

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

### **Recent Update:**

*The prices across India showed steady to firm trend today. The price in Delhi stood firm at Rs.3305/q. The prices in Kolhapur and Khatauli stood steady at Rs.3250/q, and Rs.3320/q.*

***The area under sugarcane increased to 51.54 lakh ha till 24th July'20, up by around 1% in 2020-21 sugar season compared to the corresponding time last year. The top three sugarcane producing states; Uttar Pradesh, Maharashtra, and Karnataka are leading in area for 2020-21 sugar season by covering 23.71 lakh ha, 9.78 lakh ha and 5.47 lakh ha. Maharashtra is likely to revive this year as the state has faced bad weather conditions last year and likely to cover around 10.5 to 11 lakh ha compared to 8.4 lakh ha covered in 2019-20 season.***

### **Weather Forecast:**

*Heavy to very heavy rainfall at isolated places likely over Uttarakhand and heavy rainfall at isolated places over Himachal Pradesh, Uttar Pradesh, Bihar, Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura and Coastal Andhra Pradesh & Yanam.*

### **Previous Updates:**

***The government re-allocated 25000 tonnes of sugar out of the original quota that was allotted in the beginning of the season (Oct'19). The restored quantity is allotted to the eligible sugar under Maximum Admissible Export Quota (MAEQ). India has allocated 60 lakh MAEQ quota for sugar marketing year 2019-20. As the reallocation of sugar export quota was delayed, some mills could not export sugar in July. Also, Industry has demanded release of the export incentives to enable payment of sugarcane to the farmers.***

***The Indian government has approved a quantity of 10,000 tonnes of sugar exports (raw/white) to EU. The exports would undertake under CXL concessions to European Union for the period of Oct'20 to Sep'21. Availing the CXL concessions on export to the EU, traders can export sugar at relatively low or zero customs duty. Usually India exported around 25,000 tonnes in 2018-19 season and 18,465 tonnes during Oct'18-Apr'19. While the exports of 13,343 tonnes that declined by 28% this year during Oct'19 to Apr'20.***

***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.***

***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 8<sup>th</sup> 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.

## 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 Icumsa	357	-2

### International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri July 24, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">20-Oct</a>	200724	11.67	11.73	11.48	11.49	-0.28	32,078	378,650	-4,215
<a href="#">21-Mar</a>	200724	12.36	12.41	12.16	12.18	-0.28	13,639	227,825	1,092
<a href="#">21-May</a>	200724	12.24	12.25	12.03	12.05	-0.25	5,699	95,665	838
<a href="#">21-Jul</a>	200724	12.05	12.07	11.88	11.9	-0.22	3,048	78,195	548
<a href="#">21-Oct</a>	200724	12.07	12.07	11.91	11.94	-0.17	1,212	66,433	245
<a href="#">22-Mar</a>	200724	12.34	12.34	12.21	12.25	-0.14	356	37,987	-129
<a href="#">22-May</a>	200724	12.08	12.1	11.96	12.04	-0.1	80	20,181	-38
<a href="#">22-Jul</a>	200724	11.87	11.92	11.82	11.9	-0.07	73	18,936	-51
Total Volume and Open Interest							79,019	944,754	671

### International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri July 24, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Oct</a>	200724	356.4	356.8	349.7	350.3	-6.7	3,628	46,012	119
<a href="#">20-Dec</a>	200724	352.2	352.8	346.9	347.4	-6.1	1,537	19,943	-136
<a href="#">21-Mar</a>	200724	351.1	351.5	346.2	346.7	-5.7	721	14,929	-21
<a href="#">21-May</a>	200724	354.9	354.9	350	350.4	-5.4	42	7,897	-1
<a href="#">21-Aug</a>	200724	352	352.7	349.6	350	-5.7	14	3,998	4
Total Volume and Open Interest							5,944	96,399	-37

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Jul-20	24-Jul-20	
Delhi	Delhi	M-Grade	3305	3300	5
	Delhi	S-Grade	3285	3280	5
Uttar Pradesh	Khatauli	M-Grade	3320	3320	Unch
	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	3580	3570	10
	Mumbai	S-Grade	3350	3350	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	3750	3760	-10
	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)			25-Jul-20	24-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	4550	-
	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	3493	-
	Mandya	Achhu (Medium)	NA	3750	-
	Mandya	Kurikatu (Medium)	NA	3250	-
	Mandya	Other (Medium)	NA	3450	-
	Mandya	Yellow (Medium)	NA	3600	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

## Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Business Systems Ltd.