

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- *Sugar prices continue to weaken in wholesale as well at mil gate where the prices are well above the floor price. US Sugar firmed up by at Friday closing giving space for Indian Monday's market to open high.*
- *The Directorate of sugarcane development Lucknow has kept sowing unchanged at 50.05 lakh hectares this sugar season against 49.48 lakh hectares last season as on 22nd June . The sowing is at par to the normal sowing of 50.05 lakh hectares. The sowing is almost complete.*
- *The sugar price in China is at \$750 per ton whereas Indian sugar will be at \$540 per ton including freight, import duty of 50% and export subsidy of \$122 per ton which will be much cheaper. India has compete with Brazil and Thailand for price advantage at Chines ports. As export subsidy has been effective till 2017-18 season govt has to be prudent in extending to the nest season too.*
- *However since Brazil origin and Thailand origin attracts import duty of 95% in China India is expected to have an edge over its competitors in China. The landed cost in China Thai in origin is at \$560 per ton whereas Brazili is at \$580 per ton.*

Monsoon Update

- *There has been steady influx of rain clouds into the interior of South Peninsula from the Bay of Bengal across the Andhra Pradesh-Odisha coasts. Convective clouds have been formed across central and peninsular Indian bringing much rain for the farm sector. Agricultural operation in these regions is expected to start rapidly in these areas.*
- *Current influx is expected to drive the monsoon further interior with US model showing development of low pressure in central Indian which might extend upto northwest propelling SW monsoon to reach north west much before the normal date.*

Previous updates.

- *India is expected to export 1-1.5 million tons of raw sugar to China in many years. With the Chinese local prices are high an import duty of 50% on Indian sugar still seems to be viable. The annual Chinese Imports is 1.5 to 2 million tons. The Indian shipments is expected t start from mid of Oct. With India in the developing nation category no additional duty is applied in China except the import duty.*
- *At least 96 mills have received notices for payment of dues, which, as on May 1, was Rs 1,768.29 crore. The Sugarcane Control Order of 1966 mandates payment of the Fair and Remunerative Price (FRP) to the growers within 14 days of delivery of cane. Mills have to pay farmers an interest at the rate of 15 per cent if they fail to adhere to the timeline. Of the 187 mills, which had taken season this year, only 71 have cleared 100 per cent of the arrears while the rest are in various stages of payment.*
- *Sugar output in Uttar Pradesh reached 11,988,900 tonnes, white value, in the 2017/18 (Oct/Sep) season as of June 14, up from 8,773,100 tonnes produced by the same time last year.*
- *Coming to acknowledge imposition of Cess over and above GST is revolving further on Attorney General from Law Ministry, it is expected to be a next move to ignite sugar prices and to stabilize at a point which could create state of equilibrium farmer and sugar industry's aspiration moving further.*
- *Rabobank has estimated the production of Indian sugar at 34 million tons whereas for Thailand at 15.7 million tons for the season 2017-18. Further in 2018-19 Rabobank is expecting Indian sugar production at 35.5 million tons and Thai sugar at 14.5 million tons. According to them in 2018-19 a surplus of another 5 million tons will be added on season's end stock of 10.5 million tons.*

