

Sugar & Gur Domestic & International Fundamentals

Recent updates.

- **Sugar prices at most locations were noticed mixed tone on Monday.** as the ex-mill prices at most producing centre's were already close to the government mandated floor of Rs.2900 per quintal.
- **The FAO Sugar Price Index fell six per cent to a nearly three-year low,** largely driven by improved production prospects in India and Thailand, both important sugar-producing countries. Expectations of lower output in Brazil, the world's largest producer and exporter, limited the fall in international sugar prices.
- **Sugar production is estimated to reach a record 32.25 million tonnes in the current 2017-18 marketing year (October-September),** weighing down prices. In the price section, sugar ready M-30 and S-30 declined from last week's close of Rs 3,600-3,750 and Rs 3,590-3,740 to end the week at Rs 3,530-3,630 and Rs 3,520-3,620 per quintal, with a loss of Rs 120 each per quintal.
- **The Western Indian Sugar Mills Association (WISMA), an apex body of private millers,** is seeking an early start to the crushing season in Maharashtra for 2018-19. The millers who met Maharashtra cooperation minister Subhash Deshmukh have sought October 1 as the start for the crushing season in the state. The federation of cooperative millers, on the other hand, is looking at October 15 as a possible start for the crushing season. The crushing season in the state usually commences from November 1 after Diwali celebrations.

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.

- **Brazil exported only 1.885 mln tonnes of sugar, raw value,** in July 2018, down from 1.946 mln a month earlier and significantly below 2.703 mln in the same month last year.
- **Sugar mills crushed 1.608 million tonnes of cane in the week to July 29,** up from 1.548 mln last week and also above the 1.526 mln in the same week in 2017, Australian Sugar Milling Council (ASMC) data show.
- **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.

- **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.
- **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

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 06-08-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Oct)	-	3221	3221	3221	3221	-	-
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.

NCDEX Stock & Fed Position					
Stocks	Grade	Demat	In-Process	Total	FED
		04-July-18	04-July-18	04-July-18	04-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 04Aug,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
Sugar			6-Aug-18	4-Aug-18	
Delhi	Delhi	M-Grade	3200	3230	-30
	Delhi	S-Grade	3180	3210	-30
Uttar Pradesh	Khatauli	M-Grade	3350	3375	-25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3260	3250	10
	Dhampur	S-Grade Ex-Mill	3240	3230	10
	Dhampur	L-Grade Ex-Mill	3310	3300	10
Maharashtra	Mumbai	M-Grade	3476	3480	-4

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			6-Aug-18	4-Aug-18	
	Mumbai	S-Grade	3270	3276	-6
	Nagpur	M-Grade	3300	3325	-25
	Nagpur	S-Grade	3200	3225	-25
	Kolhapur	M-Grade	3175	3200	-25
	Kolhapur	S-Grade	3075	3100	-25
Assam	Guhawati	S-Grade	3385	3410	-25
Meghalaya	Shillong	S-Grade	3395	3420	-25
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3590	3580	10
Tamil Nadu	Chennai	S-Grade	3550	3550	Unch
	Dindigul	M-Grade	3740	3790	-50
	Coimbatore	M-Grade	3680	3680	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)			6-Aug-18	4-Aug-18	
Uttar Pradesh	Muzaffarnagar	ChakuSukha(Cold)	3010	2980	30
	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	Closed	2750	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	4550	NR	-
		White	4000	NR	-
		Black	3700	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4300	-150
	Belgaum	Mudde (Average)	3000	3000	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3100	3100	Unch
	Gulbarga/Kalaburgi	Other (Average)	3000	2950	50
	Mahalingapura	Penti (Average)	3271	3240	31
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	2950	2900	50

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			6-Aug-18	4-Aug-18	
Jaggery(Gur)	Mandya	Other (Medium)	3000	2900	100
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	4000	3950	50

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