

Sugar &Gur Domestic & International Fundamentals

Price Outlook:

Sugar Mills are quoting lower prices now on the back of poor demand. 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:

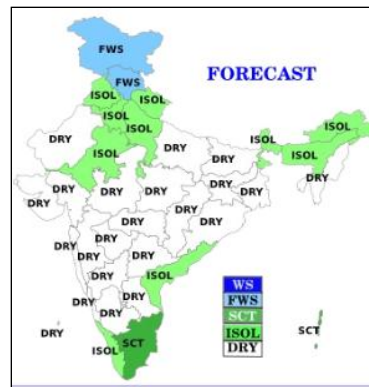
India's sugar exports have come to a standstill after a sharp fall in prices in the last two weeks. Raw sugar prices in the benchmark Chicago Mercantile Exchange (CME) for near-month delivery declined by 4 per cent on Monday, trading at cents 12.80 /lb. The decline translates into Rs 1,000 a tonne of fall in Indian denominations which makes a big difference in exporters' realization. Following reports of exports becoming unviable, refined sugar (M30) has declined by 2.5 per cent to trade on Monday at Rs 33,100 a tonne in Vashi wholesale market in Maharashtra.

Weather Update:

14th Nov♦ Heavy rain very likely at isolated places over coastal Tamilnadu and south Coastal Andhra Pradesh.

♦Gale wind speed reaching 90-100 kmph gusting to 110 kmph very likely over southwest & adjoining westcentral and southeast Bay of Bengal. Squally winds speed reaching 45-55 kmph gusting to 65 kmph very likely along & off north Tamilnadu & Puducherry and adjoining south Andhra Pradesh coasts

- 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:

Saddled with surplus stock, sugar mills in India the world's second largest producer, have contracted to export about 8 lakh tonnes of the sweetener so far to countries like Middle East and Sri Lanka, a government official said. Out of the total contracted quantity, raw sugar comprises 6 lakh tonnes and the rest 2 lakh tonnes is white sugar, the official added. Industries are negotiating with various countries to boost export of sugar. China has agreed to buy and talks are on with Indonesia as well. To liquidate

surplus stock, the government has asked domestic sugar mills to mandatory export 5 million tonnes in the 2018-19 marketing year (October-September) and is even compensating expenses towards internal transport, freight, handling and other charges.

The crisis in the cane belt of Kolhapur over the first installment payment amount came to an end on Saturday, after sugar millers and farmers' representatives held discussions and agreed on a solution.

Millers have agreed to pay the FRP as the first installment payment, while they will consider the extra Rs 200, as demanded by farmers' bodies, after December. Earlier this week, angry farmers allegedly torched the divisional agricultural offices of the Rajarambapu Cooperative Sugar Mill and the Vasantdada Patil Cooperative Sugar Mill. The harvesting and transportation of cane was also disrupted at various places.

The U.S. Department of Agriculture, in its Nov. 8 World Agricultural Supply and Demand Estimates report, lowered from October its forecast for 2018-19 U.S. beet sugar and total sugar production, but also lowered forecasts for domestic sugar use. For the current year (2018-19), beet sugar production was lowered 262,000 short tons, raw value, to 4,974,000 tons, down 5% from the October forecast and down 5.8% from record high production in 2017-18 of 5,279,000 tons. Cane sugar production was forecast at 4,041,000 tons this year, up 15,000 tons from October and up 27,000 tons from 2017-18. Imports were left unchanged from October, resulting in total supply forecast at 13,809,000 tons, down 268,000 tons from October due to lower production and lower beginning stocks, forecast at 1,993,000 tons.

Total deliveries in 2018-19 were forecast at 12,320,000 tons, down 85,000 tons from October, with deliveries for food at 12,175,000 tons, down 75,000 tons, or 0.6%, from October but up 1.1% from 12,048,000 tons in 2017-18, which was lowered by 52,000 tons from October. The ending stocks-to-use ratio for 2018-19 was forecast at 11.3%, down from 12.7% projected in October and compared with 16% in 2017-18. The U.S.D.A. is expected to increase allowed imports from Mexico in the December WASDE as outlined in agreements between the two countries, which requires a minimum 13.5% ending stocks-to-use ratio.

