

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Sugar prices in most of the markets were witnessed steady to firm on Monday. After the announcement of the export incentives for sugar millers in the country, Sugar stocks gained from this move and Sugar prices have risen up to Rs 20-50 per quintal at the wholesale market due to aggressive offtake by stockists and bulk consumers after the hike in ethanol price. Marketmen said frantic buying by bulk consumers such as soft uch as soft-drink, ice-cream and confectioners coupled with thin supplies lifted sweetener prices notably high.

The 1st advance estimate of production of sugarcane for 2018-19 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 26th September, 2018. The Production of **Sugarcane** is estimated at 383.89 million tonnes which is higher by 6.99 million tonnes than the last years production of 376.90 million tonnes. Further, it is higher by 41.85 million tonnes than the average production of last five years.

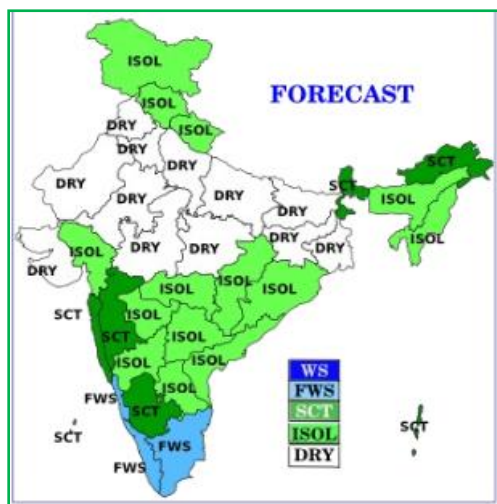
The Union government on last week announced a Rs 5,500 crore package for the sugar industry, including over two-fold jump in production aid to cane growers and transport subsidy to mills for exports. The Centre will provide assistance to mills by compensating expenditure towards internal transport, freight, handling and other charges to facilitate 5 million tonnes (MT) export during the 2018-19 (October-September).

A transport subsidy of Rs 1,000 per tonne will be given for mills located within 100 kms from the ports, Rs 2,500 per tonne for mills located beyond 100 kms from the port in the coastal states and Rs 3,000 per tonne for mills located in other than coastal states or actual expenditure, whichever is lower.

Raw sugar futures on ICE rebounded on short-covering on Friday after plunging to 10-year lows in the prior session. Further reports of dry weather issues in some producing regions did not attract enough support to prevent raw sugar futures heading 'south' again this week.

Weather Update:

03rd Oct: Heavy to very heavy rainvery likely at isolated places over Tamilnadu & Puducherry and heavy rain at isolated places over Kerala.



The Indian Meteorological Department (IMD) defines average, or normal, rainfall as between 96 percent and 104 percent of a 50-year average of 89 cm for the entire four-month season. The IMD adopted a so-called dynamic model, based on a US model tweaked for India, for the first time last year to improve the accuracy of its forecasts. The IMD had predicted that the June-September monsoon, crucial for a host of cash and food crops in India, will set to start receding from the northwest from Saturday onwards. The monsoon usually starts withdrawing in the first week of

September, but this year it has been delayed by nearly four weeks, Meanwhile, an extraordinarily dry spell in the month of September has meant an overall deficit of roughly nine percent in the Southwest Monsoon.

Previous Updates:

Sugarcane farmers are currently battling two problems. On one hand they cannot get the payment of cane. If he is getting delayed then he too will be delayed. At the same time the ground water level is declining. It is also increasing the cost of production. The main reason for not getting the payment from time to time is that the price of sugarcane is fixed by the government whereas sugar mills have to be sold at the Chinese market price.

With international sugar prices ruling at a decade's low due to surplus supplies, sugar millers from Maharashtra have asked the state government to make it mandatory for mills to produce raw sugar during the first two months of the crushing season beginning October 1.

Most of the markets prices were noticed steady to weak tone on Friday.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.

