

Sugar & Gur Domestic & International Fundamentals

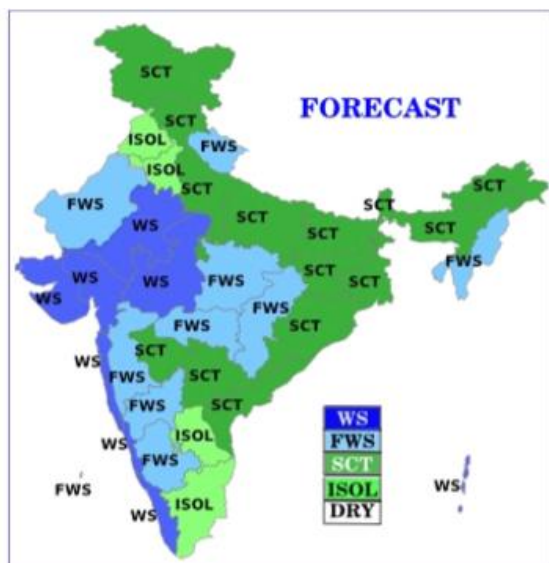
Recent Update:

Most of the sugar prices were noticed steady on Monday. Sugar prices fell by up to Rs 15 per quintal at the wholesale market in the national capital today following ample stocks on increased supplies from mills. Apart from ample stocks, reduced offtake by bulk consumers such as soft-drink and confectioners exerted pressure on sweetener's prices.

Sugar prices fell by Rs 30-50 per quintal in the wholesale markets in the last week due to increased stocks and weak demand from bulk consumers. Increased stocks after continued supplies from mills mainly pulled down sweetener prices. Meanwhile, sporadic demand from bulk consumers ahead of festive season somewhat managed to cap heavy falls in sweetener prices.

Brazil is expected to produce 2.7 million mt of sugar in the North-Northeast region and 27 million mt in the Center-South region, yielding 29.7 million mt of sugar for CY 2018-19, which runs from April-March in the North-Northeast region, and October-September in the Central-South region, according to the JOB report. The CS Brazil production figures would be 9.1 million mt lower than CY 2017-18 levels, according to the report. Brazil is expected to produce 31.2 billion liters of ethanol in the same period, including 29.2 billion liters in the CS region. The expected ethanol production in the CS region would break the previous record of 28.2 billion liters set in 2015-16, according to the report.

Weather Update:



21st Aug: Heavy to very heavy rain at isolated places very likely over Vidarbha, Chhattisgarh, Telangana & Konkan & Goa and heavy rain at isolated places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Sub Himalayan West Bengal & Sikkim, Odisha, Jharkhand, Himachal Pradesh, Uttarakhand, East Rajasthan, Madhya Pradesh, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh and Coastal Karnataka.

The India Meteorological Department (IMD)'s weather models hinted at weak monsoon rain over the central India and the country in general from August 10 to 16. But the models of the National Centre for Medium Range Weather Forecasting (NCMRWF), under the ministry of earth sciences, are showing active monsoon conditions from August 13. IMD weather models are

indicating that most of the central India, including Maharashtra, will see an increase in rainfall activity after August 17. But northeast India, extreme north and south peninsula regions are expected to get below-normal rainfall.

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:

The central government has set minimum selling price of Rupee 29/kg along with prescribing a monthly release quota. As a combined result of both the decisions, ex-mill prices have been ruling in the range of Rupee 30-33/kg. However, sugar mills from Uttar Pradesh, where sugar production has been rising every year, are keen to sell more sugar. It will help them clear the cane price arrears. But, sugar industry of Maharashtra thinks that release mechanism is necessary for the survival of small-sized sugar cooperatives.

South Africa has raised import duties on sugar to \$680 from \$566 a tonne to protect the domestic industry against a surge in imports, the trade and industry minister said on Wednesday.

Sugar mills crushed 1.563 million tonnes of cane in the week to August 5, down from 1.608 mln last week and also below the 1.568 mln in the same week in 2017, Australian Sugar Milling Council (ASMC) data show.

