

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Most of the sugar market were closed next two days due to Dussehra. After the announcement of the export incentives for sugar millers in the country and Festive demand kept sugar prices supportive. The Sugar prices improved on tuesday on back of higher festival demand. At the Delhi wholesale market, prices were up Rs 5-10 a quintal. Freight rates were also firm.

Sugar market ruled steady for the second consecutive day on normal demand, supply and volume. Mills continued to sell at prevailing rates to ease their old stocks as new crushing season is expected to start soon.. The Bombay Sugar Merchants Association spot rates: S-grade ₹3,102-3,186 and M-grade ₹3,180-3,516. Naka delivery rates: S-grade ₹3,080-3,150 and M-grade ₹3,120-3,250.

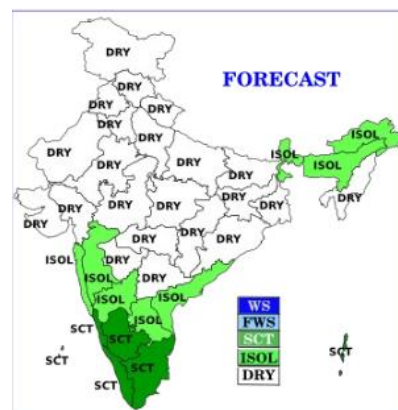
After a bumper crop, sugar stockpiles in the country, the world's second-largest producer of the sweetener, have more than doubled since last year. With another record crop expected in the current growing season, India is subsidising sugar exports, threatening to glut the market even as prices fell to the lowest in ten years on September 27. But, an infestation of white grubs in Maharashtra, India's second-biggest sugar producing state, and neighbouring Karnataka, the third-largest producer, could mean sugar output for the 2018-19 crop year will be 9% less than earlier estimates.

Weather Update:

20th Oct ♦ Heavy rainfall very likely at isolated places over Tamilnadu & Puducherry and Kerala

22nd Oct Heavy rainfall llikely at isolated places over Andaman & Nicobar Islands.

The June to September monsoon provided 23% less rainfall than normal this year, according to state government data. India's biggest sugar producing state, Uttar Pradesh, also received slightly less rainfall than normal but the grubs have not infested crops there.



Previous Updates:

Sugar stocks continued to witness buying on Monday after a media report indicated that the government is planning to provide funding to set up an ethanol plant. Uttam Sugar, Dalmia Sugar, Dwarikesh Sugar, Ponni Sugars (E), KCP Sugar, Bannariamman, Bajaj Hindusthan, Andhra Sugar, EID Parry and Balrampur Chini rallied 6-15 percent. To boost ethanol production, the government is planning to provide financial help to sugar companies. The government targets to increase ethanol's limit in petrol to 20 percent from current level of 10 percent, hence, it may approve loan to set up an ethanol plant, sources said.

India has a surplus (opening stock) of 10.5 million tonnes from the last season and it is expected to produce around 33.5 million tonnes of the sweetener in 2018-19 starting October. So the total

availability of sugar this year will be around 44 million tonnes against the expected domestic consumption of 26 million tonnes, thus putting a burden on the mills to clear huge sugar stocks -around Rs 37 per kg in the national capital compared to around Rs 40-43 a year ago.

Brazil has decided to cut down sugar production by earmarking more cane for manufacturing ethanol, so India finds a space where the domestic surplus can be accommodated. To achieve it, we will have to produce sugar of 45 ICUMSA grade. Currently, we produce sugar whose grade is between 100-150 ICUMSA. India has a surplus (opening stock) of 10.5 million tonnes from the last season and it is expected to produce around 33.5 million tonnes of the sweetener in 2018-19 starting October.

The US Department of Agriculture (USDA) reduced its outlook for US sugar production in 2018/19 (Oct/Sep) by 65,995 tons to 9.262 mln short tons raw value, while the estimate for 2017/18 production was cut by 6,899 tons to 9.248 mln.

