

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:

Most of the wholesale sugar markets were closed due to Diwali festival.

Brazilian mills are expected to increase the amount of cane they allocate to sugar production next season due to better prices for the sweetener, which will lead to a rise in sugar output of 3 million tonnes, broker and consultancy INTL FCStone said on Wednesday. FCStone expects Brazil's center-south to produce 29.6 million tonnes of sugar in the 2019/20 season that starts in April versus 26.3 million tonnes in 2018/19, which was the country's smallest output in years and almost 10 million tonnes lower than in the previous crop.

Weather Update:

9th Nov ♦ Heavy to very heavy rain very likely at isolated places over Andaman & Nicobar Islands and heavy rain very likely at isolated places over south Tamilnadu & 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:

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.

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.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 07-11-2018)

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
		7-Nov-18	31-Oct-18	6-Oct-18	7-Nov-17	7-Nov-18
Oct-18	-100.00	0	2232	#N/A	2187	0.00
Mar-19	-100.00	0	2174	#N/A	2137	
May-19	-100.00	0	2192	#N/A	2142	

(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
		7-Nov-18	31-Oct-18	6-Oct-18	7-Nov-17	7-Nov-18
Oct-18	-100.00	0	2677	#N/A	2562	0.00
Dec-18	-100.00	0	2704	#N/A	2503	
Mar-19	-100.00	0	2618	#N/A	2481	

(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			08-Nov-18	06-Nov-18	
Delhi	Delhi	M-Grade	Closed	3130	-
	Delhi	S-Grade	Closed	3110	-
Uttar Pradesh	Khatauli	M-Grade	Closed	3345	-
	Ramala	M-Grade	Closed	NA	-
	Dhampur	M-Grade Ex-Mill	Closed	3200	-
	Dhampur	S-Grade Ex-Mill	Closed	3180	-
	Dhampur	L-Grade Ex-Mill	Closed	3250	-
Maharashtra	Mumbai	M-Grade	Closed	3390	-

	Mumbai	S-Grade	Closed	3206	-
	Nagpur	M-Grade	Closed	3150	-
	Nagpur	S-Grade	Closed	3050	-
	Kolhapur	M-Grade	Closed	3025	-
	Kolhapur	S-Grade	Closed	2925	-
Assam	Guhawati	S-Grade	Closed	3233	-
Meghalaya	Shillong	S-Grade	Closed	3245	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	3630	-
	Vijayawada	S-Grade	Closed	3570	-
West Bengal	Kolkata	M-Grade	Closed	3620	-
Tamil Nadu	Chennai	S-Grade	3300	3300	Unch
	Dindigul	M-Grade	3500	#N/A	-
	Coimbatore	M-Grade	3640	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#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)			08-Nov-18	06-Nov-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	Closed	2700	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	NA	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	NA	-
	Muzaffarnagar	Rascut (Fresh)	Closed	NA	-
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	Closed	3800	-
		White	Closed	3400	-
		Black	Closed	2500	-
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	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-

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

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