

## **Sugar & Gur Domestic & International Fundamentals**

### **Price Outlook:**

*Mixed trend featured in sugar prices today due to slight improvement in demand. Prices including all grades went up in Uttar-Pradesh markets on fresh local demand. Sugar prices are almost 5.5% down in the past one month because of dull local and export demand. Even, some of major grades prices (especially in Maharashtra markets) are ruling at same minimum support prices i.e. Rs. 29 per kg. which is down if compared with Rs. 30.72 per kg. on October 29, 2018. The NCDEX spot sugar prices in the Delhi market declined by more than 4% in a month to Rs 31.15 a kg. On a wide note, enough stockpiles and continue lower sugar prices may restrict major rise in prices.*

### **Recent Update:**

*As per sources, Sugar mills in Bijnor have paid the dues of Rs. 341 crore to the cane farmers when they got the government announcement of soft loan worth Rs. 4000 crore for sugar mills. Total dues of the cane farmers is Rs. 501 crore.*

*According to Green pool analyst, India may produce total 32.3 million sugar in 2017/18 and 34.1 million tonnes in 2018/19. While, it has revised down its estimates for European Union sugar output at 17.1 million Tonnes in 2018/19 from its previous estimate i.e. 17.7 million tonnes due to hot dry weather condition in major beet growing countries over the summer.*

*As per sources, China may explore to imports sugar from India in next month. If import deals will set with the government, prices may get support to rise in expectation of bulk buying quantity of sugar from China, Thailand and Malaysia.*

*According to the Indian Sugar Mills Association, total sugar stocks of India are likely to increase during the 2018/19 season despite an expected dip in production to 31.5 million tonnes from the previous season's 32.5 million tonnes. Indian sugar consumption may stand near 26 million tonnes and exports figure is likely to touch the target of 5 million as a result stocks may reach to 11.2 million tonnes from 10.7 million. The average price of cane in India was \$42.30 per tonne in the 2017/18 season, compared with \$24.06 in Australia, \$25.11 in Brazil and \$27.45 in Thailand. India is offering higher sugar prices to its farmers.*

*Indonesia is keen to buy sugar from India however it wants import duty to be reduced by 45% and 5% on Refined Palm-oil and sweetener respectively by Indian government. India is one the second biggest sugar producer of the World and continue trying to export surplus sugar so that it can help sugar mills to reduce its stockpiles. Currently, Indonesia is in view that the 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 further easy trading. Currently, India has imposed import duty of 100% on Sugar.*

India has produced 32.5 MT of sugar in 2017-18 marketing year (October-September). The government of India has advised to sugar millers to export 5MT of sugar this year ensuring to help needful financial sources. The country has shipped total 8,00,000 tonnes the Sweetener.

**As per Reuter sources, the UP government may rise the sugarcane price by about ~10 a quintal for the current crushing season and most of the bank placed sugarcane in the negative list due to uncertainties around sugarcane-sugar pricing and demand-supply mismatch. In the previous season, SAP (state-advised price) prices was placed higher by ~10 a quintal from ~305 a quintal to ~315 a quintal for the common variety of sugarcane. On the other hand, farmers expect and demand the cane price to be hiked to almost ~400 a quintal due to increase in costs of farm inputs, including diesel, labour and fertilizer.**

### Weather Update:

**30rd Nov 2018, Squally weather is likely to prevail over southeast Arabian Sea and adjoining Equatorial Indian Ocean. Dense fog at isolated places very likely over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura in the morning hours.**

### **Weather Forecast:-**

- Dry weather likely over the rest of the country.
- Dense fog at isolated places very likely over Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura in the morning hours.
- Heavy rain likely at isolated places over south coastal Andhra Pradesh and north Coastal Tamilnadu.
- No significant change in minimum temperatures are likely over major parts of the country during next 3-4 days.

Friday 30 November 2018



### 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.**

**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.

**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 VasantdadaPatil 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.**

### NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 29-11-2018)

| Contract    | +/-           | Open | High | Low  | Close | Volume | O.I |
|-------------|---------------|------|------|------|-------|--------|-----|
| Cont. (Nov) | -             | 3013 | 3013 | 3013 | 3013  | 0      | 0   |
| 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 |  |
|                                 |                             | 29-Nov-18 | 22-Nov-18 | 29-Oct-18 | 29-Nov-17 | 29-Nov-18  |  |
| Oct-18                          | -5.48                       | 2078      | 2087      | 2277      | 2198      | 69.91      |  |
| Mar-19                          | -7.29                       | 2015      | 2021      | 2225      | 2174      |            |  |
| May-19                          | -6.32                       | 2031      | 2037      | 2245      | 2168      |            |  |

(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 |  |
|                                   |                             | 29-Nov-18 | 22-Nov-18 | 29-Oct-18 | 29-Nov-17 | 29-Nov-18  |  |
| Oct-18                            | -3.12                       | 2487      | 2483      | 2756      | 2568      | 69.91      |  |
| Dec-18                            | -2.28                       | 2548      | 2549      | 2683      | 2608      |            |  |
| Mar-19                            | -3.32                       | 2424      | 2417      | 2682      | 2507      |            |  |

