

## Sugar & Gur Domestic & International Fundamentals

### Recent Update:

**Most of the sugar prices were witnessed steady to weak on Friday.** 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 touched a three-week high as the market continued a rebound from last week's 10-year low of 9.91¢/lb. and expecting Futures will trade at below 13 cents/Lb till March.

A report recently filed with the USDA's Foreign Agricultural Service's Global Agricultural Network provides an update of Brazil's biofuel industry, predicting the country's ethanol production will reach 30.755 billion liters (8.12 billion gallons) this year, up 9 percent when compared to last year.

### Weather Update:



**01<sup>st</sup> Sep:** Heavy to very heavy rain at isolated places very likely over Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura and heavy rain at isolated places over Uttarakhand, Uttar Pradesh, East Rajasthan, Madhya Pradesh, Jharkhand, Gangetic West Bengal and Odisha.

Torrential rain is set to continue across central India into early next week, but it will also shift east to engulf parts of north eastern India. Once again, cities like Indore and Kanpur will be impacted by these daily downpours throughout the weekend and even into early next week. Unlike the previous week, the

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)			

periods of heavy rain will expand to affect other cities as well.

### 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 24<sup>th</sup> 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 Thu August 30, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">Oct-18</a>	180830	10.31	10.69	10.31	10.57	0.2	92,700	4,90,452	-12,185
<a href="#">Mar-19</a>	180830	11.08	11.45	11.08	11.34	0.22	57,276	3,34,266	7,156
<a href="#">May-19</a>	180830	11.22	11.56	11.22	11.44	0.18	11,213	99,836	520
<a href="#">Jul-19</a>	180830	11.38	11.69	11.38	11.57	0.16	4,916	51,435	491
<a href="#">Oct-19</a>	180830	11.65	11.93	11.65	11.8	0.12	2,509	48,872	898
<a href="#">Mar-20</a>	180830	12.25	12.48	12.23	12.35	0.09	821	14,946	16
<a href="#">May-20</a>	180830	12.33	12.45	12.33	12.43	0.09	31	3,167	10
<a href="#">Jul-20</a>	180830	12.5	12.5	12.5	12.5	0.08	56	2,862	-25
Total Volume and Open Interest							1,69,568	10,49,962	-3,084

Daily Futures Price Listing Thu August 30, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Oct-18</a>	180830	323.2	325	321.2	324.3	2.7	11,327	40,677	-2,033
<a href="#">Dec-18</a>	180830	319.1	322.6	317.1	321.7	3.6	6,769	35,467	1,126
<a href="#">Mar-19</a>	180830	318	321.5	315.3	320.7	3.8	3,044	20,629	819
<a href="#">May-19</a>	180830	320.2	322.8	317.6	322.2	3.6	1,276	9,177	-87
<a href="#">Aug-19</a>	180830	325	325.6	321.8	325.6	3.2	629	6,533	156
Total Volume and Open Interest							23,491	1,16,853	62

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			31-Aug-18	30-Aug-18	
Delhi	Delhi	M-Grade	3145	3150	-5
	Delhi	S-Grade	3125	3130	-5
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	3175	Unch
	Nagpur	S-Grade	3075	3075	Unch
	Kolhapur	M-Grade	3050	3050	Unch
	Kolhapur	S-Grade	2950	2950	Unch
Assam	Guhawati	S-Grade	3258	3258	Unch
Meghalaya	Shillong	S-Grade	3270	3270	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	3350	3350	Unch
	Dindigul	M-Grade	3620	3640	-20
	Coimbatore	M-Grade	3680	3680	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3600	-150

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)			31-Aug-18	30-Aug-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2960	2950	10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2750	2725	25
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	4050	50
		White	4000	3950	50
		Black	2550	2650	-100
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	Unch
	Belgaum	Mudde (Average)	NA	2900	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	3000	Unch
	Gulbarga/Kalaburgi	Other (Average)	3200	3150	50
	Mahalingapura	Penti (Average)	NA	3179	-
	Mandya	Achhu (Medium)	NA	3200	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3200	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3950	-

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