

Sugar & Gur Domestic & International Fundamentals**Recent updates.**

- **Sugar wholesale market prices were noticed mixed tone on Tuesday.** As the ex-mill prices at most producing centre's were already close to the government mandated floor of Rs.2900 per quintal. Raw sugar futures in New York continued their recent recovery from three-year lows amid general strength in the commodity complex.
- **Sugar exports under the MEIS (Merchandise Export from India Scheme) till July end were less than 20 per cent** and it is quite unlikely that sugar mills will be able to meet the target of 20 lakh tonnes by September 30. What has been moved out of mills till the end of July is about 3.5 lakh tonnes of sugar. Some consignments are on their way to ports and some are at ports already. We are completely off the target.
- **The current policies do not encourage sugar exports.** Domestic prices are artificially up as the government has put a cap on quantity of sugar sold in the market. While the demand for sugar ahead of the festival season is estimated to be around 21.5-22 lakh tonnes (lt), the quota fixed by the government for August is about 17.5 lakh tonnes. This was 16.5 lt in June.
- **Sugar cane crushing in Brazil's North/Northeast region (NNE) is seen rising 2.8% on the year** to 46.5 mln tonnes in 2018/19, according to INTL FC Stone.

Monsoon Update:

- **Two months of the annual southwest monsoon are over**, with another two to go. As against a normal rainfall of 452.8 mm, the country has received 426.1 mm rainfall, thereby registering a rainfall departure of minus 6% till July 31.
- **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.

- **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.
- **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.
- **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 16,800 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.
- **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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 07-08-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Oct)	-	3200	3200	3200	3200	-	-
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
		06-Aug-18	06-Aug-18	06-Aug-18	06-Aug-18
Delhi	M	3828	0	3828	3828
Sangli	M	759	0	759	759
Sholapur	M	-	-	-	-
Kolhapur	M	7953	0	7953	7953
Belgaum	M	1959	0	1959	1959
Delhi	S	149	0	149	149
Sangli	S	1199	0	1199	1949
Sholapur	S	2358	0	2358	2359
Kolhapur	S	10275	0	10275	10275
Belgaum	S	3328	0	3328	3827

Sugar Futures ICE& LIFFE as on 06Aug,2018					
ICE Sugar Futures (In Cents/Pound)					
Contract	Open	High	Low	Close	+/-
Oct-18	10.93	11.13	10.89	10.98↑	0.13
Mar-19	11.77	11.9	11.69	11.77↑	0.11
May-19	11.93	12.06	11.85	11.93	0.1
LCE Sugar Futures (In US\$/MT)					
Contract	Open	High	Low	Close↑	+/-
Oct-18	326.4	328.9	325.3	327.3↑	3
Dec-18	325	327.4	324.4	325.5↑	2.1
Mar-19	328.5	330.3	328.5	329.2	2.2

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			07-Aug-18	06-Aug-18	
Delhi	Delhi	M-Grade	3215	3200	15
	Delhi	S-Grade	3195	3180	15
Uttar Pradesh	Khatauli	M-Grade	3350	3350	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3260	3260	Unch
	Dhampur	S-Grade Ex-Mill	3240	3240	Unch
	Dhampur	L-Grade Ex-Mill	3310	3310	Unch
Maharashtra	Mumbai	M-Grade	3476	3476	Unch
	Mumbai	S-Grade	3226	3270	-44
	Nagpur	M-Grade	3300	3300	Unch

	Nagpur	S-Grade	3200	3200	Unch
	Kolhapur	M-Grade	3175	3175	Unch
	Kolhapur	S-Grade	3075	3075	Unch
Assam	Guhawati	S-Grade	3385	3385	Unch
Meghalaya	Shillong	S-Grade	3395	3395	Unch
Andhra Pradesh	Vijayawada	M-Grade	3660	3660	Unch
	Vijayawada	S-Grade	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3590	3590	Unch
Tamil Nadu	Chennai	S-Grade	3500	3550	-50
	Dindigul	M-Grade	3740	3740	Unch
	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)			07-Aug-18	06-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3000	3010	-10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2700	2675	25
	Hapur	Chaurasa	2750	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	4300	4550	-250
		White	4400	4000	400
		Black	2500	3700	-1200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	NA	3000	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	3050	3000	50
	Mahalingapura	Penti (Average)	NA	3271	-
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	2950	2950	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	4000	-

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