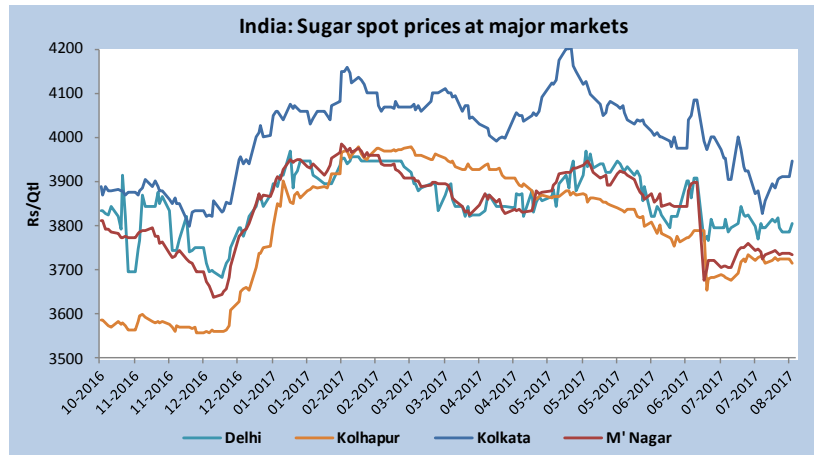




Sugar

Sugar prices traded supportive as prices fell sharply after GST roll out. Prices have corrected by Rs 120 per Qtl instead of Rs 60 per Qtl due to GST effect. Extended stock limit by Govt of Maharashtra and rumours of reducing import duty checked sharp gain in prices.



- Sweetener prices in Kolhapur and Muzaffarnagar market traded higher following inventories in pipeline coupled with steady festive demand.
- Lower sugar dispatches in June resulted in supply crunch during July month that supported price gain.
- Dispatches during July, 2017 are at 22.2 lakh tons against 16.0 lt of June, 17 and 23.2 lt of July, 16.
- In order to check prices, Govt of Maharashtra extended the stock limit till Oct. As per the Govt notification, wholesalers and retailers in the state are not allowed to hold more than 500 tons and 50 tons of sugar, respectively, for period of one month after they receive the stocks.
- Monthly Sugar sales from MH were at 5.0 – 6.0 lakh tons versus 2.5 lt of June.
- Govt of India has might allow additional 3.0 - 5.0 lakh tons of Sugar at reduced import or Zero duty in order to meet the domestic demand during Oct-Nov.
- Mills are likely to start by mid Oct in Maharashtra and Karnataka while by beginning of Nov in Uttar Pradesh.
- Crop is very good condition over Uttar Pradesh, good condition in West Maharashtra while crop is under stress in Marathawada, Karnataka, Tamilnadu.
- However, rainfall activity is expected in Maharashtra and South Indian cane belts for next 15 days which will help to crop development in these regions.
- As per MoA, Sugarcane acreage is at 49.7 lakh ha as compared to 45.64 lakh ha of last year, up by 9%. Sugarcane acreages have increased majorly in Maharashtra, Uttar Pradesh and Karnataka on back of higher rains/reservoirs levels in last year.
- Acreages are reported higher in Uttar Pradesh by 8-10%, which may reflect in coming weeks.
- Production in Uttar Pradesh might touch new record this season on the back of new cane varieties amid increase in acreage.
- Global sugar prices recovered after touching 16-month low during June. However, higher Sugar production dragged the prices lower. Prices m/m remained almost same.
- As on 1<sup>st</sup> Aug, Managed funds covered their short positions by 18,353 lots but looking at the price fall they might have built net short positions during last week.
- CFTC report as on 8<sup>th</sup> Aug is expected this Friday.

