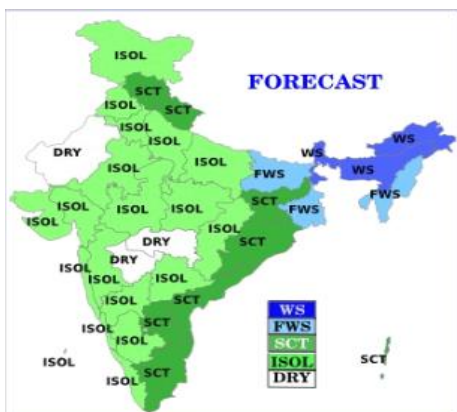


## Sugar & Gur Domestic & International Fundamentals

### Recent Update:

- **Sugar prices in most of the markets were witnessed steady to weak on Tuesday** as monthly sugar release quota for September was higher by over 14% from last month to 20 lakh tonnes. Millers, who have been sitting on huge sugar stocks, are expected to begin exporting as margin between domestic and export prices improved slightly. **Raw sugar futures rose to a seven-week high** as the market extended its recovery from a 10-year low.
- **Crushing of cane for the 2018-19 sugar season (October-September) set to begin in just over a month, the BJP government in Uttar Pradesh is set to approve a Rs 5,535-crore package** to help mills clear their outstanding payment dues to growers, which are now almost at Rs 10,000 crore. The Rs 5,535-crore amount would include Rs 1,010 crore to be disbursed to 24 cooperative factories and Rs 25 crore to the sole state corporation-owned mill. The balance Rs 4,500 crore will be given to private sugar mills — Rs 500 crore as grant and Rs 4,000 crore in the form of soft loans.

### Weather Update:



**12<sup>th</sup> Sep:** Heavy to very heavy rain at isolated places very likely over Sub Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya and heavy rain at isolated places over Bihar, Gangetic West Bengal, Nagaland Manipur Mizoram & Tripura, Coastal Andhra Pradesh, Tamilnadu & Puducherry and Rayalaseema.

Overall, the monsoon till August 30 has been 6 per cent less than normal, with several districts of north interior Karnataka, Rayalaseema, Bihar, Jharkhand,

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)			

Saurashtra and Kutch staring at a shortfall. The rainfall, according to agriculture ministry officials, has been well-distributed, though overall quantum might have been low in some regions. This they said won't have any impact on the overall production of kharif crops in 2018, which is poised for another record.

### Previous Updates:

**Till 07<sup>th</sup> Sep 2018, sugarcane has been sown in 51.94 lakh ha, 4.17% higher than 49.86 lakh ha till date** last year & 12.04% higher than the normal acreage of 46.36 lakh ha till date. As per ISMA, total area under sugarcane may rise 7.8% to 54.35 la ha in 2018/19 from 50.42 la ha this season.

**The government has fixed an export quota of 10,000 tonne of white/raw sugar to the European Union (EU) under a provision for a 12-month period beginning October.** A quantity of 10,000 tonne of raw or

white sugar under CXL concessions to the EU for the period October 2018 to September 2019. As per a provision of EU regulation, the release of sugar under this concession is subject to the presentation of a Certificate of Origin issued by the competent authority. Availing the CXL concessions on export to the EU, traders can export sugar at relatively low or zero customs duty.

**According to trade sources, the sugar mills are likely to crush 325 million tonnes of sugarcane crush between October 2018 and April 2019.** The total sugar cane payment is estimated at Rs. 1,00,000 crore on present sugarcane price fixed by the government. Center has fixed the appropriate and remunerative price (FRP) 275 per quintal for sugar acquisition of 10 percent for marketing year 2018-19.

**The Indian Sugar Mills Association had asked the government earlier this month to allow exports of around 6 mn-7 mn mt for the next season and to raise the minimum selling price of sugar to Rupees 36,000/mt.** However, it is yet to be seen what route the government will take to encourage mills to export next season and support domestic prices.

**Sitting on a huge stock of around 10 million tonnes of sugar, industry body again on Wednesday demanded that the government should hike the minimum selling price of sweetener to Rs 36** from the current Rs 29 per kg and fix compulsory export quota at 7 million tonnes to bail out the sector. India produced a record 32 million tonnes of sugar in the current 2017-18 marketing year (October-September). This is estimated to rise to 35-35.5 million tonnes next marketing year as against the domestic demand of 26 million tonnes. The government had asked mills to export 2 million tonnes in 2017-18 but only 4,50,000 tonnes have been shipped so far. The food ministry has extended the time period to export by three months till December.

