

Sugar &Gur Domestic & International Fundamentals

Recent updates.

- Price are firm on and by halt in supplies amid panick buying by stockists and bulk consumers such as soft-drink and ice-cream makers, triggered by ongoing summer season, pause supplies from by millers on expected floor price that is up by 400 to 500 rupees from current prices.
- ICE Sugar
- The Cabinet is likely to approve a plan to set a minimum price at which millers can sell sugar, among a series of steps, to help improve domestic prices that have fallen below the cost of production amid a glut in production of the sweetener.
- ISMA has urged government that the minimum price of sugar under consideration by the Centre should be based on the statutory Fair and Remunerative Price of sugarcane.
- The cane price for the current season is ₹ 2,550 a tonne linked to 9.5 per cent sugar recovery. However, with the average recovery at 10.8 per cent the sugarcane price is actually ₹ 2,900. For the sugar mills to be able to pay farmers this rate, the ex-mill price of sugar should be at least ₹ 3,580 a quintal.
- The industry has been demanding for long that sugarcane price should be set at 75 per cent of sugar price in line with the recommendation of an expert committee constituted a few years back. This is in vogue in Maharashtra and Karnataka.
- Centre has said that even though sugar prices have been falling and the industry is in crisis, millers cannot not make payments or part payments citing low sugar prices. The Maharashtra State Sugar Commissioner has already served notices to 136 factories that failed to keep FRP commitments.
- The south-west monsoon arrived in Kerala on Tuesday, three days ahead of its normal arrival date, even as the IMD warned of heavy to very heavy rainfall in parts of the state in the coming days.
- Brazilian sugar mills and sugarcane suppliers in São Paulo state are expected to halt production due to protests by truckers against high fuel prices that have blocked major highways across the country.
- Though a truckers' association said that it had told drivers to return to work. The government agreed on Sunday to cut taxes and offer subsidies to reduce diesel prices at the pump. Overall, Brazil's center-south, the world's largest sugarcane belt, will reduce crushing by 25 percent, or 10.9 million tonnes, in the second half of May, consultancy INTL FCStone said on Monday, because of the effects of the truckers' protests.
- The number of mills halted in Brazil's center-south, which includes São Paulo, could rise from 220 on Monday to 340 by Thursday if the protests continue, said trade group Fórum Nacional Sucroenergético.
- The situation adds to the woes of domestic biofuel and sugar companies that in recent years have grappled with high debt, highly-regulated fuel markets and lower prices.
- The truck protest caused gas stations and airports to run out of fuel, while supermarket shelves went bare and hospitals said they were running out of supplies. Companies and farmers in Brazil, a major exporter of staple commodities like sugar, soy and meat, were also unable to deliver goods to ports for export due to the road blocks.
- Factory stocks of sugar in Russia, according to Rosstat, from peak Dec-2017 dropped in the first four months of 2018 to 0.928 million tonnes, which is considerably more than in seasons 2010/11 – 2015/16 (0.61-0.84 million tonnes) but lower than in 2016/17 (1.133 million tons).

Previous updates.

- The cooperative sugar mills in Haryana has crushed 443.13 lakh quintal of sugarcane producing 44.15 lakh quintal sugars according to Haryana Sugarfed.

- Ongoing sugar campaign is sowing increased area this year. The cultivated area of sugarcane has increased by 1.6 per cent over that of the previous year. Till 25th of May 48.67 lakh hectares has been brought under sugar.
- 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.
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NCDEX Sugar (M grade) Future Quotes

| Contract | +/- | Open | High | Low | Close | Volume | O.I |
|------------|---------------|------|------|-----|-------|--------|-----|
| Cont. (C1) | - | | | | | - | - |
| 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

| Stocks | Grade | Demat | In-Process | Total | FED |
|----------|-------|-----------|------------|-----------|-----------|
| | | 29-May-18 | 29-May-18 | 29-May-18 | 28-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 28th May,2018

ICE Sugar Futures (In Cents/Pound)

| Contract | Open | High | Low | Close | +/- |
|----------|-------|-------|-------|-------|------|
| July-18 | 12.22 | 12.48 | 12.16 | 12.46 | 0.08 |
| Oct-18 | 12.56 | 12.78 | 12.49 | 12.76 | 0.06 |
| Mar-19 | 13.41 | 13.62 | 13.34 | 13.60 | 0.05 |

LCE Sugar Futures (In US\$/MT)

| Contract | Open | High | Low | Close | +/- |
|----------|--------|--------|--------|--------|------|
| Aug-18 | 351.30 | 353.00 | 347.20 | 351.40 | Unch |
| Oct-18 | 346.60 | 348.00 | 342.40 | 347.20 | 0.60 |
| Dec-18 | 351.20 | 352.80 | 347.30 | 352.40 | 1.10 |

