

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. 3310/q, whereas, the markets were closed in UP, Kolhapur and Vijayawada on the occasion of Eid.

The area under sugarcane increased to 51.78 lakh ha as on 31st 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 23.87 lakh ha, 9.82 lakh ha and 5.51 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.

ICE sugar futures rallied by the month end, up by 54 points and settled at 12.27 cents/lbs and highest since 1st June'20. The spike in prices was attributed to an additional import quota to be released by the Chinese government for 2.1 million tonnes of sugar. Czarnikow projects that Thailand's 2020-21 sugar production could drop more than -10% year on year to an 11-year low of 7.4 MMT. Also, from expectations for Indonesia to boost imports.

Weather Forecast:

Heavy to very heavy rainfall at a few places with extremely heavy falls at isolated places very likely over Konkan & Goa; Heavy to very heavy rainfall at isolated places over Odisha, Andaman & Nicobar Islands, ghat areas of Madhya Maharashtra, Marathawada, Kerala & Mahe and Coastal & ghat areas of South Interior Karnataka and heavy rainfall at isolated places over Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Nagaland, Manipur, Mizoram & Tripura, Gujarat state, North Interior Karnataka and ghat areas of Tamilnadu.

Previous Updates:

The monthly quota has been released for Aug'20 and allocated 20.5 LT of sugar sales limit to 547 mills. The July'20 sales quota is 1.5 MT higher compared to the previous year quota during the same time. Millers had witnessed fresh buying due to the rumours of hike in Minimum Selling Price (MSP) of sugar. Some demand had also been witnessed due to the easing nationwide lockdown due to the coronavirus pandemic.

According to the trade sources, India exported around 3.4 LT of total sugar (including White refined and raw sugar) in June'20. Around 1.6 LT of refined sugar and 1.25 LT of white sugar has been exported out of the total sugar exports. Sudan, Somalia, Saudi Arabia, Lybia, Kenya, Qatar, Tanzania were the major importers for refined sugar. While Sri Lanka, Afghanistan, China were the largest importer of white sugar and Iran was the largest importer for raw sugar in June month.

In order to clear cane dues of farmers, the cane commissioner of Uttar Pradesh has announced that 85 percent amount of sale value of byproducts of sugarcane (molasses, bagasse, press-mud and ethanol) derived by sugar mills will be tagged for cane price payment to farmers. Thus, 30% of the sale value of ethanol produced from C-grade molasses, 55% produced from B-heavy molasses and 80% produced directly from sugarcane juice will be used for repaying the dues.

Due to the pandemic, many migrant labours have left for their home during lockdown. The Coronavirus has limited the movement of people from one place to others. Due to which industries are facing the

difficulty of getting labourers. Therefore, the sugar mills have placed orders for harvesting machines in Maharashtra, Karnataka and Gujarat in order to avoid the dependency on labours during harvesting of cane.

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.

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.

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	368.2	3.2

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri July 31, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200731	12.12	12.72	12.11	12.64	0.53	36,285	380,175	-306
21-Mar	200731	12.72	13.27	12.72	13.2	0.47	12,619	237,149	477
21-May	200731	12.5	12.97	12.49	12.91	0.42	5,280	99,652	451
21-Jul	200731	12.25	12.68	12.25	12.61	0.34	2,563	79,704	-55
21-Oct	200731	12.26	12.61	12.26	12.53	0.29	1,448	66,967	53
22-Mar	200731	12.52	12.82	12.52	12.73	0.23	646	38,806	77
22-May	200731	12.27	12.53	12.27	12.42	0.17	372	21,109	38
22-Jul	200731	12.1	12.32	12.1	12.19	0.11	375	21,047	251
Total Volume and Open Interest							59,762	964,404	1,046

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri July 31, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Oct	200731	369.8	382.7	369.5	381.6	13.4	3,373	46,095	220
20-Dec	200731	365	377.8	365	377	12.4	1,787	21,197	763
21-Mar	200731	363.1	374.6	363.1	373.6	11	394	15,332	94
21-May	200731	366.4	375.8	366.4	374.8	9.4	81	8,313	-6
21-Aug	200731	363.5	371.9	363.5	371.2	8.6	63	4,289	62
Total Volume and Open Interest							5,711	98,884	1,125

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Aug-20	31-Jul-20	
Delhi	Delhi	M-Grade	3310	3305	5
	Delhi	S-Grade	3290	3285	5
Uttar Pradesh	Khatauli	M-Grade	Closed	3300	-
	Ramala	M-Grade	Closed	NA	-
	Dhampur	M-Grade Ex-Mill	Closed	3225	-
	Dhampur	S-Grade Ex-Mill	Closed	3205	-
	Dhampur	L-Grade Ex-Mill	Closed	3275	-
Maharashtra	Mumbai	M-Grade	3580	3580	Unch
	Mumbai	S-Grade	3356	3356	Unch
	Nagpur	M-Grade	Closed	3425	-
	Nagpur	S-Grade	Closed	3325	-
	Kolhapur	M-Grade	Closed	3300	-
	Kolhapur	S-Grade	Closed	3200	-
Assam	Guhawati	S-Grade	Closed	3512	-
Meghalaya	Shillong	S-Grade	Closed	3520	-
Andhra Pradesh	Vijayawada	M-Grade	Closed	3700	-
	Vijayawada	S-Grade	Closed	3700	-
West Bengal	Kolkata	M-Grade	3720	3720	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3840	3840	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch
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)			1-Aug-20	31-Jul-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	NA	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	NA	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	NA	-

	Muzaffarnagar	Rascut (Fresh)	Closed	NA	-
	Hapur	Chaursa	Closed	NA	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	Closed	NR	-
		White	Closed	NR	-
		Black	Closed	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4400	-
	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)	NA	3600	-
	Mandya	Kurikatu (Medium)	NA	3370	-
	Mandya	Other (Medium)	NA	3350	-
	Mandya	Yellow (Medium)	NA	3550	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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