

## **Sugar &Gur Domestic & International Fundamentals**

### **Recent updates.**

- Sugar cash prices continues to gain in the wake of market interventions by GOI and Forecasts of downward correction in sugar production in Brazil and which is bringing fresh bullishness in ICE Sugar. Indian spot market has also gained under the influence of such events.
- With policy support from government sugar mills in Maharashtra are planning to sign export contracts with neighboring countries before the start of the next season. Mills are targeting 3-3.5 million tonnes (mt) exports of raw sugar to Bangladesh and China and another 2-2.5 mt of white sugar to Sri Lanka.
- Maharashtra's current sugar season officially ended on Wednesday with the last of the 187 mills ceasing operations. The state has produced 10.7 mt of sugar, the highest in the last 10 years. Last year Maharashtra produced just 4.2 mt of sugar.
- Millers are planning to start the new season crushing a month early as compared to beginning in post Diwali and plan to produce only raw sugar for exports. The total export of raw sugar is expected to be 5-6 mt, in coming season. As the international prices has firmed up indian ugar has gained parity for exports.
- The Ministry Consumer Affairs, Food and Public Distribution has moved a draft Cabinet note on creating a sugar buffer stock of three million tonnes and fixing a minimum ex-mill price to help cash-starved millers clear cane arrears which have surged to about Rs 22,000 crore.
- In Punjab with the bumper production of Sugar the molasses prices has also crashed with the prices tumbled to INR 120 .per quintal against the prices of INR 600 per quintal last year.
- According to data accessed from cane commissioner office, all 16 sugar mills (private and cooperative combined) crushed around 840 lakh quintals of cane this year as compared to 675 lakh quintals last year. The sugar recovery this year was 81 lakh quintals compared to 66 lakh quintals in 2016-17.
- The molasses produced in the state this year is anywhere between 33.6-37.8 lakh quintals. Around 95 per cent of molasses in the state is used by distillery and the remaining by cattle feed industry.
- Brazil's centre-south, the world's largest sugar producing region, is likely to have less cane to process this year than previously expected due to a prolonged period without widespread.
- Sugar production in Cuba is 40% down over heavy rainfall and unsupportive government policy. Cuba used to produce 1.8 million tons which this year is expected to be around 1.1 million tons.
- Brazilian mills are expected to have allocated only 37.7 percent of cane to sugar, the lowest for that period since 2015/16. Rest is expected to be used for the production of ethanol. Some Brazilian sugar mills in the centre-south region have reduced cane harvesting work because of short diesel fuel supplies owing to a nationwide truckers protest.
- Brazilian sugar producers operations have been affected by nationwide truckers protests against high diesel prices that entered a third day on Wednesday.
- Indonesia has issued import permits for 635,000 tonnes of raw sugar for household consumption for March-September 2018 delivery, according to the Trade Ministry.

## Previous updates.

- 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.
- 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.
- 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.
- 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.
- 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 25-05-2018)**

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
		24-May-18	24-May-18	24-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 24<sup>th</sup> May, 2018

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

Contract	Open	High	Low	Close	+/-
July-18	12.35	12.62	12.23	12.38	0.03
Oct-18	12.71	12.91	12.55	12.70	-0.02
Mar-19	13.56	13.71	13.40	13.55	-0.03

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

Contract	Open	High	Low	Close	+/-
Aug-18	349.80	356.30	348.80	351.40	2.00
Oct-18	345.70	350.70	344.30	346.60	0.80
Dec-18	351.00	354.50	349.20	351.30	1.30

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			25-May-18	24-May-18	
Delhi	Delhi	M-Grade	2880	2844	36
	Delhi	S-Grade	2860	2824	36
Uttar Pradesh	Khatauli	M-Grade	2980	2910	70
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	2900	2750	150
	Dhampur	S-Grade Ex-Mill	2880	2730	150
	Dhampur	L-Grade Ex-Mill	2950	2800	150
Maharashtra	Mumbai	M-Grade	2950	2930	20
	Mumbai	S-Grade	2780	2736	44
	Nagpur	M-Grade	2825	2725	100
	Nagpur	S-Grade	2725	2625	100

	Kolhapur	M-Grade	2700	2600	100
	Kolhapur	S-Grade	2600	2500	100
Assam	Guhawati	S-Grade	2903	2801	102
Meghalaya	Shillong	S-Grade	2920	2820	100
Andhra Pradesh	Vijayawada	M-Grade	3140	3100	40
	Vijayawada	S-Grade	3080	3040	40
West Bengal	Kolkata	M-Grade	3200	3130	70
Tamil Nadu	Chennai	S-Grade	2900	2875	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)			25-May-18	24-May-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2700	2563	138
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	3000	1500	1500
	Muzaffarnagar	Khurpa (Fresh)	2413	2388	25
	Muzaffarnagar	Laddoo (Fresh)	2650	2625	25
	Muzaffarnagar	Rascut (Fresh)	2475	2288	188
	Hapur	Chaurasa	2313	2313	Unch
	Hapur	Balti	2500	2500	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	2750	50
	Gulbarga/Kalaburgi	Other (Average)	NA	2850	-
	Mahalingapura	Penti (Average)	2780	2825	-45
	Mandya	Achhu (Medium)	3300	3450	-150
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3300	NA	-
	Mandya	Yellow (Medium)	NA	3400	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		25-May-18	18-May-18	25-Apr-18	25-May-17
Sugar S Grade					
Erode	-	NA	NA	NA	3983
Kolhapur	-30.25	2629	2490	2614	3769
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-28.70	2795	2645	2795	3920
Erode	-	NA	NA	NA	4058
Kanpur	-28.80	2905	2667	2800	4080
Kolhapur	-29.06	2734	2788	2719	3854
Kolkata	-25.24	3051	2788	2873	4081
Muzaffar Nagar	-25.42	2905	2607	2732	3895
*NA: Not Available					

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		24-May-18	17-May-18	24-Apr-18	25-May-17	24-May-18
May-18	-12.19	2083	1961	1656	2372	68.38
Jul-18	-16.19	1896	1975	1692	2263	
Oct-18	-15.64	1945	1800	1738	2306	
(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
		24-May-18	17-May-18	24-Apr-18	25-May-17	24-May-18
Aug-18	-17.38	2403	2212	2153	2908	68.38
Oct-18	-15.84	2370	2192	2129	2816	
Dec-18	-14.76	2402	2232	2167	2818	
(Source: Reuters)* Today – figures are a day ago Quotes.						

## Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2017 Indian Agribusiness Systems Pvt. Ltd.