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

| Commodity                |        | Change |
|--------------------------|--------|--------|
| Thai Sugar FOB 45 Icumsa | 346.70 | -0.70  |

| Spot Prices of Sugar at NCDEX Delivery Centers: |                             |           |           |           |           |
|---|-----------------------------|-----------|-----------|-----------|-----------|
| Centre  | % Change over previous year | Today     | Week ago  | Month Ago | Year Ago  |
|   |                             | 30-Nov-18 | 23-Nov-18 | 30-Oct-18 | 30-Nov-17 |
| <b>Sugar S Grade</b>                            |                             |           |           |           |           |
| Erode   | -                           | NA        | Closed    | NA        | 3895      |
| Kolhapur  | -14.64                      | 2903      | Closed    | 3031      | 3401      |
| Kolkata   | -                           | NA        | Closed    | NA        | NA        |
| Vashi   | -                           | NA        | Closed    | NA        | NA        |
| <b>Sugar M Grade</b>                            |                             |           |           |           |           |
| Delhi   | -13.23                      | 3070      | Closed    | 3215      | 3538      |
| Erode   | -                           | NA        | Closed    | NA        | 3945      |
| Kanpur  | -13.07                      | 3187      | Closed    | 3429      | 3666      |

|                    |               |      |        |      |      |
|--------------------|---------------|------|--------|------|------|
| Kolhapur           | <b>-13.97</b> | 3000 | Closed | 3128 | 3487 |
| Kolkata            | <b>-11.87</b> | 3288 | Closed | 3457 | 3731 |
| Muzaffar Nagar     | <b>-12.23</b> | 3101 | Closed | 3266 | 3533 |
| *NA: Not Available |               |      |        |      |      |

| Sugar Prices at Key Spot Markets:                   |            |                        |                 |           |        |
|---|------------|------------------------|-----------------|-----------|--------|
| Commodity   | Centre     | Variety                | Prices (Rs/Qtl) |           | Change |
|   |            |                        | 30-Nov-18       | 29-Nov-18 |        |
| Sugar   |            |                        |                 |           |        |
|   |            |                        |                 |           |        |
| Delhi   | Delhi      | M-Grade                | 2897            | 2897      | Unch   |
|   | Delhi      | S-Grade                | 2877            | 2877      | Unch   |
| Uttar Pradesh                                       | Khatauli   | M-Grade                | 3165            | 3160      | 5      |
|   | Ramala     | M-Grade                | NA              | NA        | -      |
|   | Dhampur    | M-Grade Ex-Mill        | 3050            | 3020      | 30     |
|   | Dhampur    | S-Grade Ex-Mill        | 3030            | 3000      | 30     |
|   | Dhampur    | L-Grade Ex-Mill        | 3100            | 3070      | 30     |
| Maharashtra   | Mumbai     | M-Grade                | 3256            | 3256      | Unch   |
|   | Mumbai     | S-Grade                | 3082            | 3076      | 6      |
|   | Nagpur     | M-Grade                | 3075            | 3025      | 50     |
|   | Nagpur     | S-Grade                | 3025            | 3025      | Unch   |
|   | Kolhapur   | M-Grade                | 2950            | 2900      | 50     |
|   | 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                | 3520            | 3520      | Unch   |
|   | Vijayawada | S-Grade                | 3460            | 3460      | Unch   |
| West Bengal   | Kolkata    | M-Grade                | 3480            | 3490      | -10    |
| Tamil Nadu  | Chennai    | S-Grade                | 3025            | 3025      | Unch   |
|   | Dindigul   | M-Grade                | 3420            | 3400      | 20     |
|   | Coimbatore | M-Grade                | 3450            | 3580      | -130   |
| 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 |
|   |               |             | 30-Nov-18       | 29-Nov-18 |        |
| Jaggery(Gur)                              |               |             |                 |           |        |
| Uttar Pradesh                             | Muzaffarnagar | Chaku Fresh | 2450            | 2453      | -3     |

|                       |                    |                          |      |      |      |
|-----------------------|--------------------|--------------------------|------|------|------|
|                       | Muzaffarnagar      | Chaku(Arrival)(40kg Bag) | 8000 | 7000 | 1000 |
|                       | Muzaffarnagar      | Khurpa (Fresh)           | 2313 | 2325 | -13  |
|                       | Muzaffarnagar      | Laddoo (Fresh)           | 2588 | 2675 | -88  |
|                       | Muzaffarnagar      | Rascut (Fresh)           | 2038 | 2028 | 10   |
|                       | Hapur              | Chaurasa                 | 2213 | 2188 | 25   |
|                       | Hapur              | Balti                    | 2150 | 2188 | -38  |
| <b>Andhra Pradesh</b> | Chittur            | Gold                     | 4000 | 3800 | 200  |
|                       |                    | White                    | 3800 | 3800 | Unch |
|                       |                    | Black                    | 3600 | 3400 | 200  |
| <b>Maharashtra</b>    | Latur              | Lal Variety              | NR   | NR   | -    |
| <b>Karnataka</b>      | Bangalore          | Mudde (Average)          | 4250 | 4250 | Unch |
|                       | Belgaum            | Mudde (Average)          | 3200 | 3200 | Unch |
|                       | Belthangadi        | Yellow (Average)         | NA   | NA   | -    |
|                       | Bijapur/Vijayapura | Achhu                    | 2600 | 2800 | -200 |
|                       | Gulbarga/Kalaburgi | Other (Average)          | 3700 | 3750 | -50  |
|                       | Mahalingapura      | Penti (Average)          | NA   | 3047 | -    |
|                       | Mandya             | Achhu (Medium)           | 2900 | 2900 | Unch |
|                       | Mandya             | Kurikatu (Medium)        | 2850 | 2850 | Unch |
|                       | Mandya             | Other (Medium)           | 2750 | 2800 | -50  |
|                       | Mandya             | Yellow (Medium)          | 2950 | 2950 | Unch |
|                       | Shimoga/Shivamogga | Achhu (Average)          | 3250 | 3400 | -150 |

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