, will likely take up as early as in its next meeting, a proposal for the imposition of a cess on sugar to create a fund that will help mills clear cane dues owed to farmers.
- Sugar prices have declined to their lowest level in 28 months owing to distress sales by mills on account of storage problems. Storage problems are because of a production glut this season. With the output being 30 million tonnes by mid-April and 227 mills still in operation, the industry is now forecasting production at a record 31.5 million tonnes for the season 2017-18 as against 20.3 million tonnes during last season (October-September).

Previous updates.

- The Centre is considering various options to help sugarcane farmers whose arrears have ballooned. The options include giving a production subsidy to sugarcane farmers, slapping a sugar cess on sales, reducing GST on ethanol being procured from sugar mills, and increasing the purchase price of ethanol for sugar mills.
- The Minister said that reducing the GST on ethanol from the current 18 per cent to, say, 5 per cent will encourage more diversion of sugarcane into ethanol production. The possibility of increasing ethanol price paid by oil marketing companies from the current ₹40.85 per litre can also be considered.
- The production subsidy could be similar to the ₹4.5 per quintal subsidy given to sugarcane farmers in 2015. There may be a need to increase it to at least ₹7-8 per quintal this time, an industry source said.
- As sugarcane arrears mount in most production centres in tandem with falling sugar prices in the backdrop of a generous harvest, the Centre hopes the mills export at least 2 million tonnes of sugar by September to ease the pressure in the domestic market.
- Sugar prices are ruling at about Rs 2,900 a quintal against a production cost of about Rs 3,300 and higher in the domestic market. If the government wants the industry to export when global prices are ruling even lower at about Rs1,900, it will have to support exports. It has to set up a sugar stabilisation fund to support the industry and farmers and come out with a comprehensive financial package for bank loans and Sugar Development Fund loans, Palani G Periasamy, President, South Indian Sugar Mills Association said.
- China's (official) sugar imports reached 380,000 tonnes in March 2018, up sharply from 22,943 in the previous month and the highest monthly count since January 2017, customs data showed.
- Brazilian sugar exports are expected to fall to 21.3 mln tonnes in the new 2018/19 (Apr/Mar) crop year, down 6.5 mln from 27.8 mln a year earlier due to a smaller cane crush and falling sugar production in both the Centre/South and Northeast regions, according to local consultancy JOB Economia.
- Sugar production in Maharashtra has almost reached its past record and mills produced 10.49 million tonnes up to April 15, 2018. Mills in Uttar Pradesh produced record 10.48 million tonnes of sugar. Crushing operations are almost over in Karnataka and only one sugar mill was operational as on April 15, 2018. The state has so far produced 3.63 million tonnes of sugar.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 25-04-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (C1)	-	2741	2741	2741	2741	-	10
Spread	Cont Mar (C1)						
Spot	-	-	-	-	-	-	
	-	-	-	-	-	-	

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts

NCDEX Stock & Fed Position

Stocks	Grade	Demat	In-Process	Total	FED
		24-Apr-18	24-Apr-18	24-Apr-18	23-Apr-18
Delhi	M	-	-	-	-
Sangli	M	-	-	-	-
Sholapur	M	-	-	-	-
Kolhapur	M	-	-	-	-
Belgaum	M	-	-	-	-
Delhi	S	-	-	-	-
Sangli	S	-	-	-	-
Sholapur	S	-	-	-	-
Kolhapur	S	50	0	50	50
Belgaum	S	-	-	-	-

Sugar Futures ICE& LIFFE as on 24th April,2018

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
May-18	11.20	11.29	10.96	11.14	-0.07
July-18	11.41	11.47	11.19	11.38	-0.02
Oct-18	11.70	11.78	11.48	11.69	-0.03

LCE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
Aug-18	331.10	331.60	322.60	324.50	-4.70
Oct-18	326.30	326.30	318.60	320.80	-3.30
Dec-18	331.00	331.50	324.40	326.50	-2.80

Commodity	Price (\$/Ton)	Change
Thai Sugar FOB 45 Icumsa	329.20	-

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Apr-18	24-Apr-18	
Delhi	Delhi	M-Grade	3000	2950	50
	Delhi	S-Grade	2980	2930	50
Uttar Pradesh	Khatauli	M-Grade	2773	2783	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2700	2700	Unch
	Dhampur	S-Grade Ex-Mill	2680	2680	Unch
	Dhampur	L-Grade Ex-Mill	2750	2750	Unch
Maharashtra	Mumbai	M-Grade	3030	3030	Unch
	Mumbai	S-Grade	2740	2740	Unch
	Nagpur	M-Grade	2725	2725	Unch
	Nagpur	S-Grade	2625	2625	Unch
	Kolhapur	M-Grade	2600	2600	Unch
	Kolhapur	S-Grade	2500	2500	Unch
Assam	Guhawati	S-Grade	2801	2801	Unch
Meghalaya	Shillong	S-Grade	2820	2820	Unch
Andhra Pradesh	Vijayawada	M-Grade	3100	3320	-220
	Vijayawada	S-Grade	3040	3260	-220
West Bengal	Kolkata	M-Grade	3080	3075	5
Tamil Nadu	Chennai	S-Grade	3200	3200	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)			25-Apr-18	24-Apr-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2608	2613	-5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	3000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2313	2375	-63
	Muzaffarnagar	Laddoo (Fresh)	2538	2538	Unch
	Muzaffarnagar	Rascut (Fresh)	2075	2103	-28

	Hapur	Chaurasa	2250	2250	Unch
	Hapur	Balti	2250	2200	50
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2745	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2650	-
	Mahalingapura	Penti (Average)	NA	2992	-
	Mandya	Achhu (Medium)	3200	3250	-50
	Mandya	Kurikatu (Medium)	2900	3100	-200
	Mandya	Other (Medium)	NA	3000	-
	Mandya	Yellow (Medium)	3000	3250	-250
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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