

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- Both M Grade and S Grade sugar prices were witnessed steady to weak across the country on Monday.
- **Industry body ISMA has estimated production of 350 - 355 lakh tonnes of sugar in the season 2018-19.** This is about 28 - 33 lakh tonnes higher than the current 2017-18 SS production of around 322.5 lac tons. This is assuming normal rainfall," an ISMA release noted. Based on the satellite images procured in the latter part of June 2018, the total acreage under sugarcane in the country is estimated to be around 54.35 lakh hectares in 2018-19 SS, which is about 8 per cent higher than 2017-18 sugar season's cane area of around 50.42 lac ha. It is also noted that area is almost similar to the area reported in 2013-14 and 2014-15 and slightly below 54 lac ha.
- **Uttar Pradesh, the leading sugarcane producing State in the country, is estimated** to have higher sugarcane area at 23.40 lakh hectares, as against 23.30 lac ha. in 2017-18 SS. ISMA is expecting a better yield in 2018-19 SS due to further increase in area under the high yielding cane variety Co0238. That will increase the sugarcane production and availability for crushing by sugar mills. Thus, sugar production in U.P. in 2018-19 SS is estimated to increase and be around 130 - 135 lakh.
- **The other major sugar producing State, viz. Maharashtra's cane area has gone up by about 25 per cent** in 2018-19 SS, which is mainly due to timely and adequate rainfall from June to September 2017. As against the cane area of 9.15 lac ha. in 2017-18 SS, area is expected to increase to 11.42 lac. Ha in 2018-19.
- **Sugarcane area in Karnataka also increased in 2018-19 SS.** Area under sugarcane in 2018-19 SS is expected to be about 5.02 lac. Ha as against 4.15 lac ha. in 2017-18 SS. Sugar production in 2018-19 SS is estimated to be around 44.80 lac tons, as against 36.54 lac tons expected to be produced in 2017-18 SS.
- **World sugar production is likely to hit a record 187.6 million tonnes this year** on account of increase in output in India, the EU, Thailand and China, according to the Food and Agriculture Organization (FAO). Global sugar trade is expected to contract by 4.10 percent to 55.5 million tonnes in the 2017-18 marketing year (October-September), from 57.9 million tonnes last year because of surplus availability. With regard to global sugar consumption, it is likely to increase to 170.6 million tonnes in 2017-18 from 166.8 million tonnes last year.

Monsoon Update:

- **The country-wide monsoon deficiency has dropped to five per cent** but has risen to 30 per cent in east and northeast India. The southern peninsula and central India have been witnessing good rains. The two regions gauged 17 and 7 per cent more precipitation than the normal limit. The IMD has issued a red-coded warning for Goa, Konkan region, parts of Gujarat and Chhattisgarh and an amber-coded warning for parts of Gujarat, Kerala, east Madhya Pradesh and Odisha. A red-coded warning has been issued for the Konkan and parts of Gujarat for July 17. The IMD has a colour coded weather warning system. Red signifies warning and demands necessary action by different agencies. Amber asks people to remain alert. The yellow code is for keeping a watch on the situation and the green code means "no warning. The monsoon trough continues to remain active in the next three days,

Previous updates.

