

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- *Sugar wholesale market prices were noticed steady on Saturday across the country.*
- **Raw sugar futures in New York ended with further losses** as the benchmark October contract dropped another 11 points to settle at 10.97¢/lb, just above the lower end of the day's 10.93-11.11¢ range.
- **Sugar production in Brazil's Centre/South in the current 2018/19** crush is projected to fall to 28 million tonnes, from a previous estimate of 31 mln, local consultancy Safras & Mercado said.

Monsoon Update:

- **The monsoon is expected to ramp up over Central and West India**, the IMD has forecast fairly widespread to widespread rainfall along the West Coast, North-East, East and adjoining Central India and the islands in the Bay from July 21 to 23. Scattered to fairly widespread rainfall is likely over North-West India during this period, while it will be isolated to scattered over the rest of the country According to the European Centre for Medium-Range Weather Forecasts, the rains would escalate further over East and North-East India, adjoining Central India and North-West India during the next 5-10 days.

Previous updates.

- **The Centre has announced an increase of Rs 20 per quintal** in the sugarcane Fair and Remunerative Price (FRP) for the 2018-19 season. However, activists and farm leaders said that the actual realisation for the average farmer would be much less than is being suggested, as the hike has been linked to a higher recovery rate. The hike will, of course, benefit farmers in states that follow the FRP as benchmark for payment. For others such as UP, which have their own advised prices (SAP), generally higher than FRP, the decision does not have much of an impact.
- **The average national sugar recovery rate, according to the government's calculations**, was 10.6 per cent. It was 10.20 per cent for Uttar Pradesh and 11.47 per cent for Maharashtra. However, a simple back of the envelope calculation (all available recovery rates multiplied by the extra premium that they fetched in 2017-18 and that they will get in 2018-19) shows that sugarcane farmers who have a recovery rate of exact 9.5 per cent would get the maximum full Rs 20 per quintal increase in FRP.
- **The year 2017-18 saw high output meet low prices, in India and globally.** The government has stepped in with a number of sops to support sugar prices, chiefly goaded by mounting cane arrears owed to farmers. Even after these sops, the arrears to farmers remain at Rs17,825crore, according to an 18 July ISMA release, although down by a fifth from the 23 May figure.
- **The government has hiked the fair and remunerative price (FRP)** of sugarcane by Rs 20 to Rs 275 per quintal for the next marketing year (2018-2019) starting October. At present, the FRP price is linked to a basic recovery rate of 9.5 per cent, subject to a premium of Rs 2.68 per quintal for every 0.1 per cent point increase in recovery rate.
- **Sugar mills in Uttar Pradesh (UP) owed Rs 12,601.48 crore in unpaid dues** against cane supplied by growers during the 2017-18 season (October-September). More than one-and-half months later, as on Wednesday, they have made payments of Rs 23,902.79 crore out of the Rs 35,447.91 crore value of cane purchased at the UP government's state advised price (SAP) of Rs 315 per quintal for "general" and Rs 325 for "early-maturing" varieties. That translates into arrears of Rs 11,545.12 crore.
- **India is likely to end the 2017/18 (Oct/Sep) season with an inventory of 10 mln tonnes**, up from 3.87 mln a year ago. The surge is due to a combination of record production and low exports.

- **The glut is likely to swell in the 2018/19 season starting Oct. 1**, with Indian production expected to jump by almost a tenth from the current year to between 35 million tonnes and 35.5 million tonnes. Northern state of Uttar Pradesh, the biggest producer in India, could churn out 13-13.5 million tonnes of sugar in the next year. That would be up 12 percent from the current year, with the ISMA saying farmers have devoted a bigger area to high-yielding varieties of sugar cane. Maharashtra's sugar output is estimated at 11-11.5 million tonnes in the new season, up from 10.71 million tonnes.
- **China will levy extra tariffs on out-of-quota sugar imports from all origins** starting from Aug. 1, the Commerce Ministry said on Monday, just over a year after introducing hefty penalties on top growers including Brazil and Thailand. China allows 1.94 million tonnes of sugar imports a year at a tariff of 15 percent as part of its commitments to the World Trade Organization. Shipments outside of that allowance - out-of-quota imports - are charged a higher tariff and need special permits.
- **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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-07-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Jul)	-	3220	3220	3220	3220	-	-
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
		20-July-18	20-July-18	20-July-18	16-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 20 th July,2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Oct-18	10.94	11.26	10.94	11.12	0.15
Mar-19	11.66	11.96	11.64	11.84	0.17
May-19	11.78	12.06	11.77	11.96	0.17
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Oct-18	319.00	324.10	318.30	322.20	3.80
Dec-18	318.90	323.30	317.80	321.20	2.80
Mar-19	324.00	328.00	322.60	326.50	3.10

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Jul-18	20-Jul-18	
Delhi	Delhi	M-Grade	3290	3290	Unch
	Delhi	S-Grade	3270	3270	Unch
Uttar Pradesh	Khatauli	M-Grade	3385	3390	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3540	3540	Unch
	Mumbai	S-Grade	3300	3300	Unch

	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3100	3100	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	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3590	3590	Unch
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
	Dindigul	M-Grade	3680	3680	Unch
	Coimbatore	M-Grade	3550	3700	-150
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)			21-Jul-18	20-Jul-18	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2880	2885	-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	2800	2800	Unch
	Hapur	Balti	NA	NA	-
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	2825	-
	Mahalingapura	Penti (Average)	NA	3450	-
	Mandya	Achhu (Medium)	3100	3200	-100
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	3100	3050	50
	Mandya	Yellow (Medium)	3200	3100	100
	Shimoga/Shivamogga	Achhu (Average)	NA	3850	-

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