

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

The prices across India showed mixed trend today. The prices in Delhi, Khatauli & Kolhapur stood firm at Rs. 3380/q, Rs.3380/q and Rs.3300/q respectively, up by around Rs.20-50/q. The prices stood low in Vijayawada at Rs. 3700/q.

Weather Forecast:

Heavy to very heavy rainfall at a few places with extremely heavy falls at isolated places likely over Konkan & Goa; Heavy to very heavy rainfall with extremely heavy falls at isolated places over Madhya Maharashtra; heavy to very heavy rainfall at isolated places over Uttarakhand, East Uttar Pradesh, Madhya Pradesh, Vidarbha, Odisha and Gujarat state and heavy rainfall at isolated places over West Uttar Pradesh, East Rajasthan, Chhattisgarh, Bihar, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Marathwada, Telangana, Coastal Karnataka and Kerala & Mahe.

Previous Updates:

OMC's have been supplied with 92.5 crore litres of ethanol till 22nd June since December'19 by Indian sugar mills. A total contract of 170 crore litres was finalized between the sugar mills and OMCs for 2019-20 season. The states like UP, Haryana, Punjab, Uttarakhand, Bihar and Karnataka is much higher at 8.5% to 9.8% with petrol. Whereas, an average all India blending of 5.09% with petrol was achieved. India is expecting an increase in ethanol production capacity from the current 260-300 crore litres to 375-400 crore litres and achieve 7.5-8 per cent ethanol blend levels with petrol in 2020-21 season.

The Maharashtra government has lifted the ban imposed on the sale and transport of molasses within the state and export outside the state. The ban was imposed last year after the flood situation in west Maharashtra and drought in other parts of the state were prominent. As on 9th June, the molasses stock totaled to 13.9 LT including the mill's inventory of 8.47 LT while breweries have around 5.43 LT in 2019-20 in the state. The molasses recovery is expected to be 4.75 percent of cane crushed during sugar production. Therefore, in the coming season Maharashtra is likely to crush 900-920 LT of cane producing around 40 to 42 LT of molasses.

The monthly quota has been released for Jul'20 for 21 LT of sugar sales limit to each 546 mills which is 2.5 LT higher compared to the previous month's sales quota. The July'20 sales quota is 50,000 MT higher compared to the previous year quota during the same time. The supply and demand chain has improved during the phased unlocking across the nation. No extension has been announced for the allocated quota of June 2020.

Maharashtra government in its recent meeting, has decided to start cane crushing earlier this year by 15th October'20. Last year, due to the bad weather conditions the crushing was delayed and commenced on 22nd November'19. According to the government, a total of 9.21 lakh ha has been covered as on 26th June'20 under sugarcane, up by around 9.6% year on year basis. According to Agriwatch, Maharashtra may see a surge of around 22-26% rise in area under sugarcane against the previous year. And the state may see a surge of 65-70% in sugar production in 2020-21. Around 40% of sugar production was declined in 2019-20 season with the reduction in yield. As per the IMD weather report, the country has received 22% more rainfall from the actual rainfall and around 55% more in Maharashtra so far. Thus, increase in yield by about 8-10% is expected in 2020-21 sugar season.

Due to the pandemic the sugar industry is affected. Maharashtra State Cooperative Sugar Factories Federation said that the sugar exported were hit and the process of exports slowed down during the lockdown. Around 36 LT of sugar has been exported during January to June. Another 5-6 LT sugar contracts have been booked and ready for shipment. So far, most of the sugar has been purchased by Indonesia and Iran. As Indonesia would continue to buy raw sugar from India amid the deal with increase in Indonesian palm oil purchases by India.

In Uttar Pradesh, around 70 per cent of the locust swarm that entered Uttar Pradesh's Jalaun from Jhansi was eliminated in a six-hour-long operation. Around 3-4 smaller swarm of locusts entered in UP last week. The sugarcane planting is almost completed and as on 26th Jun'20 around 23 lakh ha area has been covered. The crop is in the vegetative phase in few areas around 3 to 3.5 months old. The crop is more prone to damage in the first 3-4 months of the crop growth. So far no damage reported but the assessments are being done continuously in the fields in case of any damage.

