

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

- Lots happening from the government side in terms of market interventions to control the free falling sugar prices. Spot market is witnessing correction in prices with strong rebound after hitting 3 years low.
- Sugar continued to gain on market speculation that the government may create a buffer stock of about 30 lakh tonne of the sweetener. The confirmation has yet to come from PMO. In this scheme sugar mills will stock the sweetener in their warehouses and the government will pay the carrying costs. Further government is also mulling over giving cheap loans to sugar mills to expand their ethanol production capacity.
- Moreover, the Cabinet may soon approve the plan to fix a minimum price for the sale of sugar by the mill owners to traders. The minimum selling price of the sugar could hover around Rs 30-32 per kg.
- According to a statement on China Merchandise Reserve Management Center, Indian sugar refiners and exporters will meet Chinese importers and processors in Beijing next month to discuss opening up market access. India hopes to export more of its sugar to China before and after the next cane-crushing season in the South Asian country, which starts in October this year.
- Currently millers are losing INR 7-8 per kg of sugar sold. The sugar consumption in ethanol production may help in reducing the stocks by 1-1.2 million tons.
- Maharashtra Government has suggested Union Government to consider dual pricing for sugar with domestic consumers paying lesser price while sugar for commercial purpose can be charged higher. Further the state has also suggested incentives for sugar factories who would go for producing ethanol and would use their vehicles by blending ethanol in to the petrol. Further incentives can also be given the production of raw sugar as it has better exports opportunity over white sugar.
- At the monsoon front, the expected development of low pressure area in Bay of Bengal is going to further bolster the on time monsoon arrivals, as per various weather model.
- There has been [formation of twin cyclones in Arabian sea which might stall progress of monsoon. Monsoon is scheduled to arrive Andaman sea today. According to US Model the monsoon can hit kerala coast by 27th and soon there can be a follow up low pressure area along with strong offshore trough. Thus keeping the Arabian sea stream of SW monsoon strong.
- At international front, beet sugar sowing is under way in the Volga region, Ukraine and EU and the price decline has been a concern to the farmers. As sugar prices were attractive in 2017, beet growers prepared for the end of quotas by increasing their production areas for the 2017/2018 campaign. Last season France and Germany, the two main producers, increased land under sugar beet by 25%. This year however the acreages are low in France. The EU abolished limits on sugar beet production at the end of September 2017, dramatically boosting output and paving the way for the EU to become a net exporter for the first time in more than a decade.

**Previous updates.**

- The Indian Sugar Mills Association has urged the government to free sugarcane pricing in the coming season and voiced concerns against possible controls on sugar sales. Sugarcane arrears could double to about ₹40,000 crore in the coming season if cane prices continue to be set at artificially high levels even as sugar prices drop, it said.
- Maharashtra's sugar season is nearing its end and only four sugar mills are continuing their crushing operations. With production crossing 107 lakh tonnes, the 2017-18 season has seen the highest

production of sugar in the state. Of the 187 mills functional this season, 183 have ceased crushing operations. Two mills in Ahmednagar and one each in Pune and Satara districts are continuing operations.

- Record sugar production in India and Thailand is weighing heavily on millers in Brazil, the world's top producer. As many as nine mills may not process sugar cane in 2018-19 due to financial problems, joining a group of about 80 that have stopped production since 2008, according to Unica, Brazil's sugar industry group.
- Sugar exports have not started even after centre gave cane farmers a Rs 1,540-crore financial assistance package, seeking to flush out last year's surplus stock in the world's biggest consumer market of the natural sweetener.
- India imported 1,908 tn sugar or 1.6 percent of the country's total import of the sweetener from Pakistan during April-May of the current financial year, the commerce ministry said.
- Thailand's sugarcane crush continues to wind down as daily sugar production has fallen to about 10,000 tonnes over the past week.
- Thailand, the world's second-biggest sugar exporter after Brazil, has decided to cut its exports of raw sugar by at least 500,000 tonnes this year, as a swelling global surplus and falling prices make it less worthwhile to export it, according to Japan's Nikkei newspaper.

