

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- **Sugar wholesale market prices were witnessed mixed tone across the country** on Wednesday. Currently, global sugar prices are hovering around 10.55 cents/lb. Global Trade experts expects world sugar price to remain below 13 cents/ lb till March'19.
- **Australia's federal government has decided to invest A\$2.2 million (\$1.6 million) in a blockchain initiative** as a way to make its key sugar production more competitive, local media reported on Tuesday. Prime Minister Malcolm Turnbull's coalition backed Sustainable Sugar Project, which targets Queensland, the major sugar export region of Australia. The initiative will use blockchain capabilities to improve productivity, profitability, and sustainability in the sugarcane farms.
- **The Thai Sugar Mills Association expects that the country will produce about 13 mln tonnes of sugar in the 2018/19 (Nov/Oct) campaign**, only slightly below the all-time high of 14 mln seen this season.

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.

- **According to reports from the cane commissioner's office**, till July 27, sugar mills in UP still owed farmers Rs 11,231 crore in cane payment for the current season which ended last month.
- **With less than one month to go in the current 2017/18, Philippines is unlikely to hit its production target of 2.27 million tonnes of sugar**, which was already below the 2.5 mln seen in 2016/17. The Thailand Sugar Mills Association expects that the country will produce about 13 mln tonnes of sugar in the 2018/19 (Nov/Oct) campaign, only slightly below the all-time high of 14 mln seen this season.
- **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.
- **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, Ica 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.

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
		31-July-18	31-July-18	31-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 31 July,2018

ICE Sugar Futures (In Cents/Pound)

Contract	Open	High	Low	Close	+/-
Oct-18	10.830	10.850	10.450	10.550	-0.270
Mar-19	11.770	11.770	11.380	11.480	-0.260
May-19	12.010	12.010	11.600	11.690	-0.280

LCE Sugar Futures (In US\$/MT)

Contract	Open	High	Low	Close	+/-
Oct-18	320.90	321.00	315.20	317.90	-2.90
Dec-18	320.50	320.70	315.00	317.80	-3.00
Mar-19	325.00	325.60	320.20	322.20	-3.10

Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			1-Aug-18	31-Jul-18	
Delhi	Delhi	M-Grade	3300	3260	40
	Delhi	S-Grade	3280	3240	40
Uttar Pradesh	Khatauli	M-Grade	3300	3350	-50
	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	3490	3420	70
	Mumbai	S-Grade	3286	3290	-4
	Nagpur	M-Grade	3225	3175	50
	Nagpur	S-Grade	3175	3125	50
	Kolhapur	M-Grade	3100	3050	50

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Aug-18	31-Jul-18	
	Kolhapur	S-Grade	3050	3000	50
Assam	Guhawati	S-Grade	3360	3309	51
Meghalaya	Shillong	S-Grade	3370	3320	50
Andhra Pradesh	Vijayawada	M-Grade	3640	3640	Unch
	Vijayawada	S-Grade	3580	3580	Unch
West Bengal	Kolkata	M-Grade	3630	3630	Unch
Tamil Nadu	Chennai	S-Grade	3510	3510	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)			1-Aug-18	31-Jul-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2975	3000	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2675	2700	-25
	Hapur	Chaurasa	2750	2750	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4600	4300	-300
		White	4300	4200	-100
		Black	2820	2700	120
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4300	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3000	-
	Gulbarga/Kalaburgi	Other (Average)	3025	2825	200
	Mahalingapura	Penti (Average)	NA	3288	-
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	2950	3000	-50
	Mandya	Other (Medium)	3100	2950	150
	Mandya	Yellow (Medium)	3100	3150	-50
	Shimoga/Shivamogga	Achhu (Average)	NA	3900	-

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.