According to ISMA, the area under sugarcane is likely to increase by around 8%. Whereas, according to Agriwatch, the area under sugarcane is likely to increase by only 2-4% in India. Already around 48 lakh ha area has been sown so far till 11th June. If the government does not approves a raise in FRP on sugarcane and minimum selling price on sugar, would discourage farmers to plant the area under sugarcane. Also, there is around Rs.17,000 crore cane price dues that are still pending to be given to the farmers.

ISMA estimates an increase of 17% in sugar production from 2019-20 year to around 320 LT in 2020-21. In the view of normal to good rainfall this year, the area is likely to increase by around 8%. In the hope of increase in FRP and minimum selling price of sugar is encouraging to increase the area under sugarcane by the cane farmers. The sugar mills have cleared Rs. 47,127 crore cane price dues out of the total payable of Rs 64,261 crore as on May 28 on FRP basis of the 2019-20 season. Also, the government is reimbursing the carrying cost of Rs 1,674 crore towards the maintenance of buffer stock of 40 lakh tonne of sugar. The government is helping mills to clear off the cane arrears of farmers.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	nt Dec(C1)						
Spot							

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume start.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 lcumsa	350.3	-6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu July 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Jul	200702	12.18	12.25	12.02	12.24	0.07	77,366	410,481	-1,993
20-Oct	200702	12.8	12.9	12.68	12.89	0.08	26,066	193,415	639
21-Mar	200702	12.54	12.57	12.42	12.56	0.04	9,646	85,778	612
21-May	200702	12.28	12.29	12.16	12.27	0.01	8,188	70,675	-254
21-Jul	200702	12.21	12.23	12.09	12.19	-0.01	4,718	62,949	122
21-Oct	200702	12.46	12.46	12.35	12.45	0.01	2,086	37,793	616
22-Mar	200702	12.12	12.16	12.05	12.16	0.03	1,541	17,709	316
22-May	200702	11.91	11.95	11.86	11.94	0.04	1,059	16,571	-156
Total Volume and Open Interest							131,155	913,150	-4,629

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thu July 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Aug	200702	357.2	357.4	348.1	350.3	-6	4,601	31,876	-132
20-Oct	200702	359.1	359.2	353.2	355.5	-2.7	4,321	34,281	328
20-Dec	200702	359	359	355.5	356.8	-1.4	1,416	19,095	87
21-Mar	200702	359	359	355.9	357.7	-0.1	656	14,095	13
21-May	200702	359.9	361.6	359.1	361.4	1	403	5,873	179
Total Volume and Open Interest							11,752	112,192	497

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			3-Jul-20	2-Jul-20	
Delhi	Delhi	M-Grade	3380	3360	20
	Delhi	S-Grade	3360	3340	20
Uttar Pradesh	Khatauli	M-Grade	3380	3345	35
	Ramala	M-Grade	3260	3270	-10
	Dhampur	M-Grade Ex-Mill	3330	3300	30
	Dhampur	S-Grade Ex-Mill	3310	3280	30
	Dhampur	L-Grade Ex-Mill	3380	3350	30
Maharashtra	Mumbai	M-Grade	3570	3550	20
	Mumbai	S-Grade	3360	3350	10
	Nagpur	M-Grade	3425	3375	50
	Nagpur	S-Grade	3325	3275	50
	Kolhapur	M-Grade	3300	3250	50
	Kolhapur	S-Grade	3200	3150	50
Assam	Guhawati	S-Grade	3512	3461	51
Meghalaya	Shillong	S-Grade	3520	3470	50
Andhra Pradesh	Vijayawada	M-Grade	3700	3720	-20
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3710	3710	Unch
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3640	3640	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			3-Jul-20	2-Jul-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NR	NR	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-

	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaursa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	3425	3400	25
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3550	3550	Unch
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3300	3400	-100
	Mandya	Yellow (Medium)	3400	3370	30
	Shimoga/Shivamogga	Achhu (Average)	NA	3750	-

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