- **In India, Sugarcane has been sown in around 50.52 lakh hectares as of 13th July 2018** which is higher than 49.72 lakh hectare covered during corresponding period last year. In Uttar Pradesh, it has been sown in 23.05 lakh hectare which is higher than 22.56 lakh hectare covered during corresponding period last year, In Maharashtra it has been sown 9.49 lakh hectare which is higher than 9.37 lakh hectare covered during corresponding period last year and in Karnataka it has been sown 4.38 lakh hectare which is higher than 4.27 lakh hectare covered during corresponding period last year. Area of 2018-19 is about to increase 5-10% compared to previous year because of supportive weather and availability sufficient water in growing regions.
- **Raw sugar futures in New York fell to a 2-1/2-month low on Thursday**, pressured by speculative selling early in the session amid concerns about abundant supplies.
- **Mexican sugar production in the last week of the season was 2,510 tonnes** (up from 2,273 a year ago), which brought final output to 6,009,220 tonnes, which was 52,049 tonnes more than a year ago.
- **Ukraine exported 67,600 tonnes of sugar in June 2018, up from 54,000 in May** and compared with just 6,355 tonnes in the same month last year, data from the National Association of Sugar Producers (Ukrtsukor) show.
- **A ministerial panel today mooted GST reduction on ethanol from 18 per cent to 12 per cent** but did not favour imposing cess on sugar as arrears to cane farmers are already declining. The Group of Ministers, headed by Assam Finance Minister Himanta Biswa Sarma, will also wait for Attorney General's opinion before taking a view on whether cess can be levied at all under the current Goods and Services Tax (GST) regime, according to officials.
- **Total ethanol production in Brazil reached 11.06 billion liters, up 44.99%** from a year before, with 3.288 billion liters of anhydrous ethanol (+2.06%) and 7.773 billion liters of hydrous ethanol (+76.36%). Meanwhile, sugar production fell 12.10%, totaling 9.747 million tons.
- **The government plans to recommend an 8 per cent increase in the fair and remunerative price (FRP) of sugarcane over the previous year**, which the industry fears will make their operations unviable. If FRP is raised to Rs 275/quintal for the 2018-19 season beginning October, mills may find it difficult to pay farmers their dues. Official sources said the Prime Minister's Office (PMO) has asked the Food and Consumer Affairs ministry to examine the minimum selling price (MSP) of sugar currently fixed at Rs 29/kg. The industry wants the price to be Rs 33/kg for south and west India and Rs 35/kg in North India.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 16-07-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Jul)	-	3211	3211	3211	3211	-	-
Spread	Cont Jul (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
		14-July-18	14-July-18	14-July-18	09-July-18
Delhi	M	-	-	-	-
Sangli	M	-	-	-	-
Sholapur	M	-	-	-	-
Kolhapur	M	-	-	-	-
Belgaum	M	-	-	-	-
Delhi	S	-	-	-	-
Sangli	S	-	-	-	-
Sholapur	S	-	-	-	-
Kolhapur	S	-	-	-	-
Belgaum	S	-	-	-	-

Sugar Futures ICE& LIFFE as on 13 th July,2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Oct-18	11.10	11.14	10.91	10.96	-0.12
Mar-19	11.89	11.89	11.63	11.68	-0.16
May-19	11.98	12.00	11.76	11.80	-0.17
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Aug-18	340.60	342.40	337.60	339.10	-0.50
Oct-18	329.90	330.70	325.40	326.70	-2.30
Dec-18	328.10	328.80	323.00	324.20	-2.90

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			16-Jul-18	14-Jul-18	
Delhi	Delhi	M-Grade	3300	3320	-20
	Delhi	S-Grade	3280	3300	-20
Uttar Pradesh	Khatauli	M-Grade	3400	3400	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3290	3320	-30
	Dhampur	S-Grade Ex-Mill	3270	3300	-30
	Dhampur	L-Grade Ex-Mill	3340	3370	-30
Maharashtra	Mumbai	M-Grade	3520	3515	5
	Mumbai	S-Grade	3276	3250	26

	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3150	3150	Unch
	Kolhapur	S-Grade	3050	3050	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3370	3370	Unch
Andhra Pradesh	Vijayawada	M-Grade	3740	3740	Unch
	Vijayawada	S-Grade	3680	3680	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
	Dindigul	M-Grade	3680	3680	Unch
	Coimbatore	M-Grade	3700	3700	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	Unch

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)			16-Jul-18	14-Jul-18	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2860	2865	-5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2650	2650	Unch
	Hapur	Chaurasa	Closed	2800	-
	Hapur	Balti	Closed	NA	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	3000	3000	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3100	-100
	Gulbarga/Kalaburgi	Other (Average)	NA	2780	-
	Mahalingapura	Penti (Average)	3326	3350	-24
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	3000	2900	100
	Mandya	Yellow (Medium)	3200	3150	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3850	-



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