

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

### **Recent Update:**

*The prices across India remained steady to weak trend today. The prices in Delhi stood low at Rs. 3370/q. While the prices in Khatauli, Kolhapur and Vijayawada stood steady.*

***UP sets a record production of 50 LT of jaggery in 2019-20 against 45 LT in the previous year, up by around 11%. The western UP is the hub of jaggery production and around 30LT is expected to have produced this year. Everyday around 400-500 bags (40kg/bag) are arriving daily. Although few jaggery units got closed during lockdown that resulted in the diversion of cane to sugar producing units, thus, sugar production increased by 3-4LT. As the state has produced record production of sugarcane this year due to which there has been an increase by 7-8% in sugar production and jaggery production as well.***

### **Weather Forecast:**

*Heavy to very heavy rainfall at isolated places over Uttarakhand, East Uttar Pradesh, West Madhya Pradesh, Gujarat state and Konkan & Goa and heavy rainfall at isolated places over Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, East Rajasthan, East Madhya Pradesh, Vidarbha, Jharkhand, Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, and Coastal Karnataka.*

### **Previous Updates:**

***OMC's have been supplied with 92.5 crore litres of ethanol till 22<sup>nd</sup> 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 9<sup>th</sup> 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 26<sup>th</sup> 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 11<sup>th</sup> June. If the government does not approve 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.

## 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 Fri July 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Jul</a>	200702	12.18	12.25	12.02	12.24	0.07	77,366	410,481	-1,993
<a href="#">20-Oct</a>	200702	12.8	12.9	12.68	12.89	0.08	26,066	193,415	639
<a href="#">21-Mar</a>	200702	12.54	12.57	12.42	12.56	0.04	9,646	85,778	612
<a href="#">21-May</a>	200702	12.28	12.29	12.16	12.27	0.01	8,188	70,675	-254
<a href="#">21-Jul</a>	200702	12.21	12.23	12.09	12.19	-0.01	4,718	62,949	122
<a href="#">21-Oct</a>	200702	12.46	12.46	12.35	12.45	0.01	2,086	37,793	616
<a href="#">22-Mar</a>	200702	12.12	12.16	12.05	12.16	0.03	1,541	17,709	316
<a href="#">22-May</a>	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 Fri July 03, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Aug</a>	200703	350.9	353.4	349	351	0.7	9,368	30,023	-1,853
<a href="#">20-Oct</a>	200703	355.5	358.3	353.7	355.9	0.4	5,992	34,845	564
<a href="#">20-Dec</a>	200703	358	358.9	355.1	357.2	0.4	2,112	19,530	435
<a href="#">21-Mar</a>	200703	358.9	360	356.9	358.9	1.2	755	14,017	-78
<a href="#">21-May</a>	200703	362	362.3	362	362.3	0.9	344	6,040	167
Total Volume and Open Interest							18,687	111,435	-757

## DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			4-Jul-20	3-Jul-20	
Delhi	Delhi	M-Grade	3370	3380	-10
	Delhi	S-Grade	3350	3360	-10
Uttar Pradesh	Khatauli	M-Grade	3380	3380	Unch
	Ramala	M-Grade	3260	3260	Unch
	Dhampur	M-Grade Ex-Mill	3330	3330	Unch
	Dhampur	S-Grade Ex-Mill	3310	3310	Unch
	Dhampur	L-Grade Ex-Mill	3380	3380	Unch
Maharashtra	Mumbai	M-Grade	3590	3570	20
	Mumbai	S-Grade	3340	3360	-20
	Nagpur	M-Grade	3425	3425	Unch
	Nagpur	S-Grade	3325	3325	Unch
	Kolhapur	M-Grade	3300	3300	Unch
	Kolhapur	S-Grade	3200	3200	Unch
Assam	Guhawati	S-Grade	3512	3512	Unch
Meghalaya	Shillong	S-Grade	3520	3520	Unch
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	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)			4-Jul-20	3-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	Chaurasa	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	NA	3425	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3409	-
	Mandya	Achhu (Medium)	3600	3550	50
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3400	3300	100
	Mandya	Yellow (Medium)	3450	3400	50
	Shimoga/Shivamogga	Achhu (Average)	3750	3750	Unch

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