

## Sugar & Gur Domestic & International Fundamentals

### Price Outlook:

*Steady to weak tone are featured in Sugar Mills today on behalf of less buyers interest. Sellers are very active in domestic as well as international market during November month as a result prices could not get support to rise from its current level. 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. However, domestic prices of sugar may increase further supported by renewed demand and lower production estimate for 2018-19 (Oct-Sep) by the Indian Sugar Mills Association.*

### Recent Update:

*The International Sugar Organization on Thursday sharply reduced its forecast for an expected global sugar surplus for the 2018/19 season, cutting production outlooks for Brazil, India, Pakistan and the European Union. The inter-governmental body, in a quarterly report, forecast there would be a global surplus of 2.17 million tonnes in 2018/19 (October/September), down from a previous projection of a 6.75 million tonnes surplus issued in August. The ISO also cut its estimate for the size of the surplus in 2017/18 to 7.28 million tonnes from 8.6 million. The cumulative two-season global statistical surplus has been downgraded by a striking 5,892 million tonnes, — the ISO said, noting global production was no longer expected to expand. Global production in 2018/19 was seen at 180.49 million tonnes, down from a previous forecast of 185.22 million tonnes and now below the prior season's 182.7 million tonnes. The ISO said production forecasts had been revised down for Brazil (minus 2.2 million tonnes), India (minus 2 million tonnes), the EU (minus 750,000 tonnes) and Pakistan (minus 400,000 tonnes). The ISO also said its preliminary thoughts indicated a modest deficit of about two million tonnes was on the horizon for 2019/20 "heralding the end of the surplus phase in the world sugar cycle".*

*According to news sources, Indonesia is interested in buying sugar from India under India-ASEAN free trade agreement but wants the latter to cut import duty on the sweetener as well as refined palm oil substantially to 5% and 45% respectively. Comprehensive Economic Cooperation Agreement (CECA) between India and Malaysia will come into effect from January next year that provides for a preferential import duty of 45 per cent on refined oil as opposed to 50 per cent duty under the India-ASEAN FTA. Indonesia competes with Malaysia in palm oil exports and is seeking similar treatment from India. An Indian delegation is scheduled to visit Indonesia this week to negotiate trade between the two nations for these two commodities.*

*According to National Federation of Cooperative Sugar Factories, Indian sugar mills have produced 10.80 lakh tonne sugar till November 13 as against 19 lakh tonnes they had produced during same period of previous year. The country is expected to produce 324 lakh tonnes of sugar during 2018-19. Sugar mills from Maharashtra have produced 5.60 lakh tonnes of sugar, while Karnataka and Uttar Pradesh have produced 2.30 lakh tonnes and 1.20 lakh tonnes respectively.*

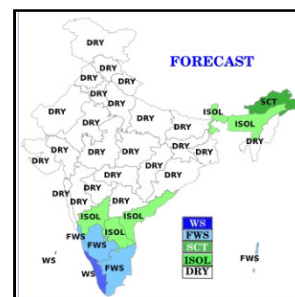
*According to the industry body, India have contracted to export about 8 lakh tonnes of the sweetener so far to countries like Middle East and Sri Lanka. Out of the total contracted quantity, raw sugar comprises 6 lakh tonnes and the rest 2 lakh tonnes are white sugar. Industry is negotiating with various countries to boost export of sugar. China has agreed to buy and talks are on with Indonesia as well.*

**Sugar mills in Brazil's North/Northeast (NNE) region produced 981,103 tonnes of sugar in the 2018/19 crush as of November 1, up 28.1% from 765,989 at the same time a year ago, AgMin data showed.**

## Weather Update:

Heavy rain very likely at isolated places over Lakshadweep. Strong wind speed reaching 30-40 kmph gusting to 50 kmph very likely over southeast Arabian Sea and along & off Kerala coast.

- 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:

**In the country's biggest sugar-producing region — Uttar Pradesh, the state government is likely to do a marginal increase for the state advised price (SAP) on sugarcane.** Last year, the state government had increased prices by 3.3% to Rs 315 a quintal. The state is expecting a 12% increase in cane production this year at 213.1 million tons and a similar increase in sugar production at 12.5-13 million tons. As 51 mills out of the 121 in the state already started cane crushing, officials in the department said the government was likely to announce the SAP for sugarcane in the coming days. The hike can be similar to the previous year of Rs 10 a quintal, said an official at the ministry. The industry said it's facing deficit on its cash flows due to cane pricing and depressed sugar prices. Any further increase will impact them. Current wholesale prices of sugar in the state were ruling at Rs 31.5 a kg while the mills said that they need a minimum price of Rs 34-35 per kg to be profitable.

**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.

## NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 17-11-2018)

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	
		16-Nov-18	9-Nov-18	15-Oct-18	16-Nov-17	16-Nov-18	
Oct-18	-5.85	2115	2157	2290	2246	71.80	
Mar-19	-8.55	2041	2074	2225	2232		
May-19	-7.23	2065	2097	2242	2226		

(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
		16-Nov-18	9-Nov-18	15-Oct-18	16-Nov-17	16-Nov-18
Oct-18	-4.36	2524	2585	2803	2640	71.80
Dec-18	-3.27	2592	2503	2743	2680	
Mar-19	-4.77	2449	2514	2741	2572	

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

Commodity		Change
Thai Sugar FOB 45 Icumsa	341.10	-2.10

## Sugar Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Nov-18	17-Nov-18	
Delhi	Delhi	M-Grade	3050	3100	-50
	Delhi	S-Grade	3030	3080	-50
Uttar Pradesh	Khatauli	M-Grade	3205	3230	-25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3075	-25
	Dhampur	S-Grade Ex-Mill	3030	3055	-25
	Dhampur	L-Grade Ex-Mill	3100	3125	-25
Maharashtra	Mumbai	M-Grade	3302	3330	-28
	Mumbai	S-Grade	3120	3112	+8
	Nagpur	M-Grade	3050	3125	-75
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2925	3000	-75
	Kolhapur	S-Grade	2900	2900	Unch
Assam	Guhawati	S-Grade	3207	3207	Unch
Meghalaya	Shillong	S-Grade	3220	3220	Unch
Andhra Pradesh	Vijayawada	M-Grade	3540	3540	Unch
	Vijayawada	S-Grade	3480	3480	Unch
West Bengal	Kolkata	M-Grade	3620	3620	Unch
Tamil Nadu	Chennai	S-Grade	3200	3200	Unch
	Dindigul	M-Grade	3510	3620	-110
	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)			19-Nov-18	17-Nov-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	2700	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2625	NA	-
	Muzaffarnagar	Laddoo (Fresh)	2915	NA	-
	Muzaffarnagar	Rascut (Fresh)	2200	NA	-
	Hapur	Chaurasa	Closed	2350	-

	Hapur	Balti	Closed	2325	-
Andhra Pradesh	Chittur	Gold	4000	3900	+100
		White	3800	3700	+100
		Black	3300	3500	-200
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	3200	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3000	2955	+45
	Gulbarga/Kalaburgi	Other (Average)	3350	3300	+50
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3050	3100	-50
	Mandya	Kurikatu (Medium)	2950	3000	-50
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3100	3150	-50
	Shimoga/Shivamogga	Achhu (Average)	3500	3500	Unch

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