- As per UNICA latest updates from C-S, Brazil, in SS 2018-19, it crushed 134.83 mln ton sugarcane compared to 112.20 mln ton till 1st June last year.
- Though cane crushing has higher in 18-19 SS, cane diversion towards sugar has been lower @ 34.54% against 45.16% last year's diversion flow till May H2.
- Sugar production reported is 5.49 mln ton (3.93% lower) compared to 5.71 mln ton during previous year. Total ethanol production has been @ 6,555 mln litres compared to 4,316 mln litre last year, gained by ~52%. Further, total cane diversion towards ethanol is @ 65.46% and rest 34.54% towards sugar production.
- On the creation of buffer stock of 3 million tons announced earlier the Union Ministry of Consumers Affairs and Public Distribution has decided to finance the cost of sugar and storage at mill-owned godowns along with sugar pledged by mills with banks, instead of buying sugars. It will also bear a finance cost of 12 per cent a year or actual interest charge by the banks, whichever is lower, along with insurance and storage charges at 1.5% per year.
- According to the commissioner of sugar Maharashtra the area under sugarcane cultivation during 2018-19 is expected to be around 11.26 lakh hectares up from 9.02 lakh hectares in the 2017-18 sugar season. The last highest area was recorded in 2007-08 when the state witnessed sugar cane planted in 10.93 lakh hectares.
- Sugar industry is demanding exports of 8 million tons as the Industry is expecting 2018-19 production to be around 33 million tons. This season the exports query is very low and as of now only booking has been done for 2 lakh tons. With expected port congestions in the monsoon there is very feeble chance of any improvement in exports.
- The floor prices by government have resulted in the rise in domestic prices and in turn have made the Indian sugar outpriced in International market. In such situation the exports is not expected to exceed 5 lakh tons. This is bullish for the international market and Indian mills has lost interest in exports as the domestic prices has firmed up.
- However India will sit on high end stock at the end of season and with another expectation of bumper crop coming season supplies is going to be an all-time high.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 23-06-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (June)	-	2908	2908	2908	2908	-	-
Spread	Cont June (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-Jun-18	22-Jun-18	22-Jun-18	18-Jun-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 nd June,2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
July-18	11.87	12.15	11.87	12.05	0.18
Oct-18	12.21	12.50	12.21	12.41	0.20
Mar-19	12.80	13.08	12.80	12.98	0.17
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Aug-18	342.60	345.00	341.80	344.50	2.70
Oct-18	339.10	342.40	338.80	341.90	3.80
Dec-18	339.30	342.70	339.30	342.00	3.60

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Jun-18	22-Jun-18	
Delhi	Delhi	M-Grade	3150	3200	-50
	Delhi	S-Grade	3130	3180	-50
Uttar Pradesh	Khatauli	M-Grade	3245	3380	-135
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3300	-50
	Dhampur	S-Grade Ex-Mill	3230	3280	-50
	Dhampur	L-Grade Ex-Mill	3300	3350	-50
Maharashtra	Mumbai	M-Grade	3340	3340	Unch
	Mumbai	S-Grade	3096	3100	-4
	Nagpur	M-Grade	3025	3025	Unch
	Nagpur	S-Grade	3025	3025	Unch

	Kolhapur	M-Grade	2900	2900	Unch
	Kolhapur	S-Grade	2900	2900	Unch
Assam	Guhawati	S-Grade	3207	3207	Unch
Meghalaya	Shillong	S-Grade	3220	3220	Unch
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3400	3400	Unch
Tamil Nadu	Chennai	S-Grade	3300	3300	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)			23-Jun-18	22-Jun-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2625	2650	-25
	Hapur	Balti	2625	2650	-25
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	3000	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2975	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3400	3350	50
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	2950	3200	-250
	Mandya	Yellow (Medium)	3300	3350	-50
	Shimoga/Shivamogga	Achhu (Average)	NA	3900	-

Spot Prices of Sugar at NCDEX Delivery Centers:

Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		23-Jun-18	15-Jun-18	23-May-18	23-Jun-17
Sugar S Grade					
Erode	-	NA	NA	NA	3945

Kolhapur	-20.27	2935	3024	2600	3681
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-16.91	3195	3295	2745	3845
Erode	-	NA	NA	NA	4020
Kanpur	-15.58	3332	3367	2898	3947
Kolhapur	-19.85	3020	3123	2700	3768
Kolkata	-18.04	3262	3381	2984	3980
Muzaffar Nagar	-16.45	3204	3357	2805	3835
*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-Jun-18	14-Jun-18	22-May-18	22-Jun-17	22-Jun-18
Jul-18	-1.02	1973	2009	2083	1994	67.76
Oct-18	-1.39	1829	1854	1887	1855	
Mar-19	-0.16	1884	1904	1943	1887	
(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-Jun-18	14-Jun-18	22-May-18	22-Jun-17	22-Jun-18
Aug-18	-7.78	2334	2352	2383	2531	67.76
Oct-18	-4.23	2317	2340	2359	2419	
Dec-18	-4.71	2317	2348	2387	2432	
(Source: Reuters)* Today – figures are a day ago Quotes.						

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