MONTHLY REPORT

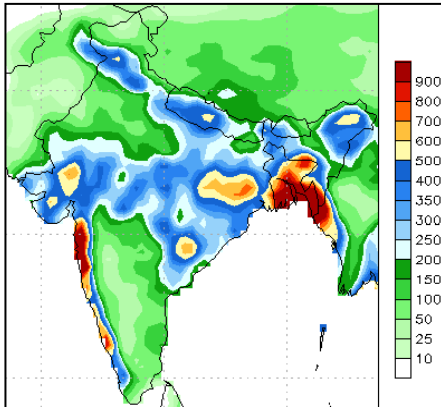


**Weather and Planting update:**

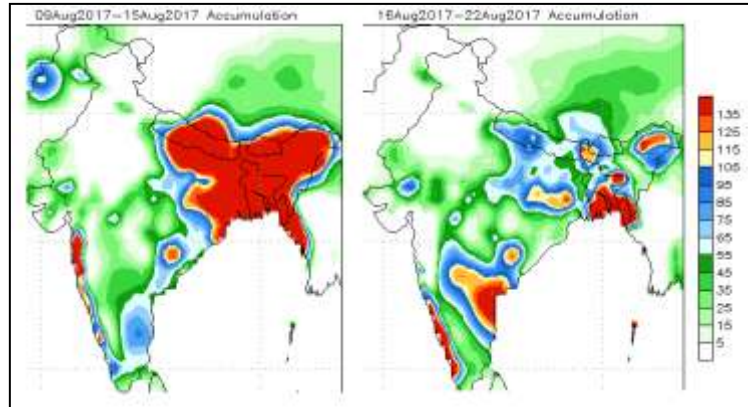
Moderate rainfall occurred over most of the cane growing regions of East UP, East MP, Punjab, Haryana and Uttarakhand during the last month. However, in growing regions of Maharashtra and Karnataka, rainfall was weak which is hindering the cane development. Dry weather over these regions has affected the new planting (Adasali).

Rains are expected during 9-22nd Jun over Maharashtra, Karnataka, Coastal Andhra and Tamilnadu which may relieve the stress condition over these states. Expected rainfall is also likely to replenish reservoirs.

Accumulated Rainfall 10<sup>th</sup> Jul - 8<sup>th</sup> Aug 17



Rainfall Forecast 9<sup>th</sup> - 22<sup>nd</sup> Aug 17



\* Source: IMD & CPC-NCEP-NOAA. EAR does not subscribe to the political map given here

**CS Brazil Crushing Update:**

The latest bi- weekly report of Brazil sugar production for FH of July reveals that total sugarcane crush was 47.83 mmt as against 47.08 mmt of last year, higher by 1.6%. Higher cane crush amid higher mix and ATR content has resulted in 9.1% higher Sugar production. The sugar production is 3.1 mmt as compared to 2.84 mmt of last year. The cumulative sugar production for Apr – FH Jul period is at 14.14 mmt higher by 2.0% versus last year. Cumulative Mix towards sugar is up by 3.8% and ATR is up by 2.33 kg/MT. The forecast of dry weather during coming month is likely to increase the Sugar production on the back of higher mix towards sugar amid improve in ATR.

CS Brazil Crush Update	FH July			SH June			Cumulative		
	2016/17	2017/18	% Varn	2016/17	2017/18	% Varn	2016/17	2017/18	% Varn
Cane Crushed (mmt)	47.08	47.83	1.6%	48.23	47.55	-1.4%	262.67	246.55	-6.1%
Sugar Production (mmt)	2.84	3.10	9.1%	2.80	2.97	6.0%	13.86	14.14	2.0%
Hydrous Ethanol (ml ltrs)	1,075	1,043	-3.0%	1,110	964	-13.2%	6,527	5,432	-16.8%
Anhydrous Ethanol (mln ltrs)	848	843	-0.6%	837	833	-0.5%	4,276	4,059	-5.1%
Total Ethanol (m3)	1,923	1,886	-1.9%	1,947	1,797	-7.7%	10,803	9,491	-12.1%
TRS/MT of cane	132.95	135.07	1.6%	129.8	130.0	0.1%	123.07	125.40	1.9%
% Mix towards Sugar	47.66%	50.38%	<b>2.7%</b>	47.0%	50.5%	<b>3.5%</b>	44.19%	47.99%	<b>3.8%</b>





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