

## Sugar & Gur Domestic & International Fundamentals

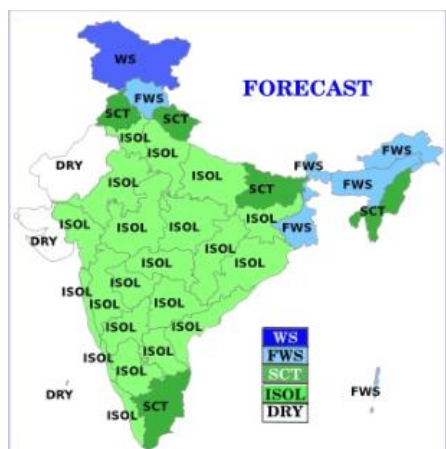
### Recent Update:

**Most of the markets were closed on Thursday due to Ganesh festival.** 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. Amid ample stocks against limited offtake, sugar prices came down sharply by up to Rs 70 per quintal at the wholesale market in the national Wednesday. Sources attributed a steep fall in the prices to huge stock positions following increased supplies, driven by record output.

**Raw sugar futures in New York rallied 4.4% in heavy volume to a two-month high.** The U.S. Department of Agriculture raised its estimate of U.S. beet sugar production for 2018/19 by 235,923 short tons, raw value to 5.343 mln.

**Sugar mills in Brazil's Centre/South crushed 43.306 mln tonnes of cane** in the second half of August, up from 33.562 mln in the rain-affected first half of the month and also above 39.076 mln in the same period a year ago, Unica data showed.

### Weather Update:



**14<sup>th</sup> Sep:** Heavy rain at isolated places very likely over Assam & Meghalaya, Sub Himalayan West Bengal & Sikkim, Jammu & Kashmir and Tamilnadu. ♦Thunderstorm accompanied with lighting very likely at isolated places over Jammu Division and Punjab.

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 might

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)			

have been low in some regions.

any impact on the overall production of kharif crops in 2018, which is poised for another record.

### Previous Updates:

**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

**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 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.

**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 Wed September 12, 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>	180912	11.16	11.71	11.13	11.67	0.49	1,47,363	3,24,566	-56,424
<a href="#">Mar-19</a>	180912	11.95	12.36	11.92	12.33	0.33	1,07,098	3,51,200	17,065
<a href="#">May-19</a>	180912	12.16	12.47	12.12	12.44	0.26	18,983	1,23,139	455
<a href="#">Jul-19</a>	180912	12.27	12.55	12.25	12.53	0.22	13,555	51,247	-130
<a href="#">Oct-19</a>	180912	12.55	12.82	12.55	12.79	0.21	9,924	57,137	1,949
<a href="#">Mar-20</a>	180912	13.11	13.39	13.11	13.37	0.19	1,043	17,234	366
<a href="#">May-20</a>	180912	13.18	13.42	13.18	13.42	0.17	89	3,427	25
<a href="#">Jul-20</a>	180912	13.23	13.45	13.23	13.45	0.14	33	3,062	15
Total Volume and Open Interest							2,98,100	9,35,290	-36,678

Daily Futures Price Listing Wed September 12, 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>	180912	328.4	336.1	325.1	335.2	6.7	10,398	12,208	-2,647
<a href="#">Dec-18</a>	180912	337.1	347.8	334.8	347	9.5	10,794	42,975	1,011
<a href="#">Mar-19</a>	180912	338.3	347.4	336.5	346.9	8.2	2,881	24,716	771
<a href="#">May-19</a>	180912	342	349.7	340.3	348.9	6.6	536	10,108	79
<a href="#">Aug-19</a>	180912	344.2	351.3	344	351.3	5.9	173	7,368	65
Total Volume and Open Interest							24,813	1,02,289	-726

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			13-Sep-18	12-Sep-18	
Delhi	Delhi	M-Grade	2926	2926	Unch
	Delhi	S-Grade	2906	2906	Unch
Uttar Pradesh	Khatauli	M-Grade	3210	3210	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	Closed	3360	-
	Mumbai	S-Grade	Closed	3146	-
	Nagpur	M-Grade	Closed	3175	-
	Nagpur	S-Grade	Closed	3075	-
	Kolhapur	M-Grade	Closed	3050	-
	Kolhapur	S-Grade	Closed	2950	-
Assam	Guhawati	S-Grade	Closed	3258	-
Meghalaya	Shillong	S-Grade	Closed	3270	-
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3480	3480	Unch
West Bengal	Kolkata	M-Grade	3560	3570	-10
Tamil Nadu	Chennai	S-Grade	Closed	3200	-
	Dindigul	M-Grade	3560	3540	20
	Coimbatore	M-Grade	3620	3680	-60
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)			13-Sep-18	12-Sep-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	Closed	2950	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	NA	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	NA	-
	Muzaffarnagar	Rascut (Fresh)	Closed	2813	-
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	Closed	4100	-
		White	Closed	3900	-
		Black	Closed	2700	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4450	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-

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

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