

Sugar & Gur Domestic & International Fundamentals**Recent updates.**

- Benchmark physical market under a week review at Kolhapur and Muzaffar Nagar traded negative on the back of poor sugar demand on higher sugar production coupled with panic sugar selling from millers to minimize cane arrears.
- Farmer's cane arrear issue is likely to adding up pressure on govt and sugar mills as well which is expected to direct centre governing body to maintain/ revise upward domestic sugar prices in medium term.
- Looking at current juncture, ambiguous govt policy towards sugar economy, normal S-W monsoon forecasts, depressed global sugar market, panic sugar selling from millers, hand to mouth sugar demand, piling of cane dues, and surging sugar output directs prices to trade on negative note in moving forward.
- Production updates from world's largest sugar producer and exporter (Brazil), in the end of crushing season 2017-18, its mills crushed 596.31 mln ton cane with resulted sugar output of 36.05 mln ton which is marginally up (1.21%) compared to previous season's 35.62 mln ton.

Previous 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).
- 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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 26-04-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (C1)	-	2743	2743	2743	2743	-	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
		25-Apr-18	25-Apr-18	25-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 25th April,2018

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
May-18	11.14	11.15	10.69	10.86	-0.28
July-18	11.40	11.40	10.93	11.12	-0.26
Oct-18	11.70	11.70	11.23	11.43	-0.26

LCE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
Aug-18	324.90	324.90	311.40	312.30	-12.20
Oct-18	320.80	320.80	310.50	311.40	-9.40
Dec-18	325.40	325.40	317.20	318.20	-8.30

Commodity	Price (\$/Ton)	Change
Thai Sugar FOB 45 Icumsa	324.50	-4.70

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Apr-18	25-Apr-18	
Delhi	Delhi	M-Grade	3000	3000	Unch
	Delhi	S-Grade	2980	2980	Unch
Uttar Pradesh	Khatauli	M-Grade	2770	2773	-3
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2660	2700	-40
	Dhampur	S-Grade Ex-Mill	2640	2680	-40
	Dhampur	L-Grade Ex-Mill	2710	2750	-40
Maharashtra	Mumbai	M-Grade	3016	3030	-14
	Mumbai	S-Grade	2720	2740	-20
	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	3100	Unch
	Vijayawada	S-Grade	3040	3040	Unch
West Bengal	Kolkata	M-Grade	3050	3080	-30
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)			26-Apr-18	25-Apr-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2553	2608	-55
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	3000	-500
	Muzaffarnagar	Khurpa (Fresh)	2325	2313	13
	Muzaffarnagar	Laddoo (Fresh)	2613	2538	75
	Muzaffarnagar	Rascut (Fresh)	2063	2075	-13
	Hapur	Chaurasa	2225	2250	-25
	Hapur	Balti	2250	2250	Unch
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	2800	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3013	NA	-
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	3100	NA	-
	Mandya	Yellow (Medium)	NA	3000	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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