

## Sugar & Gur Domestic & International Fundamentals

### Recent updates.

- **Sugar wholesale market prices were noticed mixed tone across the country on Monday.** Currently, global sugar prices are hovering around 10.88 cents/lb. Global Trade experts expects world sugar price to remain below 13 cents/ lb till March'19.
- **The Haryana government has released an amount of Rs200 crore to sugar mills** to clear the pending payment of sugarcane farmers for the year 2017-18. This was disclosed by Minister of state cooperation Mr. Manish Kumar Grover here today
- **India, the world's second largest sugar producer, has been struggling with high inventories,** depressed prices and a series of regulatory flip flops. The sweetener's prices have fallen from ₹35-36 a kg since the start of 2017-18 sugar season to ₹30/kg now, which is lower than the cost of operations for sugar mills, ₹35 per kg, leading to a build-up of cane arrears of ₹180 billion.
- **Sugar production during 2018-19 is likely to rise 10% year-on-year** to more than 35 million tonnes. Domestic consumption of sugar in India is estimated to be around of 25 million tonnes. The USDA Foreign Agricultural Service, In its own estimates, said India is likely to consume a total of 26.5 million tonnes of sugar every year. That makes us the highest sugar consuming country in the world. But india is already the second-largest producer of sugar, so our supply is doing just fine.

### 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.

- **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.
- **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, Icra 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.

## 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 &amp; Fed Position

Stocks	Grade	Demat	In-Process	Total	FED
		28-July-18	28-July-18	28-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<sup>th</sup> 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
			30-Jul-18	28-Jul-18	
Sugar					
Delhi	Delhi	M-Grade	3200	3200	Unch
	Delhi	S-Grade	3180	3180	Unch
Uttar Pradesh	Khatauli	M-Grade	3350	3330	20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3250	50
	Dhampur	S-Grade Ex-Mill	3280	3230	50
	Dhampur	L-Grade Ex-Mill	3350	3300	50
Maharashtra	Mumbai	M-Grade	3376	3450	-74
	Mumbai	S-Grade	3266	3300	-34
	Nagpur	M-Grade	3175	3175	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3050	3050	Unch

	Kolhapur	S-Grade	3000	3000	Unch
<b>Assam</b>	Guhawati	S-Grade	3309	3309	Unch
<b>Meghalaya</b>	Shillong	S-Grade	3320	3320	Unch
<b>Andhra Pradesh</b>	Vijayawada	M-Grade	3640	3680	-40
	Vijayawada	S-Grade	3580	3620	-40
<b>West Bengal</b>	Kolkata	M-Grade	3630	3610	20
<b>Tamil Nadu</b>	Chennai	S-Grade	3510	3500	10
	Dindigul	M-Grade	3680	3680	Unch
	Coimbatore	M-Grade	3550	3550	Unch
<b>Chattisgarh</b>	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
			30-Jul-18	28-Jul-18	
Jaggery(Gur)					
<b>Uttar Pradesh</b>	Muzaffarnagar	ChakuSukha(Cold)	2920	2880	40
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2700	2650	50
	Hapur	Chaurasa	Closed	2750	-
	Hapur	Balti	Closed	NA	-
<b>Andhra Pradesh</b>	Chittur	Gold	4350	4300	50
		White	4200	4100	100
		Black	2750	2700	50
<b>Maharashtra</b>	Latur	Lal Variety	NR	NR	-
<b>Karnataka</b>	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3288	3323	-35
	Mandya	Achhu (Medium)	3250	3250	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2950	Unch
	Mandya	Yellow (Medium)	3200	3200	Unch
Shimoga/Shivamogga	Achhu (Average)	NA	3950	-	

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.