

1. World Sugar

1.1 Scenario

ISO in Feb'18 estimated a global surplus of 5.5 Mt for 2017/18. Considering further rise in production in India and Thailand, this surplus will more likely be revised upward in May'18.

1.2 Spot and Future Prices

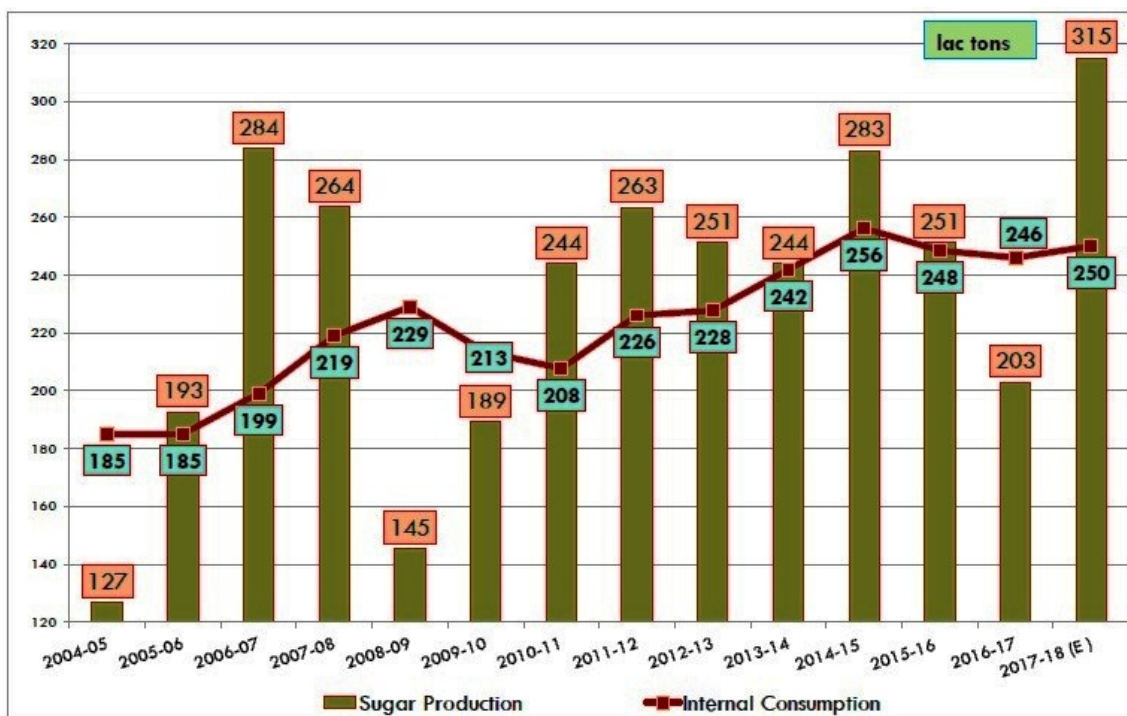
The international sugar prices that were at USD 465 per ton in Apr'17 declined by 24% to USD 354 per ton in Mar'18. Raw prices have now slipped to a 2½ year low.

2 Indian sugar

2.1 Sugar production

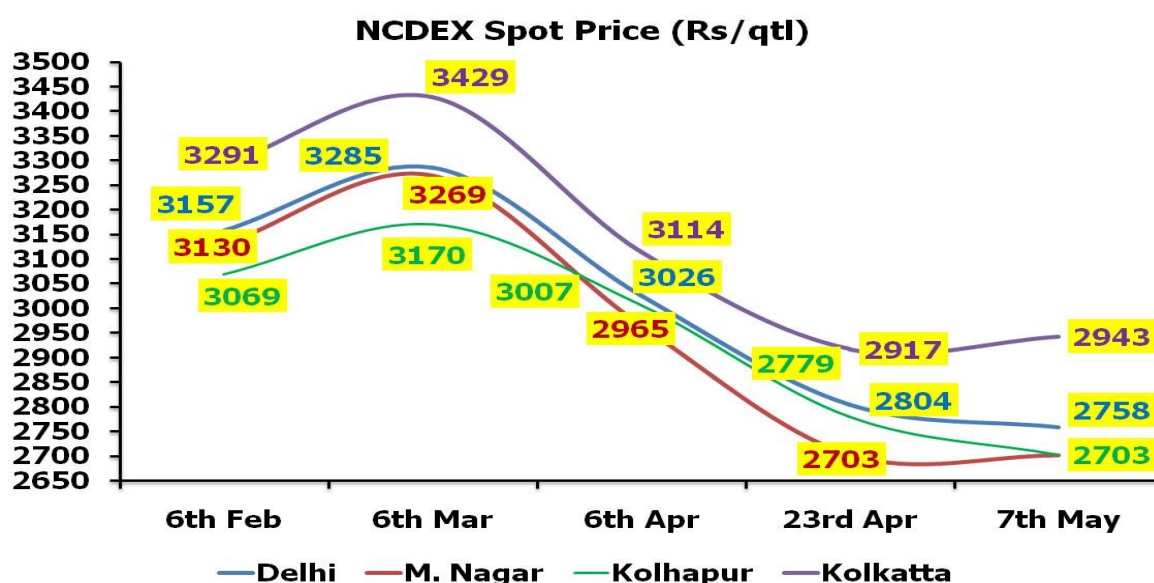
Till 30th April 2018, sugar mills have produced 31 million tons of sugar in current season. With 130 sugar mills still operating, majorly in UP, it is expected that sugar production during the current season might end up between 31.50 and 32 million tons.

Sugar production and consumption in last 15 years



Source: ISMA

2.2 Spot price movement



Source: ISMA

2.3 Monsoon forecast - Summary

Quantitatively the monsoon seasonal rainfall is likely to be 97% of the Long Period Average with a model error of $\pm 5\%$ as per IMD. Skymet had earlier forecast Normal (100%) Monsoon rains for the year.

3. Tamil Nadu – Rainfall dampening Production

The declining production of sugar is directly connected to scant rainfall in the State.

Year	Southwest Monsoon (mm)			Northeast Monsoon (mm)		
	Normal	Actual	% of deviation	Normal	Actual	% of deviation
2012	321.2	245.9	-23	440.4	370.5	-16
2013	321.2	325.4	1	440.4	294.3	-33
2014	321.2	305.5	-9	440.4	430.3	-2
2015	317.2	285.8	-10	440.4	665.3	51
2016	317.2	258.1	-19	442.0	168.4	-62

Source: TOI dated 24-April-2018