

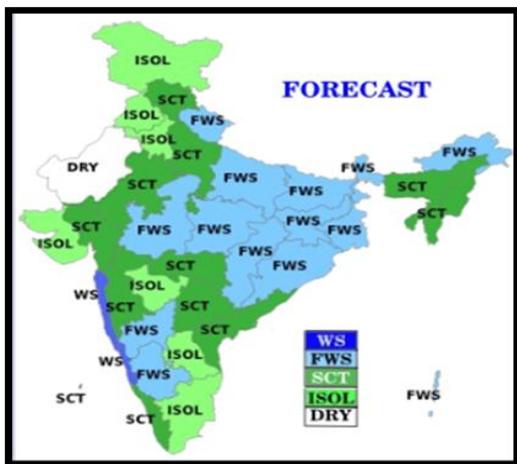
Sugar & Gur Domestic & International Fundamentals

Recent Update:

Most of the sugar prices were witnessed steady to weak on Thursday. This was despite trade expectations that the release quota of 1.7 million tonnes for August was lower than probable demand. Raw sugar futures in New York ended sharply higher as the market moved away from its recent lows on support from a strengthening Brazilian currency as well as short-covering. Currently trading at 10.37 cents/Lb and expecting Futures will trade at below 13 cents/Lb till March.

At Mumbai market , Sugar M-30 is trading at Rs. 3220-3446 per quintal, steady as against previous close. Sugar S-30 is offered at Rs. 3150-3210 per quintal, unchanged against previous close. Sugar M-30 at Kolahpur market is quoted lower at Rs. 3050 per quintal, down by 0.81 per cent from previous day. Sugar S-30 at Kolahpur market is offered lower at Rs. 2950 per quintal, lower by 0.84 per cent from previous trading day.

Philippines production estimate for crop year 2018/19 (Sep/Aug) is 2.225 mln tonnes, according to local press reports.



Weather Update:

31st Aug during the next 24 hours, heavy to very heavy rains are likely over parts of West Madhya Pradesh and Gujarat. Light to moderate rains with few heavy spells are expected over Vidarbha, South Chhattisgarh, many parts of Madhya Pradesh, parts of Haryana and West Uttar Pradesh. Light to moderate rains are expected over parts of Himachal Pradesh, Uttarakhand, west and central Uttar Pradesh, Southeast Rajasthan, North Chhattisgarh, parts of Odisha, Madhya Maharashtra, Konkan & Goa, Coastal Karnataka,

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

Coastal Odisha, Coastal Andhra Pradesh, parts of East Uttar Pradesh, foothills of Bihar, Assam and Meghalaya. Rest all places will witness light rains.

Previous Updates:

Notably, the average price for sugar ‘M’ grade in key Kolhapur market settled at Rs 3090 per quintal last week declined INR 39 per quintal from the previous week; while spot sugar prices for the same grade in Shamli district is 3185 per quintal at the end of last week, declined 23 rupees per quintal against previous week’s average price

Russian farmers harvested sugar beet from 54,200 ha as of August 27, or 4.8% of the area sown, according to the Ministry of Agriculture.

The Centre has ordered Sugar mills to pay for their past failures in meeting levy obligations in a surprise move that has come five years after the system was abolished. The new directive, issued a few days back, mandates sugar mills that did not fulfil their levy obligations to pay the difference between the prevailing market rate and the levy sugar price of the season. Under the now-abandoned levy obligation system, every domestic producer was supposed to sell a certain portion of sugar to government at a subsidized rate every sugar season.

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 remain under pressure as record world-wide production collides with rising trend of health conscious food habits which limits the intake of sugar in diets. 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.

The food ministry last week 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 million 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). The extension in deadline has been made because the international demand is for raw sugar whereas the Indian mills have stocks of only white currently. As the crushing of new crop of sugarcane begins in October, mills will be able to supply raw sugar to the international 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.

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 29-08-2018)

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.

Daily Futures Price Listing Wed August 29, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180829	10.3	10.46	10.24	10.37	0.06	63,406	5,02,637	-6,428
Mar-19	180829	11.11	11.26	11.05	11.12	0.01	36,763	3,27,110	-394
May-19	180829	11.26	11.41	11.22	11.26	-0.02	4,545	99,316	326
Jul-19	180829	11.42	11.56	11.38	11.41	-0.04	2,851	50,944	659
Oct-19	180829	11.75	11.82	11.66	11.68	-0.05	1,651	47,974	518
Mar-20	180829	12.36	12.37	12.25	12.26	-0.05	478	14,930	190
May-20	180829	12.34	12.37	12.33	12.34	-0.05	94	3,157	12
Jul-20	180829	12.43	12.44	12.42	12.42	-0.05	139	2,887	-22
Total Volume and Open Interest							1,10,104	10,53,046	-4,995

Daily Futures Price Listing Wed August 29, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Oct-18	180829	316.2	329.6	315.7	321.6	4.4	10,323	42,710	-273
Dec-18	180829	313	320.8	312.5	318.1	3.9	4,762	34,341	934
Mar-19	180829	313.8	318.8	313.4	316.9	2	1,635	19,810	271
May-19	180829	317.7	320.7	316.9	318.6	0.6	488	9,264	102
Aug-19	180829	322.4	324.4	320.7	322.4	0.4	141	6,377	20
Total Volume and Open Interest							17,883	1,16,791	1,177

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			30-Aug-18	29-Aug-18	
Sugar					
Delhi	Delhi	M-Grade	3150	3140	10
	Delhi	S-Grade	3130	3120	10
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3446	3446	Unch
	Mumbai	S-Grade	3210	3210	Unch
	Nagpur	M-Grade	3175	3200	-25
	Nagpur	S-Grade	3075	3100	-25
	Kolhapur	M-Grade	3050	3075	-25
	Kolhapur	S-Grade	2950	2975	-25
Assam	Guhawati	S-Grade	3258	3284	-25
Meghalaya	Shillong	S-Grade	3270	3295	-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	3350	3350	Unch
	Dindigul	M-Grade	3640	3640	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
			30-Aug-18	29-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)	2725	2763	-38
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4050	4100	-50
		White	3950	4000	-50
		Black	2650	2700	-50
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	2900	2900	Unch
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3150	3400	-250
	Mahalingapura	Penti (Average)	3179	3185	-6
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2900	50
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	4050	-

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