

## Sugar &Gur Domestic & International Fundamentals

### Price Outlook:

**Sugar Mills are quoting lower prices now on the back of poor demand as buyers have already made purchases for the festival.** Increased selling pressure on domestic mills due to high sales quota for November also weighed on prices. The government has restricted sales by sugar mills in the country at 2.2 mln tn for November in a bid to trim supply in the market. Sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar, shall be eligible to sell additional quantity of sugar in addition to the quantity of white/refined sugar prescribed for domestic sale. Prices of sugar, however, are likely to rise later this month on the back of renewed demand and due to a cut in production estimate for 2018-19 (Oct-Sep) by the Indian Sugar Mills Association.

### Recent Update:

**About 10 sugar mills have started crushing operations in UP and another seven-eight are likely to start this week.** The government is confident that by mid-November, a majority of the state's 119 mills would be operational, including 94 private mills, 24 cooperatives and one sugar corporation plant. When UP had clocked sugar production of over 12 million tonnes (mt) with farmers' payables touching Rs 354 billion.

**Raw sugar futures in New York ended with strong gains in the last session** ahead of the weekend with general strength across commodity markets as well as a weaker US dollar supporting values.

### Weather Update:

8<sup>th</sup> Nov ♦ Heavy to very heavy rain likely at isolated places over south Tamilnadu and heavy rain likely at isolated places over south Kerala.

- In October, India got a paltry 44% of the month's average—the lowest since 1976.
- An erratic monsoon, such as the one this year, poses extensive challenges for adaptation.
- Maharashtra, which has declared drought in 42% of its area, is in the throes of a groundwater crisis.
- Experts have rung warning bells about the possible impacts of the brewing El Niño.



### Previous Updates:

**As crushing operations in the country's top two sugarcane producing states of Maharashtra and Uttar Pradesh have begun,** the farmers' outstanding of about Rs 125 billion, pertaining to the 2017-18 season, is likely to be reduced by almost 33 per cent, or Rs 40 billion, by the end of November.

**The Haryana state government is likely to continue with last year's State-Advised Price (SAP) of sugarcane, apparently under pressure from private sugar mills owned by influential politicians.** The cane crushing season is expected to start in the next two weeks and the mills have even refused to pay the last year's SAP. The seven private sugar mills have announced that they will not pay a single rupee

more than the Fair and Remunerative Price (FRP) of Rs 255 per quintal of cane. They say if the government insists on giving SAP to the growers, it would itself have to pay the differential price between FRP and the SAP (Rs 55 per quintal), as was done three years ago.

**Indian sugar mills have sealed contracts for 830,000 tonnes of sugar exports so far in 2018/19 (Oct/Sep)** with Uttar Pradesh accounting for about 450,000 tonnes of the contacts, said Praful Vithlani, president of the All India Sugar Traders Association (AISTA).

**Brazil exported only 1.950 mln tonnes of sugar, raw value, in October 2018, down from 2.603 mln a month earlier and significantly below 2.915 mln in the same month last year,** Trade Ministry data showed.

**Around 18 sugar factories in Maharashtra have commenced crushing for 2018-19 season, crushing some 3.5 lakh to 4 lakh tonnes of cane.** Factories in the state have slowly started the operations, full fledged operations are expected to commence after Diwali. However the farmers have demanded more money for this season's crop, beyond what is considered as fair and remunerative prices (FRP) a farmers' association, has announced that it will not let the mills operate until they agree to pay Rs 200 per tonne over and above the FRP of sugarcane.

**Brazil's center-south is expected to produce 26.38 million tonnes in the 2018/19 season – which is heading into its final weeks** – the lowest amount in 12 years due to a smaller cane crop and higher ethanol production. Previous estimate for the season was for production of 27.28 million tonnes. It projected the new sugar season, which starts in April next year, at a similar level with an output seen at 26.4 million tonnes.

**Lower Brazilian sugar production this year and next are seen helping to swing global sugar supply from a surplus to a deficit, favoring a recovery in benchmark raw sugar prices in New York.** "Despite the late spike in sugar prices, ethanol continues to give better returns to mills in Brazil, so we expect them to continue to give preference to the fuel next season," Datagro's chief analyst Plinio Nastari told reporters at the consultancy's annual international conference in Sao Paulo.

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 06-11-2018)

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
		5-Nov-18	29-Oct-18	4-Oct-18	5-Nov-17	5-Nov-18
Oct-18	#N/A	2223	2277	2129	#N/A	73.07
Mar-19	#N/A	2152	2225	2037	#N/A	
May-19	#N/A	2175	2245	2060	#N/A	

(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
		5-Nov-18	29-Oct-18	4-Oct-18	5-Nov-17	5-Nov-18
Oct-18	#N/A	2652	2756	2627	#N/A	73.07
Dec-18	#N/A	2543	2683	2519	#N/A	
Mar-19	#REF!	#REF!	2682	2536	#N/A	

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

Commodity(02-Nov-18)		Change
Thai Sugar FOB 45 Icumsa	351.90	-3.80

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			06-Nov-18	05-Nov-18	
Delhi	Delhi	M-Grade	3130	3200	-70
	Delhi	S-Grade	3110	3180	-70
Uttar Pradesh	Khatauli	M-Grade	3345	3345	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	3390	3392	-2

	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3150	3150	Unch
	Nagpur	S-Grade	3050	3050	Unch
	Kolhapur	M-Grade	3025	3025	Unch
	Kolhapur	S-Grade	2925	2925	Unch
Assam	Guhawati	S-Grade	0	3233	-3233
Meghalaya	Shillong	S-Grade	0	3245	-3245
Andhra Pradesh	Vijayawada	M-Grade	3630	3630	Unch
	Vijayawada	S-Grade	3570	3570	Unch
West Bengal	Kolkata	M-Grade	3620	3620	Unch
Tamil Nadu	Chennai	S-Grade	3300	3300	Unch
	Dindigul	M-Grade	3500	3500	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)			06-Nov-18	05-Nov-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2700	2700	Unch
	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	3800	3800	Unch
		White	3400	3400	Unch
		Black	2500	2500	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4250	-
	Belgaum	Mudde (Average)	NA	3200	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	3100	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3350	-
	Mahalingapura	Penti (Average)	NA	3244	-
	Mandya	Achhu (Medium)	NA	3100	-

	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3100	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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