

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- **Sugar wholesale market prices were witnessed steady to weak across the country** on Saturday. Currently, global sugar prices are hovering around 11 cents/lb. Global Trade experts expects world sugar price to remain below 13 cents/ lb till March'19.
- **As per the Agriwatch estimate, India's sugar production is expected to rise to 355 LT** in 2018/19 as the country is expecting a good cane crop this marketing year particularly from the state of Uttar Pradesh & Maharashtra. Agriwatch is expecting Maharashtra to produce 10-15% of more sugar in 2018-19 (01st October, 2018 -30th September, 2019). In addition, Uttar Pradesh is also expected to produce a large quantity of sugar this year too due to a surge in cane area, yield and sugar recovery.
- **The government has notified a decision to allow sugar mills to manufacture ethanol** directly from sugarcane juice or an intermediate product called B-molasses. The sugarcane control order of 1966 has been amended in this regard and the same has been notified by the Union Food Ministry. The move would help mills divert cane juice for ethanol manufacturing during surplus years.
- **The wholesale sugar market displayed a weak trend for the second consecutive week** with prices falling by up to Rs 50 per quintal in the national capital following bumper stocks amid scattered buying by stockists and bulk consumers. Marketmen said sugar glut in the market following record production mainly kept sugar prices under pressure but scattered buying by stockists and bulk consumers such as soft-drink and ice-cream makers, capped the losses.

Monsoon Update:

- **An active monsoon condition over the past 12 days has seen the country** wide rain deficit reduce to 2% from a high of 9%. Rains have been also particularly poor in Uttar Pradesh, which currently has a season's shortfall of 42%. Bihar and Jharkhand, too, have deficits of 46% and 35%, respectively. The Met office expects the monsoon to remain active in the rest of the month, which means monsoon in July is likely to be normal.

Previous updates.

- **Sugar prices have recovered to around Rs 33,500 per tonne** (ex-mill Uttar Pradesh) due to various government measures including creation of buffer stock and fixing minimum selling price (MSP), according to a report. Domestic sugar prices have recovered to around Rs 33,500 per tonne (ex-mill UP) from a low of Rs 26,500 per tonne in May, Icria said in a report. It said, recent government measures such as creation of 3 million tonne buffer stock and fixing of MSP for sugar at Rs 29,000 per tonne, has helped the sugar industry.
- **The final price for sugar is in and the estimated value for the 2017-2018 crop** is not sweet news for farmers who will be paid an estimated 45 dollars and 47 cents per ton. That's the figure released today by American Sugar Refinery/Belize Sugar Industry to the three cane farmers' associations in the north. For the previous crop, farmers received approximately 53 dollars per ton of sugar cane taken to the mills. The new estimated price will now see farmers get a second payment of between three dollars and ninety cents and six dollars and thirty-four cents per ton when compared to last year when they received over eleven dollars
- **Nearly 4,00,000 tonnes of sugar is in the process of being exported** from India to countries in the Middle East as also Sri Lanka. Mills are required to export 20 lakh tonnes of sugar in the current 2017-18 marketing year (October-September) to avail of a subsidy of Rs 55 per tonne offered by the government.
- **Australian Sugar mills crushed 1,574,149 tonnes of cane in the week to July 15**, up from 1,423,846 in the same week in 2017, Australian Sugar Milling Council (ASMC) data showed.

- **Market prices of sugar have recovered sharply over the past two months**, thanks to measures including the Centre's announcement of minimum support price (MSP) for sugar in June. In Maharashtra, prices were ruling at Rs 26-27/kg in May; it is Rs 31/kg now. This gives some breather for mills, but given the cost of production itself is around Rs 35/kg of sugar, the current prices are still not remunerative for mills.
- **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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 24-07-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Jul)	-	3217	3217	3217	3217	-	-
Spread	Cont Aug (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
		27-July-18	27-July-18	27-July-18	23-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 27 th July, 2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Oct-18	11.020	11.120	10.850	10.880	-0.150
Mar-19	11.920	11.970	11.730	11.780	-0.120
May-19	12.120	12.170	11.950	12.020	-0.090
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close	+/-
Oct-18	325.40	329.90	323.10	323.90	-0.20
Dec-18	325.50	327.10	322.00	322.80	-0.60
Mar-19	331.00	332.10	326.90	327.80	-0.90

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Jul-18	27-Jul-18	
Delhi	Delhi	M-Grade	3200	3230	-30
	Delhi	S-Grade	3180	3210	-30
Uttar Pradesh	Khatauli	M-Grade	3330	3350	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3280	-30
	Dhampur	S-Grade Ex-Mill	3230	3260	-30
	Dhampur	L-Grade Ex-Mill	3300	3330	-30
Maharashtra	Mumbai	M-Grade	3450	3700	-250
	Mumbai	S-Grade	3300	3650	-350
	Nagpur	M-Grade	3175	3175	Unch
	Nagpur	S-Grade	3125	3125	Unch

	Kolhapur	M-Grade	3050	3050	Unch
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade	3680	3680	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3610	3610	Unch
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
	Dindigul	M-Grade	3680	3680	Unch
	Coimbatore	M-Grade	3550	3550	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)			28-Jul-18	27-Jul-18	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	2880	2880	Unch
	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	2750	2750	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4300	4300	Unch
		White	4100	4100	Unch
		Black	2700	3000	-300
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	3010	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	2975	-
	Mahalingapura	Penti (Average)	NA	3370	-
	Mandya	Achhu (Medium)	3250	3300	-50
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3950	-

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