Sugar stocks rallied up to 8 per cent after reports that India in 2019 will resume exporting raw sugar to China, as it eyes overseas markets to clear surplus stocks that have muted prices and created financial distress in mills. Triveni Engineering rallied 7.74 per cent, followed by Dalmia Bharat Sugar (up 5.22 per cent), Ugar Sugar (up 5 per cent) and Dhampur Sugar (up 4.90 per cent).

Ministry of Commerce said on Thursday that India will start exporting raw sugar to China from the beginning of next year. This step will help to bridge the trade deficit with neighboring countries. In a statement, the ministry said, "An agreement has been made for the export of 15,000 tonnes of raw sugar between the Indian Sugar Mill Association (ISMA) and the Chinese government's public sector undertaking, Kauffo." It has been reported that China plans to import 2 million tonnes of raw sugar from the beginning of next year. The Ministry said, Raw sugar is the second product after non-basmati rice which will be imported from China, India, it is the step taken to reduce trade losses of 60 billion dollars with China." India had exported US \$ 33 billion in the year 2017-18, while it imports 76.2 billion US dollars.

According to the operational data of Ukrugar Association, as of November 5, 1.03 million tonnes of sugar were produced. There are 39 sugar refineries in operation and one refinery has already completed

the production season. 7,9 million tonnes of sugar beet have been processed, which is 2,5% less than last year's figures. As it was predicted earlier, according to the climate conditions, this year sugar content is lower than last year's level — 16,26% to 17,21%, sugar output is lower too — 13,31 to 14,24%. As of November 5, 231 thousand hectares of sugar beet were harvested, accounting for 83% of the total harvested areas. Most of sugar beet crops were harvested in Vinnytsia, Poltava and Ternopil regions.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 14-11-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	3140	3140	3140	3140	-	-
Spread	Cont Nov (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
		12-Nov-18	5-Nov-18	13-Oct-18	13-Nov-17	13-Nov-18
Oct-18	-1.54	2193	2223	#N/A	2227	72.58
Mar-19	-4.70	2113	2152	#N/A	2217	
May-19	-3.09	2136	2175	#N/A	2204	
(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	
		12-Nov-18	5-Nov-18	13-Oct-18	13-Nov-17	13-Nov-18	
Oct-18	0.25	2628	2652	#N/A	2621	72.58	
Dec-18	-3.90	2522	2543	#N/A	2624		
Mar-19	-1.12	2549	2584	#N/A	2578		

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	345.90	1.80

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Nov-18	13-Nov-18	
Delhi	Delhi	M-Grade	3120	3100	20
	Delhi	S-Grade	3100	3080	20
Uttar Pradesh	Khatauli	M-Grade	3305	3280	25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3180	3180	Unch
	Dhampur	S-Grade Ex-Mill	3160	3160	Unch
	Dhampur	L-Grade Ex-Mill	3230	3230	Unch
Maharashtra	Mumbai	M-Grade	3372	3320	52
	Mumbai	S-Grade	3176	3170	6
	Nagpur	M-Grade	3175	3150	25
	Nagpur	S-Grade	3075	3050	25
	Kolhapur	M-Grade	3050	3025	25
	Kolhapur	S-Grade	2950	2925	25
Assam	Guhawati	S-Grade	3258	3233	25
Meghalaya	Shillong	S-Grade	3270	3245	25
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3480	3480	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade	3250	3150	100
	Dindigul	M-Grade	3620	3620	Unch
	Coimbatore	M-Grade	3580	3580	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)			12-Nov-18	13-Nov-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	2745	2763	-18
	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	3900	3900	Unch
		White	3800	3800	Unch
		Black	2500	2500	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	3050	-
	Gulbarga/Kalaburgi	Other (Average)	NA	3250	-
	Mahalingapura	Penti (Average)	NA	3162	-
	Mandya	Achhu (Medium)	NA	3050	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	2900	-
	Mandya	Yellow (Medium)	NA	3150	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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