

Sugar & Gur Domestic & International Fundamentals

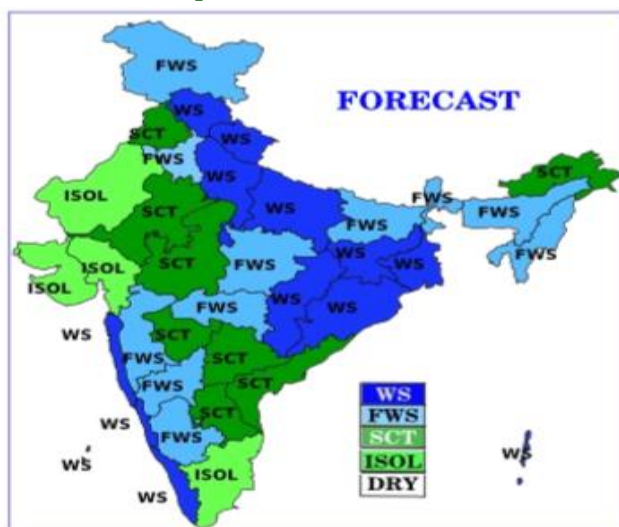
Recent Update:

Sugar wholesale market prices were noticed mixed tone Saturday, following abundant availability of stocks amid limited offtake. As the ex-mill prices at most producing centres were already close to the government mandated floor of Rs.2900 per quintal. Currently the global sugar prices were trading at 10.54 cents/lb. Expects world sugar price to remain below 13 cents/lb till September.

Raw sugar futures in New York ended with slight gains as the market was supported by the latest Brazilian crushing update which showed an ongoing strong preference of millers for ethanol against sugar. Sugar mills in Brazil's Centre/South crushed 47.347 mln tonnes of cane in the second half of July, up from 44.879 mln in the first half of the month but down 7.0% from the 50.907 mln in the same period a year ago, Unica data showed

Ukraine exported 36,700 tonnes of sugar in July 2018, down 46% from 67,600 in June but up from just 13,300 tonnes in the same month last year, according to the National Association of Sugar Producers (Ukrtsukor).

Weather Update:



13th Aug: Heavy to very heavy rain at a few places with extremely heavy falls at isolated places very likely over Uttarakhand; heavy to very heavy rain with extremely heavy falls at isolated places very likely over Odisha; heavy rain at a few places with very heavy rain at isolated places very likely over Coastal Karnataka; heavy to very heavy rain at isolated places very likely over East Uttar Pradesh, Himachal Pradesh, Madhya Maharashtra and Kerala.

According to IMD, the several parts of the country, barring Kerala (which is faced with floods), Odisha, eastern Uttar Pradesh and Bihar, received less than normal rainfall in the August 02-08 week. So far, data showed around 39 per cent

of the 681 districts in the country have received deficient rainfall, while showers have been normal in remaining 69 per cent in this monsoon season from June 1 to August 09.

| SPATIAL DISTRIBUTION (% of Stations reporting) | | | |
|------------------------------------------------|--------------------------------------|------------|-------------------------------|
| % Stations | Category | % Stations | Category |
| 76-100 | Widespread (WS/Most Places) | 26-50 | Scattered (SCT/ A Few Places) |
| 51-75 | Fairly Widespread (FWS/ Many Places) | 1-25 | Isolated (ISOL) |
| Dry (No station reported Rainfall) | | | |

Previous Updates:

India is finding it difficult to export the surplus sugar due to lower returns and global glut. Sugar exports under the MEIS till July end were only 3.5 lakh tonnes and it is quite unlikely that sugar mills will be able to meet the target of 20 lakh tonnes by Sep 30.

The Indian Sugar Industry urged the union government to raise the minimum sale price of sugar to Rs36/ kg from Rs 29. If the floor price of the sweetener for sale by mills fixed at Rs 36, sugar factories will be able to take a loss on the exports without need of financial assistance. The loss on sugar exports currently is around 11-12 Rs a kg over domestic ex- mill prices.

Sugar mills in Maharashtra, which has seen a glut in production, owe Rs 593 crore to farmers. The state government is making efforts to persuade the sugar mills to clear the dues of farmers, the mills paid around Rs

20,682 crore as sugarcane purchase price to farmers till July this year, but there are still arrears worth Rs 593 crore, the official in the state sugar commissioner's office said. Last year, there were arrears of only Rs two crore, he noted.

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.

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.

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.

