

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Most of the sugar prices were noticed mixed tone on Friday. This was despite trade expectations that the release quota of 1.7 million tonnes for August was lower than probable demand.

The food ministry today extended the deadline for exporting 2 million tonne of sugar by three months to December as only a fourth of it has been shipped so far. In March, the government had allowed sugar export in view of record domestic output of 32 MT. Mill-wise, Minimum Indicative Export Quotas (MIEQ) were allocated by the ministry in May. Mills can export either sugar produced in the current 2017-18 season or the next 2018-19 season (October-September). As per the official data, only about 5 lakh tonne sugar has been exported so far. The shipments have been lower due to non-availability of raw sugar which is in demand in the global market.



Weather Update:

25th Aug: Heavy to very heavy rain at isolated places very likely over Jharkhand, Odisha, Uttar Pradesh, Uttarakhand and East Madhya Pradesh; heavy rain at isolated places very likely over Assam & Meghalaya, Bihar, Gangetic West Bengal, Andaman & Nicobar Islands, East Rajasthan, north Chhattisgarh, West Madhya Pradesh, Konkan & Goa and Coastal & South Interior Karnataka.

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:

The sugarcane crushing season is about to begin & Sugar mills will start the 2019 crushing season with a huge backlog of unsold stock & huge arrears. Several farmers are yet to get their arrears from the previous season. The outstanding arrears are now Rs 16,600 crore against the peak of Rs 23,232 crore in May-end. Problem of pending payments is particularly acute in UP, which accounts for 64% of the total outstanding arrears.

Bumper crops in Thailand (50% up from 2016-17) and expected 20-year record production of 21 million tonnes in EU is expected to keep global prices under pressure despite decline in output from Brazil. Huge opening stock in India and expected excess production of 9.5 mn tonnes over domestic demand in 2019 is likely to worsen the problem.

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%.

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.

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.

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 24-08-2018)

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
		23-Aug-18	23-Aug-18	23-Aug-18	23-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 23 Aug, 2018

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180823	10.14	10.21	10.03	10.12	-0.06	59,626	5,17,859	-5,133
Mar-19	180823	11.05	11.09	10.94	11	-0.07	33,030	3,19,133	4,793
May-19	180823	11.26	11.29	11.14	11.19	-0.08	9,624	97,984	466
Jul-19	180823	11.46	11.49	11.35	11.39	-0.08	5,054	51,088	-224
Oct-19	180823	11.78	11.78	11.66	11.7	-0.09	3,651	46,333	475
Mar-20	180823	12.38	12.38	12.28	12.31	-0.11	452	14,610	150
May-20	180823	12.48	12.48	12.39	12.41	-0.12	22	3,097	11
Jul-20	180823	12.48	12.5	12.48	12.5	-0.12	9	2,849	4
Total Volume and Open Interest							1,11,480	10,56,652	549

Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Oct-18	180823	305.6	307.4	302.9	306	0.2	3,779	47,011	-184
Dec-18	180823	307.2	308.1	304.4	306.8	-1.1	2,218	32,288	812
Mar-19	180823	312.3	312.5	309	310.8	-1.7	705	19,420	16
May-19	180823	315.5	316.5	313.2	314.9	-1.9	439	9,124	203
Aug-19	180823	321.5	321.5	318.6	320.6	-1.6	127	6,327	8
Total Volume and Open Interest							7,455	1,18,333	960

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Aug-18	23-Aug-18	
Delhi	Delhi	M-Grade	3130	3140	-10
	Delhi	S-Grade	3110	3120	-10
Uttar Pradesh	Khatauli	M-Grade	3280	3290	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3180	-20
	Dhampur	S-Grade Ex-Mill	3140	3160	-20
	Dhampur	L-Grade Ex-Mill	3210	3230	-20
Maharashtra	Mumbai	M-Grade	3446	3430	16
	Mumbai	S-Grade	3210	3206	4
	Nagpur	M-Grade	3200	3175	25
	Nagpur	S-Grade	3100	3075	25
	Kolhapur	M-Grade	3075	3050	25
	Kolhapur	S-Grade	2975	2950	25
Assam	Guhawati	S-Grade	3284	3258	25
Meghalaya	Shillong	S-Grade	3295	3270	25
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3550	3550	Unch
Tamil Nadu	Chennai	S-Grade	3400	3400	Unch
	Dindigul	M-Grade	3720	3720	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)			24-Aug-18	23-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2960	2960	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2650	2650	Unch
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4000	4025	-25
		White	3900	3900	Unch
		Black	2600	2600	Unch
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	3100	3100	Unch
	Gulbarga/Kalaburgi	Other (Average)	3075	3255	-180
	Mahalingapura	Penti (Average)	3230	3286	-56
	Mandya	Achhu (Medium)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3350	3350	Unch
	Shimoga/Shivamogga	Achhu (Average)	4050	4050	Unch

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