Beet sugar production for 2018/19 is projected up 71,000 short tons, raw value (STRV) to 5.107 million based on sugarbeet area and yield forecasts made by NASS in Crop Production. Beet sugar production for 2017/18 is reduced by 34,353 STRV to 5.241 million based on higher beet pile shrink estimated for the 2017/18 slicing campaign. Based on NASS sugarcane yield and area harvested, 2018/19 cane sugar production in Louisiana is increased by 191,000 STRV to 1.781 million and cane sugar production in Florida is increased by 50,000 STRV to 2.050 million. Deliveries for human consumption for 2017/18 are reduced by 135,000 STRV to 12.100 million based on pace to date and the corresponding projection for 2018/19 is reduced in line by 150,000 STRV to 12.250 million. Ending stocks for 2017/18 are estimated at 2.103 million STRV for a stocks-to-use ratio of 16.9 percent. Ending stocks for 2018/19 are projected at 2.261 million STRV for a stocks-to-use ratio of 18.1 percent. Sugar supply and use in Mexico are unchanged from last month.

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

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..

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 20-08-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Oct)	-	3164	3164	3164	3164	-	-
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 20 Aug, 2018(AT 5.00pm)

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180817	10.3	10.36	10.11	10.18	-0.12	45,012	5,15,099	127
Mar-19	180817	11.18	11.21	11	11.05	-0.09	25,402	3,09,453	4,828
May-19	180817	11.36	11.45	11.25	11.28	-0.08	7,418	95,548	373
Jul-19	180817	11.59	11.67	11.49	11.51	-0.08	4,113	51,409	-85
Oct-19	180817	11.93	12	11.83	11.86	-0.07	3,354	43,928	37
Mar-20	180817	12.55	12.64	12.49	12.51	-0.05	460	14,703	109
May-20	180817	12.67	12.73	12.61	12.62	-0.04	175	3,031	13
Jul-20	180817	12.76	12.83	12.7	12.72	-0.03	121	2,792	-14
Total Volume and Open Interest							86,177	10,39,561	5,465
London Sugar(LCE)									
Oct-18	180817	312	312.2	306.3	307.5	-3.7	5,079	49,197	-206

Dec-18	180817	313	313.4	308.3	308.8	-3.6	3,733	28,355	1,011
Mar-19	180817	317	317.2	311.9	312.4	-4.1	1,943	18,189	558
May-19	180817	320	320.7	316	316.4	-3.4	337	8,779	-2
Aug-19	180817	325.6	326	321.6	322.1	-3.1	190	6,080	-5
Total Volume and Open Interest							11,392	1,14,412	1,362

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Aug-18	18-Aug-18	
Delhi	Delhi	M-Grade	3165	3180	-15
	Delhi	S-Grade	3160	3160	Unch
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3460	3446	14
	Mumbai	S-Grade	3230	3236	-6
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3150	3150	Unch
	Kolhapur	S-Grade	3050	3050	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3370	3370	Unch
Andhra Pradesh	Vijayawada	M-Grade	3620	3620	Unch
	Vijayawada	S-Grade	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3590	3590	Unch
Tamil Nadu	Chennai	S-Grade	3500	3500	Unch
	Dindigul	M-Grade	3740	#N/A	-
	Coimbatore	M-Grade	3680	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#N/A	-
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)			20-Aug-18	18-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2950	2950	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	Closed	2750	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	4100	4100	Unch
		White	4000	3900	100
		Black	3000	2600	400
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	3000	3000	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3100	3100	Unch
	Gulbarga/Kalaburgi	Other (Average)	3200	3175	25
	Mahalingapura	Penti (Average)	3204	NA	-
	Mandya	Achhu (Medium)	3350	3400	-50
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2950	Unch
	Mandya	Yellow (Medium)	3300	3400	-100
	Shimoga/Shivamogga	Achhu (Average)	3950	3950	Unch

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