

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Sugar wholesale market prices witnessed mixed trend Wednesday. 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. ICE Mar and May futures ended with slight losses on Tuesday it around -0.2 c/lb and white sugar with small gains as the markets were in consolidation mode.

The statistics from National Federation of Sugar Factories Ltd. (NFSFL) shows that, there has been drop of 2 kg in sugar consumption per person per year. In 2014-15, India's sugar consumption was 20.5 kg per person, but it has dropped to 18.5 kg per person in financial year 2017-18. In financial year 2017-18 India's total sugar production was 32 million tonnes and consumption were around 25 million tonnes.

Weather Update:

25th Oct ♦ Thunderstorm with gusty winds very likely at isolated places over Tamilnadu & Puducherry and Kerala.

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:

Increased demand for Indian sugar has driven up export deals signed by domestic millers to about 3.5 lakh tonnes, according to the All India Sugar Traders Association (AISTA). However, full-fledged production and dispatches may commence only after Diwali, which falls on November 7 this year, because of agitations by organisations representing farmers and labourers.

The Maharashtra government has started issuing the mandatory crushing licences required for the mills to begin production in the country's top sugar producing state. More than 30 of the 196 mills which will operate this season have taken licences from the state's sugar commissionerate, said. A few mills from Pune and Ahmednagar region will kick-start crushing operations this week. However, Kolhapur-Sangli region, which accounts for about a quarter of the state's sugar production, will have to wait to commence crushing of sugarcane, according to the industry. Mills from Marathwada will also have to wait another fortnight to begin sugar production.

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.

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 BalrampurChini 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.

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 24-10-2018)

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
		23-Oct-18	16-Oct-18	21-Sep-18	23-Oct-17	23-Oct-18
Oct-18	10.65	2332	2263	1744	2107	73.78
Mar-19	12.90	2282	2193	1880	2022	
May-19	12.99	2304	2215	1899	2039	

(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
		23-Oct-18	16-Oct-18	21-Sep-18	23-Oct-17	23-Oct-18
Oct-18	13.41	2838	2765	2458	2503	73.78
Dec-18	17.30	2807	2708	2378	2393	
Mar-19	16.27	2790	2698	2392	2400	

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

Commodity(18-Oct-18)	Price (\$/Ton)	Change
Thai Sugar FOB 45 Icumsa	380.50	3.50

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Oct-18	23-Oct-18	
Delhi	Delhi	M-Grade	3200	3200	Unch
	Delhi	S-Grade	3180	3180	Unch
Uttar Pradesh	Khatauli	M-Grade	3435	3440	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3260	3260	Unch
	Dhampur	S-Grade Ex-Mill	3240	3240	Unch
	Dhampur	L-Grade Ex-Mill	3310	3310	Unch
Maharashtra	Mumbai	M-Grade	3396	3382	14
	Mumbai	S-Grade	3220	3210	10
	Nagpur	M-Grade	3250	3275	-25
	Nagpur	S-Grade	3150	3175	-25
	Kolhapur	M-Grade	3125	3150	-25
	Kolhapur	S-Grade	3025	3050	-25
Assam	Guhawati	S-Grade	3334	3360	-25
Meghalaya	Shillong	S-Grade	3345	3370	-25
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3540	3540	Unch
West Bengal	Kolkata	M-Grade	3590	3590	Unch
Tamil Nadu	Chennai	S-Grade	3260	3230	30
	Dindigul	M-Grade	3540	3540	Unch
	Coimbatore	M-Grade	3640	3640	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	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)			24-Oct-18	23-Oct-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	3000	3078	-78
	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	4400	4400	Unch
		White	4000	4000	Unch
		Black	2700	2700	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4250	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3150	-
	Mahalingapura	Penti (Average)	NA	3138	-
	Mandya	Achhu (Medium)	NA	3200	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3100	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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