

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

Steady to weak tone are witnessed today in India. The prices in Delhi decreased by Rs.65 to Rs.3250/q against Rs. 3315/q. Prices in Khatauli, Kolhapur and Vijayawada market stood steady at Rs. 3320/q, Rs. 3300/q and Rs.3640/q, respectively.

According to the trade sources, India exported around 2.34 LT of total sugar (including White refined and raw sugar) in July month which is slightly lower compared to the quantity that was shipped during June this year due to the steady demand. Around 2.27 LT of white refined sugar has been exported out of the total sugar exports and rest of the quantity included raw sugar exports. Afghanistan, Sudan, Syria, Somalia, Indonesia and China were the main importers of white refined sugar. Whereas Indonesia and Tanzania were the largest importer of raw sugar in July'20.

Weather Forecast:

Heavy to very heavy rainfall at isolated places very likely over West Rajasthan, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Tamilnadu, Puducherry & Karaikal and heavy rainfall at isolated places over East Rajasthan, Bihar, Odisha, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Gujarat state, Konkan & Goa, South Interior Karnataka and Kerala & Mahe.

Previous Updates:

Philippines is expected to produce more sugar this year to around 2.2 MMT in 2020-21 compared to 2.15 MMT in 2019-20. Therefore, the country is planning to export more to US so as to avoid the excess sugar stock accumulation and to stabilize the sugar prices in the domestic market. The sugar imports have been already declined to avoid the oversupply. The demand of the sugar in the local market has been reduced as the operations of the manufacturing companies have remained limited and the hotels and restaurants are not fully operational.

According to UNICA, overall ethanol sales in Brazil were down in July'20. Mills in the south-central region sold 2.67 billion liters of ethanol in July, down 9.31 percent when compared to last year. Mills in the south-central region of Brazil crushed 50.48 MMT of sugarcane during the second half of July, up 1.15 percent compared to the same period of last year. Ethanol production for the second half of July was 2.39 billion liters, down from 2.66 billion liters produced during the same period of last year. While, from the beginning of the current harvest season, ethanol production was at 14.52 billion liters, down 6.6 percent.

The Fair and Remunerative Price (FRP) of sugarcane has been approved and announced by the cabinet in the recent meeting held on 19th Aug'20. The government has increased the FRP of sugarcane for sugar season by Rs.10/q for 2020-21 to Rs. 285/q for a basic recovery rate of 10%. The cabinet is also providing a premium of Rs. 2.85/q for recovery at 11%. And, where the sugar recovery is 9.5% or less such farmers will get Rs. 270/q for sugarcane instead of Rs. 261.25/q in the current season.

It becomes necessary to all the sugar producing states to ensure that at least 85% of the installed capacity to be used by the mills. The department of Food and Public Distribution (DFPD), has taken the decision to help the mills to trim the sugarcane price arrears. The government has also set a mill-wise target of ethanol

production for every mill that has a distillery unit. The revenue from production and supply of ethanol to OMCs is realized by mills within three weeks of supply.

According to UNICA, a total of 19.73 million tonnes of sugar has been produced till July'20 since the beginning of the season in April in Brazil, a surge of 48% was reported this season so far. The mills allocated 46.9% of the cane to produce sugar, compared to 35.25% at this time last year. The amount of sugarcane crushed was around 326 million tonnes during the same period, up by 5.66% compared to the same time previous year. Ethanol demand is weak after Unica reported that total ethanol sales by Brazil Center-South mills in the first half of July fell -19% to 741.4 million liters, which indicates pressure for less ethanol production and more sugar production.

Government is likely to release a part of subsidy amount of around 20 billion rupees on exports to the sugar mills by the end of first week of September. The credited money will be useful to start the season. For the current sugar year, the government is providing 62.7 billion rupees as subsidy to mills to export 6 million tonne sugar. The subsidy will go directly into farmer's bank accounts against payment of outstanding cane dues and the balance amount will be credited to accounts directly of sugar mills.

Sugar mills across India have asked the Union Cabinet to extend the sugar buffer stock scheme that expired on 31st July'20. The Union Cabinet had approved the creation of a 40 LT sugar buffer stock last year for which the government has reimbursed the carrying cost of about Rs. 1,674 crore. But the government is not in favour with the extension of buffer stock as it encourages the mills to overproduce, and so is an additional expense for the government.

Sugar mills in Maharashtra have cleared 99 per cent cane dues to the farmers. The millers have paid arrears of around Rs.13,759 crores out of Rs.13,891 crores, therefore, Rs.132 crore is the remaining balance. Whereas, the UP sugar mills have paid Rs.24,151 crores as on 10th Aug'20. According to the government, mills across India have purchased sugarcane of around Rs 72,000 crore from farmers during 2019-20 sugar season. Of that, less than Rs 20,000 crore of arrears are yet to be paid to farmers. The cane payment is being done at good pace compared to last year, hence, encouraging the farmers to plant cane on large area.

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	362	2.50

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri August 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200828	12.82	12.84	12.58	12.6	-0.17	51,531	365,530	-2,255
21-Mar	200828	13.4	13.45	13.21	13.22	-0.17	31,859	262,236	3,538
21-May	200828	13.17	13.19	12.96	12.98	-0.16	10,474	133,358	110
21-Jul	200828	12.85	12.89	12.69	12.7	-0.14	9,080	97,626	-1,174
21-Oct	200828	12.76	12.77	12.6	12.62	-0.11	6,415	75,349	-875
22-Mar	200828	12.96	12.96	12.83	12.85	-0.06	4,371	47,155	704
22-May	200828	12.42	12.43	12.35	12.36	unch	1,707	32,194	633
22-Jul	200828	12.02	12.07	11.96	12.01	0.06	852	22,346	267
Total Volume and Open Interest							117,508	1,063,893	1,235

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri August 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Oct	200828	362.1	364.2	358.9	359.7	-2.3	6,117	36,328	-1,602
20-Dec	200828	368.5	369.4	364.1	365.2	-2.3	3,948	29,043	-409
21-Mar	200828	372.9	374.1	368.4	369.2	-3	1,818	20,293	541
21-May	200828	377.8	378.5	372	372.3	-4.4	393	9,760	103
21-Aug	200828	375.5	375.6	369	369.1	-5.1	18	4,301	-5
Total Volume and Open Interest							12,298	104,965	-1,374

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Aug-20	28-Aug-20	
Delhi	Delhi	M-Grade	3250	3315	-65
	Delhi	S-Grade	3230	3295	-65
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	3496	3496	Unch
	Mumbai	S-Grade	3360	3360	Unch
	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	3640	3640	Unch
	Vijayawada	S-Grade	3700	3700	Unch
West Bengal	Kolkata	M-Grade	3730	3730	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3680	3680	Unch
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3650	-50

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)			29-Aug-20	28-Aug-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	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)	NA	NA	-
	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	3547	-
	Mandya	Achhu (Medium)	3600	3800	-200
	Mandya	Kurikatu (Medium)	3600	3650	-50
	Mandya	Other (Medium)	3500	3450	50
	Mandya	Yellow (Medium)	3650	3750	-100
	Shimoga/Shivamogga	Achhu (Average)	3700	3750	-50

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