**Brazil's sugar exports fell to 1.732 mln tonnes, raw value, in August 2018,** down from 1.885 mln in July and sharply below 2.816 mln in the same month last year, Trade Ministry data showed.

**Crushing of cane for the next sugar season (October 2018-September 2019) would commence in October** this year with production Agriwatch expected to be about 35 million tonnes. The mills usually complete crushing of cane by April and they would have to pay a fair remunerative price of Rs 97,000 crore to the farmers next season.

**ISMA officials had visited several countries, with some delegations led by government officials,** to learn about export opportunities. Refineries and importers in Bangladesh, Dubai, and China have shown interest to enter into long-term import contracts for raw sugar from October this year. However, exporters are unable to give commitments. These countries want the sugar at prices on a par with countries such as Brazil and Thailand.

**Brazil expected to produce about 30 million tonnes of sugar in the 2018-19** sugar season (including North East Brazil), 22 per cent lower than in the previous year. India, on the other hand, is projected to have an output of 35.5 million tonnes in the 2018-19 season (October-September), breaking the record of 32 million tonnes in 2017-18

**Till 31<sup>st</sup> Aug 2018, sugarcane has been sown 51.94 lakh hectares, 2.1 % higher than 49.86 lakh ha till date last year and 5.6% higher than the normal acreage of 46.36 lakh ha till date.**

**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.

**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.

**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 11-09-2018)

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 Mon September 10, 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>	180910	11.05	11.27	11.04	11.2	0.19	82,617	3,98,687	-23,615
<a href="#">Mar-19</a>	180910	11.82	12.08	11.82	12.03	0.25	62,767	3,26,373	-216
<a href="#">May-19</a>	180910	11.97	12.19	11.97	12.18	0.25	24,957	1,18,994	3,572
<a href="#">Jul-19</a>	180910	12.07	12.28	12.06	12.27	0.25	11,705	50,003	615
<a href="#">Oct-19</a>	180910	12.35	12.52	12.35	12.52	0.22	8,114	53,901	754
<a href="#">Mar-20</a>	180910	12.89	13.09	12.89	13.09	0.2	674	16,719	224
<a href="#">May-20</a>	180910	13.07	13.17	13.03	13.17	0.2	47	3,391	32
<a href="#">Jul-20</a>	180910	13.16	13.25	13.15	13.25	0.21	1	3,051	0
Total Volume and Open Interest							1,90,884	9,75,394	-18,632

Daily Futures Price Listing Mon September 10, 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>	180910	331.2	332.9	326.6	329.5	0.5	9,785	18,430	-2,955
<a href="#">Dec-18</a>	180910	333.4	336.5	332.5	334.2	2.3	12,105	40,584	-348
<a href="#">Mar-19</a>	180910	335	337.5	333.2	335.7	2.9	4,095	23,395	41
<a href="#">May-19</a>	180910	337.2	340.5	336.3	339.2	3.6	2,319	9,906	274
<a href="#">Aug-19</a>	180910	339.6	343.4	339	342	3.9	1,378	7,160	207
Total Volume and Open Interest							30,067	1,04,394	-2,637

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Sep-18	10-Sep-18	
Delhi	Delhi	M-Grade	3005	3020	-15
	Delhi	S-Grade	2985	3000	-15
Uttar Pradesh	Khatauli	M-Grade	3205	3205	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3100	Unch
	Dhampur	S-Grade Ex-Mill	3080	3080	Unch
	Dhampur	L-Grade Ex-Mill	3150	3150	Unch

Maharashtra	Mumbai	M-Grade	3400	3400	Unch
	Mumbai	S-Grade	3166	3166	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	3570	3570	Unch
Tamil Nadu	Chennai	S-Grade	3200	3325	-125
	Dindigul	M-Grade	3540	3540	Unch
	Coimbatore	M-Grade	3680	3680	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	3450	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)			11-Sep-18	10-Sep-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2970	2975	-5
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2750	2800	-50
	Hapur	Chaurasa	NA	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	4000	4000	Unch
		White	3900	3900	Unch
		Black	2550	2550	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4150	300
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3050	2875	175
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3161	-

	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3050	3050	Unch
	Mandya	Yellow (Medium)	3150	3150	Unch
	Shimoga/Shivamogga	Achhu (Average)	3900	3950	-50

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