Maharashtra's sugar industry has ramped up efforts to export 15 lakh tonnes of sugar till March. The central government has also decided to take weekly review of sugar exports as the country plans to export total of 9 million tonnes of sugar in next two years. The government has given mill wise quota to export 50 lakh tonnes of sugar in 2018-19 and extended incentives of Rs 138/tonne of sugarcane.

Sugar mills, currently producing little or no bio-ethanol from B-class molasses, plan to ramp up production. They may constitute 10 per cent of total ethanol produced in the sugar season 2018-19, according to industry sources

The world sugar market could see a shortfall in 2019/20 after two years of over-supply as Brazil and the European Union cut production, but strong Indian output will still weigh on the market, ADM Investor Services International said on last week. The market could swing to a deficit of roughly 2 million tonnes in the 2019/2020 season, from an expected surplus of 4-5 million tonnes in the current 2018/19 season.

U.S. sugar supply for 2017/18 is decreased by 58,022 short tons, raw value (STRV). The decrease reflects a reduction in estimated Louisiana cane sugar production for the month of September 2018 and a net reduction in imports. Imports under tariff-rate quotas (TRQs) are reduced by 62,527 STRV but are partially offset by a 10,000 -STRV increase in high- tier tariff imports and a 1,404-STRV increase in re-export imports. U.S. sugar supply for 2018/19 is reduced by 99,496 STRV. The reduction reflects lower beginning stocks and lower production partially offset by a shift in free trade agreement 2018 calendar year TRQ imports from the third quarter of 2018 to the fourth quarter. Beet sugar production for 2018/19 is reduced 106,719 STRV on a lower sugarbeet production forecast by NASS. Cane sugar production in Louisiana is increased by 40,724 STRV on NASS increases for both sugarcane area and yield forecasts.

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 17-10-2018)

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.

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		17-Oct-18	10-Oct-18	15-Sep-18	17-Oct-17	17-Oct-18
Oct-18	8.01	2303	2217	#N/A	2132	73.48
Mar-19	10.77	2260	2134	#N/A	2040	
May-19	10.39	2271	2160	#N/A	2058	

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		17-Oct-18	10-Oct-18	15-Sep-18	17-Oct-17	17-Oct-18
Oct-18	12.48	2824	2731	#N/A	2510	73.48
Dec-18	16.32	2781	2643	#N/A	2391	
Mar-19	14.89	2766	2651	#N/A	2407	

(Source: Reuters)* Today – figures are a day ago Quotes.

Commodity (18-Oct-18)	Price (\$/Ton)	Change
Thai Sugar FOB 45 Icumsa	378.50	12.00

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Oct-18	17-Oct-18	
Delhi	Delhi	M-Grade	3250	3250	Unch
	Delhi	S-Grade	3230	3230	Unch
Uttar Pradesh	Khatauli	M-Grade	3410	3410	Unch
	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	Closed	3386	-
	Mumbai	S-Grade	Closed	3200	-
	Nagpur	M-Grade	Closed	3225	-
	Nagpur	S-Grade	Closed	3125	-
	Kolhapur	M-Grade	Closed	3100	-
	Kolhapur	S-Grade	Closed	3000	-
Assam	Guhawati	S-Grade	Closed	3309	-
Meghalaya	Shillong	S-Grade	Closed	3320	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	3600	-
	Vijayawada	S-Grade	Closed	3540	-
West Bengal	Kolkata	M-Grade	Closed	3600	-
Tamil Nadu	Chennai	S-Grade	Closed	3250	-
	Dindigul	M-Grade	3540	3540	Unch
	Coimbatore	M-Grade	3580	3580	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)			18-Oct-18	17-Oct-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3200	3378	-178
	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	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	Closed	Closed	-
		White	Closed	Closed	-
		Black	Closed	Closed	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	NA	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3200	-
	Mahalingapura	Penti (Average)	NA	3159	-
	Mandya	Achhu (Medium)	NA	3200	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2900	-
	Mandya	Yellow (Medium)	NA	3200	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3700	-

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