The Union Cabinet did not consider Wednesday Rs 4,500 crore plan to more than double the production assistance paid to sugarcane farmers and transport subsidy to sugarNSE 0.00 % exporting mills. The Cabinet Committee on Economic Affairs (CCEA) may take up the food ministry's proposal next week, they added. The ministry has proposed sharp increase in production assistance to farmers to Rs 13.88 per quintal for 2018-19 marketing year (October-September) from Rs 5.5 at present. The proposal to raise production assistance and transport subsidy of up to Rs 3,000 per tonne to mills for exports of five million tonnes of surplus sugar is part of the government plan to clear more than Rs 13,500 crore arrears sugar mills have towards farmers. Yesterday, sources had said the government will have to bear about Rs 4,500 crore on account of these measures to help sugar mills and cane farmers.

Brazilian and Australian sugar industry groups are working together with their respective governments to prepare a formal complaint to the World Trade Organization (WTO) over any possible sugar export subsidy by India, a top Brazilian sugar official told Reuters. Brazil and Australia view any subsidy by India, set to take over as the world's largest sugar producer this year, as a grave threat to a recent price recovery.

U.S.beet sugar production for 2018/19 is projected up 235,923 short tons, raw value STRV) to 5.343 million.The increase is based on sugarbeet area and yield forecasts made by NASS in Crop Production, on improved sugar extraction based on processor-reported field conditions heading into the harvest campaign, and on a lower projected beet pile shrink.Based on NASS sugarcane yield and area harvested and processors' forecast area for seed, 2018/19 cane sugar production in Louisiana is increased by 4,021 STRV to 1.785 million. Projected imports from Mexico are reduced to 842,150 STRV and projected high-tier tariff imports are increased to 45,000 STRV. There are no changes to 2018/19 sugar use.Ending stocks for 2018/19 are projected at 1.687 million STRV for a stocks-to-use ratio of 13.5 percent.

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.

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.

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 01- 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 Fri September 28, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-18	180914	11.64	11.68	11	11.16	-0.52	1,91,089	2,15,382	-62,687
Mar-19	180914	12.43	12.45	11.85	12.02	-0.43	1,58,019	3,89,387	26,792
May-19	180914	12.53	12.58	12.03	12.19	-0.37	31,559	1,23,348	-438
Jul-19	180914	12.6	12.64	12.13	12.29	-0.32	14,085	57,445	3,793
Oct-19	180914	12.79	12.85	12.38	12.54	-0.26	4,075	61,198	406
Mar-20	180914	13.35	13.35	13	13.09	-0.23	1,025	17,716	179

May-20	180914	13.34	13.34	13.03	13.13	-0.19	199	3,448	27
Jul-20	180914	13.31	13.31	13.03	13.17	-0.16	169	3,124	56
Total Volume and Open Interest							4,00,292	8,75,376	-31,823

Daily Futures Price Listing Fri September 28, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Oct-18	180914	336.1	336.1	312.9	328.9	-3.7	6,016	3,793	-3,441
Dec-18	180914	350	351.6	337.7	339.7	-10.9	10,949	44,311	561
Mar-19	180914	350	351.3	338.5	340.5	-10	4,252	27,030	1,376
May-19	180914	351.9	352.5	341.4	343.8	-8.8	1,022	9,948	-222
Aug-19	180914	354	354.5	344.3	346.4	-8.1	411	7,287	-24
Total Volume and Open Interest							22,786	97,247	-1,753

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			01-Oct-18	29-Sep-18	
Delhi	Delhi	M-Grade	3240	3160	80
	Delhi	S-Grade	3220	3140	80
Uttar Pradesh	Khatauli	M-Grade	3440	3400	40
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3350	3326	24
	Mumbai	S-Grade	3196	3220	-24
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch

West Bengal	Kolkata	M-Grade	3560	3650	-90
Tamil Nadu	Chennai	S-Grade	3225	3225	Unch
	Dindigul	M-Grade	3520	#N/A	-
	Coimbatore	M-Grade	3620	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3450	#N/A	-
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)			01-Oct-18	29-Sep-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3528	3375	153
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	Closed	NA	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	4100	3900	200
		White	3400	3600	-200
		Black	2600	2550	50
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	2600	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	2900	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3044	NA	-
	Mandya	Achhu (Medium)	3050	3050	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2850	2900	-50
	Mandya	Yellow (Medium)	3050	3050	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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