

Sugar &Gur Domestic & International Fundamentals

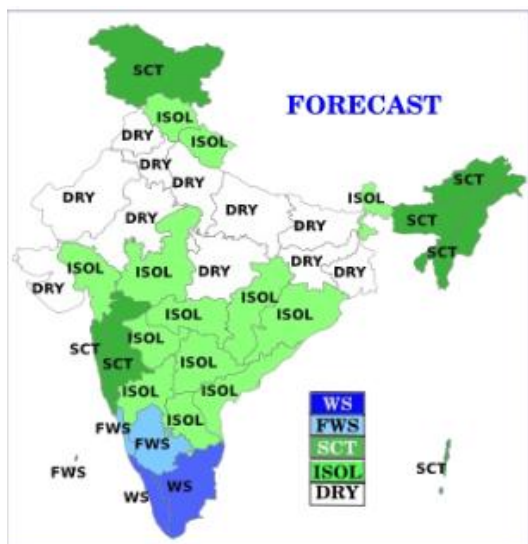
Recent Update:

Sugar prices in most of the markets were witnessed steady to firm on Wednesday. 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 government has decided to raise the amount of subsidised loans to sugar mills to expand their ethanol production to Rs 6,139 crore, up 38% from Rs 4,440 crore announced earlier, an official source told FE. The lure of subsidised loans and a recent hike in prices of ethanol meant for blending with petrol, have prompted dozens of sugar companies to plan capacity expansion to produce more ethanol. As many as 114 sugar units belonging to various companies have been selected by the food ministry to avail of the subsidised loan.

In Tamil Nadu, with poor rainfall hitting sugarcane production for the last six years, capacity utilisation dropped to 27% and production in 2017-2018 was just 0.7 million tons. It is expected to be 0.85 million tons in 2018-2019 and capacity utilisation at about 32 %. With lower capacity utilisation, the cost of production of sugar for TN mills will be higher by Rs 10 a kg compared to mills in other States.

Weather Update:



04th Oct: Heavy to very heavy rainvery likely at isolated places overTamilnadu & Puducherry and Kerala and heavy rain at isolated places over South Interior Karnataka.

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:

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.

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 fora 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.

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 03- 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 October 02, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-19	181002	11.61	12.26	11.57	12.07	0.46	60,619	4,87,422	4,652
May-19	181002	11.7	12.34	11.66	12.16	0.47	16,625	1,46,193	2,783
Jul-19	181002	11.82	12.41	11.78	12.28	0.47	8,271	76,619	2,027
Oct-19	181002	12.13	12.69	12.1	12.56	0.44	3,723	71,193	452
Mar-20	181002	12.75	13.33	12.73	13.19	0.44	1,697	23,339	209
May-20	181002	12.88	13.46	12.84	13.31	0.43	295	5,553	16
Jul-20	181002	13.02	13.54	12.95	13.41	0.43	151	4,503	19
Oct-20	181002	13.44	13.74	13.44	13.61	0.41	79	4,640	8
Total Volume and Open Interest							91,463	8,21,771	2,634

Daily Futures Price Listing Tue October 02, 2018									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Dec-18	181002	326.8	338.8	324.7	333.5	6.3	6,163	43,081	521
Mar-19	181002	325.6	339.1	324.2	333.9	7.2	4,298	32,215	-108
May-19	181002	330.4	343.1	328.4	338.3	8	1,080	11,916	296
Aug-19	181002	334.4	345.4	332.6	342.3	8	405	7,961	146
Oct-19	181002	336.8	348.9	336.1	346.3	8.3	313	3,102	165
Total Volume and Open Interest							12,396	1,00,977	1,084

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			03-Oct-18	01-Oct-18	
Delhi	Delhi	M-Grade	3250	3240	10
	Delhi	S-Grade	3230	3220	10
Uttar Pradesh	Khatauli	M-Grade	3420	3440	-20
	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	3350	Unch
	Mumbai	S-Grade	3220	3196	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	3560	Unch
Tamil Nadu	Chennai	S-Grade	3300	3225	75
	Dindigul	M-Grade	3530	#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)			03-Oct-18	01-Oct-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3678	3528	150
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	3900	4100	-200
		White	3300	3400	-100
		Black	2550	2600	-50
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	2600	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2900	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3044	-

	Mandya	Achhu (Medium)	NA	3050	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2850	-
	Mandya	Yellow (Medium)	NA	3050	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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