

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

- Sugar spot prices weekend yesterday as the season demand has been low and at the end of crushing season the millers are sitting at huge stock piles and tends to sell physicals to gain some liquidity. Gud market gained as improved query over improved summer queries and limited production.
- The govt said in a statement that the amount of imports from Pakistan is very miniscule and is hardly going to impact Indian markets. The imported volume is just 1908 tons. The import agreement was done before the center increased the import duty to 100% and thus the concerned imported has to import it.
- In a recent development, the sugar industry has come out strongly in favour of a release mechanism to stop the freefall in sugar prices. Under a release mechanism, the central government imposes a certain quota on the amount of a commodity that can be sold in the open market, in an effort to keep a balance between its supply and demand.
- The Centre cabinet approved the National Policy on Biofuels which allows doping of ethanol produced from sugarcane juice, sugar containing materials like sugar beet, sweet sorghum, starch containing materials like corn, cassava, damaged food grains like wheat and broken rice, and rotten potatoes with petrol. Till now only ethanol produced from sugarcane was allowed to be mixed in petrol.
- Such policy is expected to improve investments in the national biofuel production and can help in directing more sugar and its byproducts for the production of ethanol.
- There is a big push in the US for protections covering sugar growers to be removed from the Farm Bill. This bill comes up for a vote twice a decade, and gives out subsidies to farmers in America. US sugar prices never fall below 20 cents a pound, though this could change if protections are removed.

Previous updates.

- A delegation led by Sharad Pawar, comprising representatives from the private and cooperative industry, will seek the Centre's intervention to mitigate the sugar crisis in the upcoming meeting with PM. The industry will demand an increase in export limit to 8 million tonnes in the next 18 months, considering a record production of 32 million tonnes in crushing seasons of 2017-18 and 2018-19, leaving (higher) inventory of 11 million tonnes
- The industry will press for a rise in sugarcane incentive (for export) to Rs 100 per tonne from the present Rs 55 per tonne, rise in ethanol procurement price by oil companies to Rs 55 per litre from Rs 40.85 per litre, and introduction of quarterly sugar release mechanism in order to curb distress sale.
- Further, the industry wants that direction from the Centre to Reserve Bank of India and National Bank for Agriculture and Rural Development to grant the much needed working capital term loan to sugar factories, so that they can participate in the next year's crushing season.
- On the GST council proposal of imposition of cess on sugar under the direction of food ministry, group of ministers to seek opinion of the law ministry over the legality of such decision. The ministerial want to know whether GST council has the power to impose such cess. Once the law ministry give clearance on the legality the GST council will enforces cess. Further there has been also a report to be submitted by food ministry to ministerial group on the utilization of the fund collected from such cess. The next meeting of ministerial group is on June 3rd.
- Prior to GST roll out on July 1, 2017, a cess was levied and collected under the Sugar Cess Act, 1982, as duty of excise for the purpose of the Sugar Development Fund.
- From the international front, in the sugar week held in New York, most of the traders are having view of the sugar prices at ICE to fall and to trade in single digit in upcoming months. The analyst opined that

we have headed towards second surplus year with analyst expecting largest overhang. ISO has said that the consumption will be at the slowest pace this year since 2000 and that will compound the glut.

- Platts kingsman opined that further fall will depend on India's sugar exports and South American weather outlook and mostly be the drought in Brazil that can change the outlook.
- A Group of State Finance Ministers, headed by Assam's Himanta Biswa Sarma, is likely to meet this week to evolve a consensus on the proposal before taking it to the Goods and Service Tax (GST) Council for a final decision. The cess will be used to create a fund, which will enable the Centre to make prompt interventions to protect the interests of farmers, in view of the extreme cyclical nature of industry. The proposal envisages the "imposition of cess at a rate not exceeding ₹3 per kg on supply of sugar" (over and above the GST at 5 per cent).

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 15-05-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (C1)	-	2712	2712	2712	2712	-	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
		15-May-18	15-May-18	15-May-18	14-May-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 15th May,2018

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
July-18	11.24	11.54	11.22	11.52	0.26
Oct-18	11.63	11.87	11.59	11.85	0.21
Mar-19	12.61	12.74	12.52	12.73	0.09

LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Aug-18	321.00	322.90	319.40	322.40	1.30
Oct-18	315.60	319.80	315.60	319.40	2.80
Dec-18	323.30	326.40	323.30	326.20	1.70

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			16-May-18	15-May-18	
Delhi	Delhi	M-Grade	2810	2825	-15
	Delhi	S-Grade	2790	2805	-15
Uttar Pradesh	Khatauli	M-Grade	2685	2750	-65
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2600	2600	Unch
	Dhampur	S-Grade Ex-Mill	2580	2580	Unch
	Dhampur	L-Grade Ex-Mill	2650	2650	Unch
Maharashtra	Mumbai	M-Grade	2900	2940	-40
	Mumbai	S-Grade	2660	2680	-20
	Nagpur	M-Grade	2650	2725	-75
	Nagpur	S-Grade	2550	2625	-75
	Kolhapur	M-Grade	2525	2600	-75
	Kolhapur	S-Grade	2425	2500	-75
Assam	Guhawati	S-Grade	2725	2801	-76
Meghalaya	Shillong	S-Grade	2745	2820	-75
Andhra Pradesh	Vijayawada	M-Grade	3060	3060	Unch
	Vijayawada	S-Grade	3000	3000	Unch
West Bengal	Kolkata	M-Grade	2930	NA	-
Tamil Nadu	Chennai	S-Grade	2800	2800	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
			16-May-18	15-May-18	
Jaggery(Gur)					

Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2700	2553	148
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	2500	500
	Muzaffarnagar	Khurpa (Fresh)	2375	2350	25
	Muzaffarnagar	Laddoo (Fresh)	2500	2475	25
	Muzaffarnagar	Rascut (Fresh)	2113	2178	-65
	Hapur	Chaurasa	2225	2225	Unch
	Hapur	Balti	2250	2250	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NR	NR	-
	Belthangadi	Yellow (Average)	NR	NR	-
	Bijapur/Vijayapura	Achhu	NA	2885	-
	Gulbarga/Kalaburgi	Other (Average)	NR	NR	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3450	3550	-100
	Mandya	Kurikatu (Medium)	3100	3200	-100
	Mandya	Other (Medium)	3200	3150	50
	Mandya	Yellow (Medium)	3050	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3750	3750	Unch

Spot Prices of Sugar at NCDEX Delivery Centers:

Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		16-May-18	9-May-18	16-Apr-18	16-May-17
Sugar S Grade					
Erode	-	NA	NA	NA	3995
Kolhapur	-34.05	2498	2584	2795	3788
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-33.38	2645	2755	2895	3970
Erode	-	NA	NA	NA	4070
Kanpur	-34.51	2685	2753	2938	4100
Kolhapur	-33.09	2596	2683	2902	3880
Kolkata	-32.34	2781	2905	3038	4110
Muzaffar Nagar	-33.79	2608	2675	2850	3939
*NA: Not Available					

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		15-May-18	8-May-18	15-Apr-18	15-May-17	15-May-18
May-18	-17.07	1956	1988	1765	2358	67.52

Jul-18	-22.28	1742	1735	1782	2242	
Oct-18	-21.46	1792	1789	1817	2282	
(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
		15-May-18	8-May-18	15-Apr-18	15-May-17	15-May-18
Aug-18	-22.67	2177	2195	2211	2815	67.52
Oct-18	-22.20	2157	2156	2189	2772	
Dec-18	-21.06	2203	2208	2219	2790	
(Source: Reuters)* Today – figures are a day ago Quotes.						

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