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 21-05-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (C1)	-	2610	2610	2610	2610	-	-
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
		22-May-18	22-May-18	22-May-18	21-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 22<sup>nd</sup> May, 2018

### ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
July-18	12.10	12.29	12.04	12.15	0.05
Oct-18	12.38	12.64	12.37	12.52	0.13
Mar-19	13.11	13.40	13.11	13.37	0.26

### LCE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
Aug-18	340.90	346.30	340.50	343.00	3.00
Oct-18	336.10	342.00	335.90	338.90	3.20
Dec-18	340.20	345.00	339.70	342.80	2.80

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			23-May-18	22-May-18	
Sugar					
Delhi	Delhi	M-Grade	2844	2874	-30
	Delhi	S-Grade	2824	2854	-30
Uttar Pradesh	Khatauli	M-Grade	2850	2750	100
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2700	2600	100
	Dhampur	S-Grade Ex-Mill	2680	2580	100
	Dhampur	L-Grade Ex-Mill	2750	2650	100
Maharashtra	Mumbai	M-Grade	2920	2930	-10
	Mumbai	S-Grade	2736	2746	-10
	Nagpur	M-Grade	2725	2750	-25
	Nagpur	S-Grade	2625	2650	-25
	Kolhapur	M-Grade	2600	2625	-25
	Kolhapur	S-Grade	2500	2525	-25
Assam	Guhawati	S-Grade	2801	2827	-25
Meghalaya	Shillong	S-Grade	2820	2845	-25
Andhra Pradesh	Vijayawada	M-Grade	3100	3060	40
	Vijayawada	S-Grade	3040	3000	40
West Bengal	Kolkata	M-Grade	3130	NA	-
Tamil Nadu	Chennai	S-Grade	2875	2850	25
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)			23-May-18	22-May-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2675	2650	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1500	-500
	Muzaffarnagar	Khurpa (Fresh)	2450	2425	25
	Muzaffarnagar	Laddoo (Fresh)	2650	2625	25
	Muzaffarnagar	Rascut (Fresh)	2425	2300	125
	Hapur	Chaursa	2325	2325	Unch
	Hapur	Balti	2375	2375	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	NA	2715	-
	Gulbarga/Kalaburgi	Other (Average)	2990	2890	100
	Mahalingapura	Penti (Average)	2820	2834	-14
	Mandya	Achhu (Medium)	3500	3500	Unch
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3300	3300	Unch
	Mandya	Yellow (Medium)	NA	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
		23-May-18	16-May-18	23-Apr-18	23-May-17
<b>Sugar S Grade</b>					
Erode	-	NA	NA	NA	3995
Kolhapur	-31.05	2600	2498	2674	3771
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
<b>Sugar M Grade</b>					
Delhi	-30.33	2745	2645	2802	3940
Erode	-	NA	NA	NA	4070
Kanpur	-28.88	2898	2685	2823	4075
Kolhapur	-30.05	2700	2596	2788	3860
Kolkata	-26.57	2984	2781	2916	4064
Muzaffar Nagar	-28.11	2805	2608	2747	3902
*NA: Not Available					

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		22-May-18	15-May-18	20-Apr-18	23-May-17	22-May-18
May-18	-14.78	2047	1956	1721	2403	68.01
Jul-18	-19.61	1851	1742	1755	2302	
Oct-18	-18.50	1907	1792	1794	2340	
(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
		22-May-18	15-May-18	20-Apr-18	23-May-17	22-May-18
Aug-18	-20.55	2333	2177	2260	2936	68.01
Oct-18	-19.23	2305	2157	2213	2854	
Dec-18	-18.32	2331	2203	2242	2854	
(Source: Reuters)* Today – figures are a day ago Quotes.						

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