

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Most of the sugar markets witnessed a mixed trend as demand eased. Prices for fine variety gained Rs 3-5 a quintal. 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.

Amid uncertainty over cane farmers' advance payments, dozens of sugar mills in Maharashtra are set to commence crushing for the current season (October 1, 2018 to September 30, 2019) on Saturday. Mills in Uttar Pradesh, however, are waiting for the cane to mature and hope to start crushing around Diwali. With this, sugar mills will delay commencement of their crushing operations by three weeks in Maharashtra and by over six weeks in Uttar Pradesh despite estimates of an all-time high cane crop output in the current season.

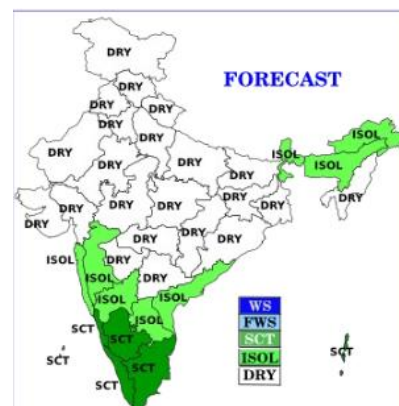
According to the First Advanced Estimate, India's sugarcane output is estimated around 384 million tonnes for 2018-19 compared to 377 million tonnes in the previous year. Surprisingly, unlike the past few years of cane glut, neither the Maharashtra nor Uttar Pradesh governments encouraged sugar mills to commence crushing for the current season. Both the governments, in consultations with the industry, had announced earlier that crushing activity this year will commence early to control the record high availability of cane.

Weather Update:

20th Oct ♦ Heavy rainfall likely 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 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.

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.

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
		19-Oct-18	12-Oct-18	17-Sep-18	19-Oct-17	19-Oct-18
Oct-18	9.54	2339	2231	1728	2135	73.43
Mar-19	11.02	2285	2160	1882	2058	
May-19	11.27	2304	2180	1911	2071	

(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
		19-Oct-18	12-Oct-18	17-Sep-18	19-Oct-17	19-Oct-18
Oct-18	12.82	2851	2717	2483	2527	73.43
Dec-18	15.12	2783	2733	2395	2417	
Mar-19	14.54	2783	2682	2410	2430	

(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			20-Oct-18	18-Oct-18	
Delhi	Delhi	M-Grade	3200	3250	-50
	Delhi	S-Grade	3180	3230	-50
Uttar Pradesh	Khatauli	M-Grade	3420	3410	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3220	3200	20
	Dhampur	S-Grade Ex-Mill	3200	3180	20
	Dhampur	L-Grade Ex-Mill	3270	3250	20
Maharashtra	Mumbai	M-Grade	3372	Closed	-
	Mumbai	S-Grade	3176	Closed	-
	Nagpur	M-Grade	3225	Closed	-
	Nagpur	S-Grade	3125	Closed	-
	Kolhapur	M-Grade	3100	Closed	-
	Kolhapur	S-Grade	3000	Closed	-
Assam	Guhawati	S-Grade	3309	Closed	-
Meghalaya	Shillong	S-Grade	3320	Closed	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	Closed	-
	Vijayawada	S-Grade	Closed	Closed	-
West Bengal	Kolkata	M-Grade	3600	Closed	-
Tamil Nadu	Chennai	S-Grade	3250	Closed	-
	Dindigul	M-Grade	3540	#N/A	-
	Coimbatore	M-Grade	3580	#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)			20-Oct-18	18-Oct-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3250	3200	50
	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	NR	Closed	-
		White	NR	Closed	-
		Black	NR	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	2950	NA	-
	Gulbarga/Kalaburgi	Other (Average)	3105	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3200	NA	-
	Mandya	Kurikatu (Medium)	3000	NA	-
	Mandya	Other (Medium)	2900	NA	-
	Mandya	Yellow (Medium)	3150	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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