Sugar Prices at Key Spot Markets:

| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
|---------------|----------|-----------------|-----------------|-----------|--------|
| | | | 29-May-18 | 28-May-18 | |
| Delhi | Delhi | M-Grade | 3000 | 3000 | Unch |
| | Delhi | S-Grade | 2980 | 2980 | Unch |
| Uttar Pradesh | Khatauli | M-Grade | 2950 | 2950 | Unch |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 2800 | 2800 | Unch |
| | Dhampur | S-Grade Ex-Mill | 2780 | 2780 | Unch |
| | Dhampur | L-Grade Ex-Mill | 2850 | 2850 | Unch |
| Maharashtra | Mumbai | M-Grade | 3000 | 2980 | 20 |
| | Mumbai | S-Grade | 2810 | 2800 | 10 |
| | Nagpur | M-Grade | 2875 | 2875 | Unch |
| | Nagpur | S-Grade | 2775 | 2775 | Unch |
| | Kolhapur | M-Grade | 2750 | 2750 | Unch |
| | Kolhapur | S-Grade | 2650 | 2650 | Unch |

| | | | | | |
|----------------|------------|------------------------|------|------|------|
| Assam | Guhawati | S-Grade | 2954 | 2954 | Unch |
| Meghalaya | Shillong | S-Grade | 2970 | 2970 | Unch |
| Andhra Pradesh | Vijayawada | M-Grade | 3150 | 3140 | 10 |
| | Vijayawada | S-Grade | 3070 | 3080 | -10 |
| West Bengal | Kolkata | M-Grade | 3130 | 3130 | Unch |
| Tamil Nadu | Chennai | S-Grade | 2950 | 2950 | 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) | | | 29-May-18 | 28-May-18 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | 2800 | 2778 | 23 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 2500 | 2500 | Unch |
| | Muzaffarnagar | Khurpa (Fresh) | 2425 | 2500 | -75 |
| | Muzaffarnagar | Laddoo (Fresh) | 2713 | 2750 | -38 |
| | Muzaffarnagar | Rascut (Fresh) | 2263 | 2513 | -250 |
| | Hapur | Chaurasa | 2313 | Closed | - |
| | Hapur | Balti | 2500 | Closed | - |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | 4400 | 4400 | Unch |
| | Belgaum | Mudde (Average) | NA | 3000 | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur/Vijayapura | Achhu | NA | 2800 | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | NA | NA | - |
| | Mandya | Achhu (Medium) | 3400 | 3400 | Unch |
| | Mandya | Kurikatu (Medium) | 3250 | 3250 | Unch |
| | Mandya | Other (Medium) | 3350 | 3300 | 50 |
| | Mandya | Yellow (Medium) | NA | NA | - |
| | Shimoga/Shivamogg a | Achhu (Average) | NA | 3700 | - |

| Spot Prices of Sugar at NCDEX Delivery Centers: | | | | | |
|---|-----------------------------|-----------|-----------|-----------|-----------|
| Centre | % Change over previous year | Today | Week ago | Month Ago | Year Ago |
| | | 29-May-18 | 22-May-18 | 28-Apr-18 | 29-May-17 |
| Sugar S Grade | | | | | |
| Erode | -- | NA | NA | NA | 3970 |
| Kolhapur | -28.75 | 2676 | 2600 | 2705 | 3756 |
| Kolkata | -- | NA | NA | NA | NA |

| | | | | | |
|----------------------|---------------|------|------|------|------|
| Vashi | -- | NA | NA | NA | NA |
| Sugar M Grade | | | | | |
| Delhi | -27.52 | 2845 | 2799 | 2695 | 3925 |
| Erode | -- | NA | NA | NA | 4045 |
| Kanpur | -28.02 | 2926 | 2857 | 2772 | 4065 |
| Kolhapur | -27.82 | 2774 | 2700 | 2705 | 3843 |
| Kolkata | -26.72 | 2979 | 3014 | 2857 | 4065 |
| Muzaffar Nagar | -27.41 | 2839 | 2845 | 2719 | 3911 |
| *NA: Not Available | | | | | |

| International Sugar Futures ICE | | | | | (Rs/Qtl) | |
|---|-----------------------------|-----------|-----------|-----------|-----------|------------|
| Futures month | % Change over previous year | Today | Week ago | Month Ago | Year Ago | RBI Dollar |
| | | 28-May-18 | 21-May-18 | 26-Apr-18 | 29-May-17 | 28-May-18 |
| May-18 | -10.29 | 2065 | 2005 | 1642 | 2302 | 67.44 |
| Jul-18 | -13.50 | 1882 | 1845 | 1703 | 2176 | |
| Oct-18 | -13.26 | 1928 | 1889 | 1751 | 2222 | |
| (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 |
| | | 28-May-18 | 21-May-18 | 26-Apr-18 | 29-May-17 | 28-May-18 |
| Aug-18 | -16.41 | 2370 | 2315 | 2150 | 2835 | 67.44 |
| Oct-18 | -14.63 | 2342 | 2285 | 2136 | 2743 | |
| Dec-18 | -13.41 | 2377 | 2315 | 2180 | 2745 | |
| (Source: Reuters)* Today – figures are a day ago Quotes. | | | | | | |

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