

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

The prices across India showed steady to weak trend today. The price Kolhapur and Vijayawada market stood steady at Rs.3250/q, and Rs.3700/q, respectively. The prices stood down in Delhi and khatauli at Rs. 3250/q and Rs.3320/q, down by Rs.10/q.

For sugar season 2020-21, UP has issued 131 new licenses to raw sugar producing units to increase their crushing capacities, 14 were issued on priority to women entrepreneurs with established crushing capacity of 4,100 tonnes of cane per day (TCD). The new sugar units would generate an additional crushing capacity of 34,550 TCD. The new raw sugar units would play a crucial role in prompt procurement of sugarcane, thus, generating work and employment in their respective areas.

Weather Forecast:

Heavy to very heavy rainfall at isolated places with extremely heavy falls at isolated places very likely over Assam & Meghalaya; heavy to very heavy rainfall at isolated places over West Uttar Pradesh and Nagaland, Manipur, Mizoram & Tripura and heavy rainfall at isolated places over Uttarakhand, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, West Bengal & Sikkim, Odisha, Arunachal Pradesh, Madhya Maharashtra, Marathwada, Konkan & Goa, Telangana, Rayalaseema, Karnataka, Tamilnadu, Puducherry & Karaikal, Lakshadweep and Kerala & Mahe.

Previous Updates:

The decision in hike in minimum selling price of sugar is yet pending. A meeting held between the Group of Ministers yesterday had recommended a hike of Rs.2/kg to Rs.33/kg to ensure mills clear the pending arrears of Rs.20,000 crore in 2019-20 at the earliest. The government will also consider other ways if an increase in MSP of sugar does not help in reducing cane arrears to farmers.

According to Thai Sugar Millers Corporation, Thailand exported 2.36 lakh tonnes of refined sugar and 3.21 lakh tonnes of raw sugar in May'20. Total of 11.05 lakh tonnes of refined sugar (13.34% y/y) has been exported at an average FOB \$366.38/tonne and 22.32 lakh tonnes (2.5% y/y) of raw sugar at an average FOB \$300.57/tonne much lower sugar has been exported so far till May'20 from January'20. The exports were improved compared to the previous month as the demand was hit due to coronavirus.

In UP, so far 13.39 million litre of sanitizer has been produced till 8th July'20, out of which 67.42 lakh litre of sanitizer has been supplied within the state and 47.15 lakh litre has been supplied to other states of the country. Quantity supplied within the state; 67.42 lakh litre includes the quantity of 2.47 lakh litre supplied to various government organizations and government hospitals through the District Magistrates.

According to the sources, the official announcement can be released in the coming week regarding hike in minimum selling price for sugar and sugarcane FRP. There is possibility of an increase of Rs.200/q in minimum selling price of sugar to Rs.3300/q and a rise of Rs.100/q in sugarcane FRP to Rs.285/q of cane.

India shipped out around 45 LT of sugar till June end, out of the total 50 LT contracts booked including 24 lakh tonnes raw sugar and around 20 lakh tonnes of refined or white sugar. The top 5 buyers were Iran, Somalia, Indonesia, Sri Lanka and Afghanistan.

Brazil sugar exports reached 3 million tonnes in June. This is around 14% higher than May and 97% above the same month in 2019. Sugar production continued to increase, reaching a near-record 36% increase early in June. The Brazilian ethanol market remained weak, thus, the global sugar market could be flooded, which would surge the prices.

India has been waiting for the export deals with China but are now in worry due to the border tensions between China and India. According to All India Sugar Trade Association, India can export 3 lakh tonnes of sugar to China in the next two to three months. So far, India has exported 1 LT of sugar to China. Now, the Indian sugar exporters are afraid to make deals and will wait for the situation to improve.

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.

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.

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	355.5	5.0

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue July 21, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200721	11.77	11.94	11.63	11.67	-0.05	20,939	383,540	-524
21-Mar	200721	12.47	12.62	12.34	12.38	-0.05	8,843	224,355	1,082
21-May	200721	12.24	12.39	12.14	12.2	-0.03	4,941	92,711	514
21-Jul	200721	12.01	12.15	11.95	12.01	-0.01	2,899	77,330	167
21-Oct	200721	12.15	12.15	11.96	12.01	-0.01	1,889	65,909	391
22-Mar	200721	12.36	12.42	12.25	12.3	unch	552	38,007	116
22-May	200721	12.11	12.14	12	12.06	unch	1,799	19,949	193
22-Jul	200721	11.94	11.97	11.81	11.89	unch	1,635	18,744	1,493
Total Volume and Open Interest							43,843	939,559	3,361

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tue July 21, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Oct	200721	350.7	360	350.1	355.3	4.8	3,658	46,043	-447
20-Dec	200721	348.5	354.9	347.9	350.9	2.9	1,220	20,819	-41
21-Mar	200721	348.4	354	347.8	349.9	1.8	522	15,388	-23
21-May	200721	352.8	357.5	352.2	353.3	1.3	181	7,740	-57
21-Aug	200721	356.9	357.3	353.4	353.4	0.8	94	3,986	-30
Total Volume and Open Interest							5,681	97,604	-598

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-Jul-20	21-Jul-20	
Delhi	Delhi	M-Grade	3250	3260	-10
	Delhi	S-Grade	3230	3240	-10
Uttar Pradesh	Khatauli	M-Grade	3320	3330	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3570	3570	Unch
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3700	3700	Unch
	Vijayawada	S-Grade	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3690	3690	Unch
Tamil Nadu	Chennai	S-Grade	3760	3760	Unch
	Dindigul	M-Grade	3840	3840	Unch
	Coimbatore	M-Grade	3620	3620	Unch
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
Jaggery(Gur)			22-Jul-20	21-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)	NA	4250	-
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3810	3800	10
	Mandya	Kurikatu (Medium)	3300	3500	-200
	Mandya	Other (Medium)	3400	3350	50
	Mandya	Yellow (Medium)	3550	3750	-200
	Shimoga/Shivamogga	Achhu (Average)	3800	3750	50

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