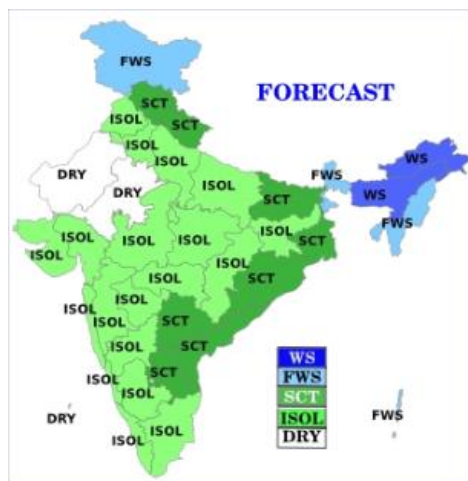


Sugar & Gur Domestic & International Fundamentals

Recent Update:

- **Sugar prices in most of the markets were witnessed steady to weak on Wednesday** 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. Sugar prices remained unchanged on routine demand, supply and volume. Prices at the Kolhapur wholesale market ruled steady for both S- M grade.
- **FAO's sugar price index dropped 5.4 percent from July, the lowest level in a decade.** The decline was largely due to the continued depreciation of the currencies of Brazil and India against the U.S. dollar.
- **The union cabinet on Wednesday increased the procurement price of ethanol** produced from B-heavy molasses (also called as intermediary molasses) to Rs 59 a litre from the current Rs 47.13 a litre and that produced from C-heavy molasses to Rs 53 a litre from the existing Rs 43.46 a litre, an increase of 25 per cent. Such an increase might lead to more sugar production as more mills start producing ethanol. In Such case sugar output likely to drop marginally if mills make ethanol directly from B-molasses

Weather Update:



13th Sep: Heavy rain at isolated places very likely over Assam & Meghalaya, Sub Himalayan West Bengal & Sikkim and Arunachal Pradesh.

Overall, the monsoon till August 30 has been 6 per cent less than normal, with several districts of north interior Karnataka, Rayalaseema, Bihar, Jharkhand, Saurashtra and Kutch staring at a shortfall. The rainfall, according to agriculture ministry officials, has been well-distributed, though overall quantum

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)			

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:

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.

Till 07th 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.

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 12-09-2018)

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 Tue September 11, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180911	11.21	11.27	11.08	11.18	-0.02	70,732	3,80,990	-17,697
Mar-19	180911	12.03	12.1	11.91	12	-0.03	50,050	3,34,135	7,762
May-19	180911	12.16	12.24	12.06	12.18	unch	18,692	1,22,684	3,690
Jul-19	180911	12.26	12.33	12.16	12.31	0.04	12,232	51,377	1,374
Oct-19	180911	12.49	12.59	12.4	12.58	0.06	7,041	55,188	1,287
Mar-20	180911	13.04	13.2	12.98	13.18	0.09	447	16,868	149
May-20	180911	13.12	13.25	13.11	13.25	0.08	61	3,402	11
Jul-20	180911	13.2	13.31	13.2	13.31	0.06	5	3,047	-4
Total Volume and Open Interest							1,59,262	9,71,968	-3,426

Daily Futures Price Listing Tue September 11, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Oct-18	180911	330	332	325.7	328.5	-1	8,609	14,855	-3,575
Dec-18	180911	335.3	337.9	333.1	337.5	3.3	10,741	41,964	1,380
Mar-19	180911	335.4	339	335.2	338.7	3	3,310	23,945	550
May-19	180911	339.8	342.5	338.9	342.3	3.1	552	10,029	123
Aug-19	180911	342.6	345.6	342	345.4	3.4	265	7,303	143
Total Volume and Open Interest							23,529	1,03,015	-1,379

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Sep-18	11-Sep-18	
Delhi	Delhi	M-Grade	2926	3005	-79
	Delhi	S-Grade	2906	2985	-79
Uttar Pradesh	Khatauli	M-Grade	3210	3205	5
	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	3360	3400	-40
	Mumbai	S-Grade	3146	3166	-20
	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	3540	3600	-60
	Vijayawada	S-Grade	3480	3540	-60
West Bengal	Kolkata	M-Grade	3570	3570	Unch
Tamil Nadu	Chennai	S-Grade	3200	3200	Unch
	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)			12-Sep-18	11-Sep-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2950	2970	-20
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	2813	2750	63
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	4100	4000	100
		White	3900	3900	Unch
		Black	2700	2550	150
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-

Bijapur/Vijayapura	Achhu	NA	3050	-
Gulbarga/Kalaburgi	Other (Average)	3160	3150	10
Mahalingapura	Penti (Average)	3137	3089	48
Mandya	Achhu (Medium)	3100	3100	Unch
Mandya	Kurikatu (Medium)	3050	3050	Unch
Mandya	Other (Medium)	3000	3050	-50
Mandya	Yellow (Medium)	3150	3150	Unch
Shimoga/Shivamogga	Achhu (Average)	NA	3900	-

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