

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- **Sugar wholesale market prices were witnessed mixed tone across the country on Thursday.** Currently, global sugar prices are hovering around 10.48 cents/lb. Global Trade experts expects world sugar price to remain below 13 cents/ lb till March'19.
- **Sugarcane arrears to farmers have come down to Rs 16,600 crore** from the peak of Rs 23,232 crore in May-end due to various measures taken by the government to help the sugar industry.
- **India's move to find new markets for its sugar ahead of the 2018-19 crushing season has met with partial success so far, with Bangladesh and Malaysia** showing interest in importing raws from the country while Indonesia wants India to lower the import duties on palm oil before it allows import of sugar. Bangladesh, Indonesia, Malaysia, and China are the four countries that India has targeted in the first phase to export surplus raw sugar either through government-to-government deals or even otherwise. Negotiations are still on with China, and while India can potentially export 1.5-2.0 million tonnes of raw sugar to China, Beijing recently imposed a huge tariff on sugar imports, hurting any possibility of India making headway.

Monsoon Update:

- **Private weather forecaster Skymet has downgraded its outlook for this year's monsoon** to 'below normal' from its earlier forecast of normal rains for the season, saying August and September were likely to witness depressed rainfall. The monsoon could end up at 92% of LPA, with Aug likely to see poor rainfall at 88% and September performing a shade better at 93%. The monsoon is likely to go into a prolonged weak phase during August.

Previous updates.

- **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.
- **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.

- **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 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.
- **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 02-08-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Oct)	-	3237	3237	3237	3237	-	-
Spread	Cont Oct (C1)						
Spot	-	-	-	-	-	-	
	-	-	-	-	-	-	

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			2-Aug-18	1-Aug-18	
Delhi	Delhi	M-Grade	3250	3300	-50
	Delhi	S-Grade	3230	3280	-50
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	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	3420	3490	-70
	Mumbai	S-Grade	3282	3286	-4
	Nagpur	M-Grade	3300	3225	75
	Nagpur	S-Grade	3200	3175	25
	Kolhapur	M-Grade	3175	3100	75
	Kolhapur	S-Grade	3075	3050	25
Assam	Guhawati	S-Grade	3385	3360	25
Meghalaya	Shillong	S-Grade	3395	3370	25
Andhra Pradesh	Vijayawada	M-Grade	3640	3640	Unch
	Vijayawada	S-Grade	3580	3580	Unch
West Bengal	Kolkata	M-Grade	3580	3630	-50
Tamil Nadu	Chennai	S-Grade	3525	3510	15
	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)			2-Aug-18	1-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2975	2975	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2675	2675	Unch
	Hapur	Chaurasa	2750	2750	Unch
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4600	4600	Unch
		White	4500	4300	200
		Black	2600	2820	-220

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	3100	NA	-
	Gulbarga/Kalaburgi	Other (Average)	2995	3025	-30
	Mahalingapura	Penti (Average)	3247	3274	-27
	Mandya	Achhu (Medium)	3150	3100	50
	Mandya	Kurikatu (Medium)	2950	2950	Unch
	Mandya	Other (Medium)	2900	3100	-200
	Mandya	Yellow (Medium)	3150	3100	50
	Shimoga/Shivamogga	Achhu (Average)	3950	3950	Unch

International Sugar Futures ICE						(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar	
		1-Aug-18	25-Jul-18	29-Jun-18	1-Aug-17		1-Aug-18
Oct-18	-24.58	1610	1725	1878	2135	68.60	
Mar-19	-22.30	1735	1848	1986	2233		
May-19	-21.48	1766	1874	1999	2249		

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE						(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar	
		1-Aug-18	25-Jul-18	29-Jun-18	1-Aug-17		1-Aug-18
Oct-18	-15.66	2157	2253	2354	2558	68.60	
Dec-18	-16.95	2160	2241	2354	2600		
Mar-19	-17.43	2188	2275	2372	2650		

(Source: Reuters)* Today – figures are a day ago Quotes.

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