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 8-10% 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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 10-08-2018)

| Contract | +/- | Open | High | Low | Close | Volume | O.I |
|-------------|---------------|------|------|------|-------|--------|-----|
| Cont. (Oct) | - | 3181 | 3181 | 3181 | 3181 | - | - |
| 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 |
| | | 08-Aug-18 | 08-Aug-18 | 08-Aug-18 | 08-Aug-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 10 Aug,2018 | | | | | |
|--------------------------------------------|-------|-------|-------|-------|-------|
| ICE Sugar Futures (In Cents/Pound) | | | | | |
| Contract | Open | High | Low | Close | +/- |
| Oct-18 | 10.79 | 10.83 | 10.43 | 10.54 | -0.3 |
| Mar-19 | 11.75 | 11.75 | 11.4 | 11.5 | -0.29 |
| May-19 | 11.94 | 11.97 | 11.63 | 11.75 | -0.26 |
| LCE Sugar Futures (In US\$/MT) | | | | | |
| Contract | Open | High | Low | Close | +/- |
| Oct-18 | 321.3 | 321.3 | 314.1 | 315.7 | -6 |
| Dec-18 | 323.1 | 323.1 | 316.1 | 318 | -5.3 |
| Mar-19 | 327.6 | 327.6 | 320.4 | 322.8 | -5.3 |

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|----------|-----------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 11-Aug-18 | 10-Aug-18 | |
| Delhi | Delhi | M-Grade | 3195 | 3193 | 2 |
| | Delhi | S-Grade | 3175 | 3173 | 2 |
| Uttar Pradesh | Khatauli | M-Grade | 3345 | 3300 | 45 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3250 | 3280 | -30 |
| | Dhampur | S-Grade Ex-Mill | 3230 | 3260 | -30 |
| | Dhampur | L-Grade Ex-Mill | 3300 | 3330 | -30 |
| Maharashtra | Mumbai | M-Grade | 3430 | 3430 | Unch |

| | | | | | |
|----------------|------------|------------------------|------|------|------|
| | Mumbai | S-Grade | 3246 | 3250 | -4 |
| | Nagpur | M-Grade | 3275 | 3300 | -25 |
| | Nagpur | S-Grade | 3175 | 3200 | -25 |
| | Kolhapur | M-Grade | 3150 | 3175 | -25 |
| | Kolhapur | S-Grade | 3050 | 3075 | -25 |
| Assam | Guhawati | S-Grade | 3360 | 3385 | -25 |
| Meghalaya | Shillong | S-Grade | 3370 | 3395 | -25 |
| Andhra Pradesh | Vijayawada | M-Grade | 3660 | 3660 | Unch |
| | Vijayawada | S-Grade | 3600 | 3600 | Unch |
| West Bengal | Kolkata | M-Grade | 3580 | 3580 | Unch |
| Tamil Nadu | Chennai | S-Grade | 3500 | 3500 | Unch |
| | Dindigul | M-Grade | 3820 | 3820 | Unch |
| | Coimbatore | M-Grade | 3680 | 3680 | Unch |
| Chattisgarh | Ambikapur | M-Grade (Without Duty) | 3600 | 3600 | 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) | | | 11-Aug-18 | 10-Aug-18 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Sukha(Cold) | 2990 | 3000 | -10 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | NA | NA | - |
| | Muzaffarnagar | Khurpa (Fresh) | NA | NA | - |
| | Muzaffarnagar | Laddoo (Fresh) | NA | NA | - |
| | Muzaffarnagar | Rascut (Fresh) | 2700 | 2700 | Unch |
| | Hapur | Chaurasa | 2750 | 2750 | Unch |
| | Hapur | Balti | NA | NA | - |
| Andhra Pradesh | Chittur | Gold | 4300 | 4300 | Unch |
| | | White | 3500 | 3500 | Unch |
| | | Black | 2650 | 2700 | -50 |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | 4150 | 4150 | Unch |
| | Belgaum | Mudde (Average) | NA | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur/Vijayapura | Achhu | NA | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | 3000 | - |
| | Mahalingapura | Penti (Average) | NA | 3261 | - |
| | Mandya | Achhu (Medium) | NA | 3100 | - |
| | Mandya | Kurikatu (Medium) | NA | 2950 | - |
| | Mandya | Other (Medium) | NA | 3000 | - |
| | Mandya | Yellow (Medium) | NA | 3150 | - |
| | Shimoga/Shivamogga | Achhu (Average) | NA | NA | - |

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