

Sugar & Gur Domestic & International Fundamentals

Recent Update:

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

Till 24th Aug 2018, sugarcane has been sown 50.60 lakh hectares, 1.48 % higher than 49.86 lakh ha till date last year and 9.15% higher than the normal acreage of 46.36 lakh ha till date.

Sugar prices have fallen to their lowest levels in a decade and are likely to drop further as record world-wide production collides with healthier eating. Raw sugar futures traded on the ICE Futures U.S. exchange settled at 10.23 cents a pound on friday, the lowest finish for a front-month contract since June 10, 2008.

According to Agricultural Statistic Agency. Brazil's total cane crush in the current crop at 635 million tonnes compared to 625 million tonnes in its May estimate and 633 million tonnes in the previous crop (2017/18). The agency, however, lowered its views for sugar production both for the country and for the center-south region. The agency projected center-south cane crush at 587 million tonnes versus 580 million tonnes seen in May and 588 million tonnes reported for the 2017/18 crop.

Weather Update:

27th Aug: Heavy to very heavy rain at isolated places very likely over Odisha and heavy rain at isolated places very likely over Uttarakhand, Haryana, Chandigarh & Delhi, East Rajasthan, northwest Madhya Pradesh, East Madhya Pradesh, Vidarbha, Chhattisgarh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gujarat region, Madhya Maharashtra, Konkan & Goa, Telangana, Coastal & South Interior Karnataka, Tamilnadu & Puducherry and Kerala.

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 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)			



Northwest India at -6% and Central India at -

Previous Updates:

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.

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.

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%.

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 24 Aug, 2018

Daily Futures Price Listing Fri August 24, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180824	10.08	10.48	10.08	10.23	0.11	59,033	5,18,616	757
Mar-19	180824	10.95	11.3	10.95	11.05	0.05	26,472	3,22,626	3,493
May-19	180824	11.15	11.46	11.15	11.24	0.05	10,540	98,974	990
Jul-19	180824	11.36	11.62	11.35	11.42	0.03	5,157	50,242	-846
Oct-19	180824	11.64	11.91	11.64	11.71	0.01	2,657	46,727	394
Mar-20	180824	12.27	12.49	12.26	12.29	-0.02	729	14,430	-180
May-20	180824	12.38	12.57	12.36	12.38	-0.03	97	3,095	-2
Jul-20	180824	12.48	12.65	12.45	12.46	-0.04	55	2,863	14
Total Volume and Open Interest							1,04,961	10,61,402	4,750

Daily Futures Price Listing Fri August 24, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Oct-18	180824	306	315.8	305.5	310.6	4.6	4,742	43,033	-3,978
Dec-18	180824	306.5	314.9	306.2	309.5	2.7	2,724	32,987	699
Mar-19	180824	310.4	317.7	309.9	312.2	1.4	953	19,408	-12
May-19	180824	314.6	320.5	313.8	315.3	0.4	175	9,143	19
Aug-19	180824	320.2	325.4	319.8	319.8	-0.8	94	6,322	-5
Total Volume and Open Interest							8,760	1,15,052	-3,281

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Aug-18	24-Aug-18	
Delhi	Delhi	M-Grade	3130	3130	Unch
	Delhi	S-Grade	3110	3110	Unch
Uttar Pradesh	Khatauli	M-Grade	3280	3280	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3160	3160	Unch
	Dhampur	S-Grade Ex-Mill	3140	3140	Unch
	Dhampur	L-Grade Ex-Mill	3210	3210	Unch
Maharashtra	Mumbai	M-Grade	3446	3446	Unch
	Mumbai	S-Grade	3210	3210	Unch
	Nagpur	M-Grade	3200	3200	Unch
	Nagpur	S-Grade	3100	3100	Unch
	Kolhapur	M-Grade	3075	3075	Unch
	Kolhapur	S-Grade	2975	2975	Unch
Assam	Guhawati	S-Grade	3284	3284	Unch

Meghalaya	Shillong	S-Grade	3295	3295	Unch
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)			25-Aug-18	24-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	4000	Unch
		White	3900	3900	Unch
		Black	2500	2600	-100
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	3000	3100	-100
	Gulbarga/Kalaburgi	Other (Average)	3080	3075	5
	Mahalingapura	Penti (Average)	NA	3230	-
	Mandya	Achhu (Medium)	NA	3300	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	3000	-
	Mandya	Yellow (Medium)	NA	3350	-
	Shimoga/Shivamogga	Achhu (Average)	NA	4050	-



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2018 Indian Agribusiness Systems Ltd.