

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Most of the sugar prices were witnessed steady to weak on Wednesday. Sugar prices fell by up to Rs 50 per quintal at the wholesale market in Kolhapur 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.

Raw sugar futures in New York fell to their lowest level since June 2008 as pressure from a weakening of the Brazilian real as well as the overall bearish supply outlook weighed on prices. Currently the global sugar prices are trading at 10.48 Cents/lb.

This season sugar beet production in Vinnytsia region is forecasted to increase by 10-15%, as compared to the last year's figures. Heavy rains in Vinnytsia region at the end of July – in early August added weight to beet roots, but reduced sugar content in it. During the first decade of August, the beet root growth was 113-344 g. The weight of beet root exceeds last year's figures by 50-60 g. But sugar content is lower. It is fixed at 12,1-13,99%.

Weather Update:



23rd Aug: Heavy to very heavy rain at isolated places very likely over Gujarat region and heavy rain at isolated places over Uttarakh and, West Uttar Pradesh, East Rajasthan, West Madhya Pradesh, Madhya Maharashtra, Konkan & Goa and Saurashtra & Kutch

As on August 20, the countrywide cumulative rainfall deficiency remains stagnant at -8%. Division wise, South India is the only region that is rain surplus by 13%, whereas East & Northeast India is the highest rain deficient pocket at -28%, followed by Northwest India at -6% and Central India at -3%.

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:

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.

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 21-08-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Oct)	-	3140	3140	3140	3140	-	-
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

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180820	10.22	10.26	9.98	10.09	-0.09	49,899	5,16,192	1,093
Mar-19	180820	11.06	11.11	10.89	10.96	-0.09	26,733	3,09,873	420
May-19	180820	11.28	11.33	11.14	11.2	-0.08	6,602	96,933	1,385
Jul-19	180820	11.53	11.56	11.4	11.44	-0.07	1,672	51,362	-47
Oct-19	180820	11.89	11.91	11.75	11.8	-0.06	985	44,472	544
Mar-20	180820	12.52	12.54	12.41	12.44	-0.07	289	14,706	3
May-20	180820	12.63	12.64	12.54	12.56	-0.06	31	3,035	4
Jul-20	180820	12.71	12.71	12.65	12.66	-0.06	11	2,793	1
Total Volume and Open Interest							86,281	10,42,969	3,408
London Sugar(LCE)									
Oct-18	180820	309	309.7	302.8	303.7	-3.8	7,077	48,128	-1,069

Dec-18	180820	310	310.3	305.2	306.1	-2.7	4,234	29,325	970
Mar-19	180820	313.3	313.3	308.8	309.7	-2.7	1,674	18,713	524
May-19	180820	317	317	313	314.2	-2.2	236	8,812	33
Aug-19	180820	322.1	322.7	318.7	319.9	-2.2	93	6,131	51
Total Volume and Open Interest							13,357	1,14,944	532

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Aug-18	20-Aug-18	
Delhi	Delhi	M-Grade	3150	3180	-30
	Delhi	S-Grade	3130	3160	-30
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3190	3200	-10
	Dhampur	S-Grade Ex-Mill	3170	3180	-10
	Dhampur	L-Grade Ex-Mill	3240	3250	-10
Maharashtra	Mumbai	M-Grade	3450	3460	-10
	Mumbai	S-Grade	3226	3230	-4
	Nagpur	M-Grade	Closed	3275	-
	Nagpur	S-Grade	Closed	3175	-
	Kolhapur	M-Grade	Closed	3150	-
	Kolhapur	S-Grade	Closed	3050	-
Assam	Guhawati	S-Grade	#VALUE!	3360	-
Meghalaya	Shillong	S-Grade	#VALUE!	3370	-
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	3400	3500	-100
	Dindigul	M-Grade	3740	3740	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)			22-Aug-18	20-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2925	2950	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-

	Muzaffarnagar	Rascut (Fresh)	2625	2675	-50
	Hapur	Chaurasa	NA	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	Closed	4100	-
		White	Closed	4000	-
		Black	Closed	2600	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4150	-
	Belgaum	Mudde (Average)	NA	3000	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3200	-
	Mahalingapura	Penti (Average)	NA	3204	-
	Mandya	Achhu (Medium)	NA	3350	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3300	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3950	-

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