

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

Mixed trend are seen in Sugar & gur physical markets today in India. Sugar prices in Delhi declined by Rs. 50 to Rs. 3260/q against Rs. 3310/q while prices in Kolhapur market stood higher by Rs. 30 to Rs. 3280/q and prices are remain steady in Vijayawada market at Rs. 3640/q.

As the government has extended the time for MAEQ sugar exports till December, the mills will get better opportunity to clear off the stocks and help achieving the target to reach 60LT sugar exports. This could support the sugar prices when the production in the coming is expected higher. The government has to continue giving export subsidy and fix at least a target of exporting more than 60LT in 2020-21 to avoid surplus sugar in the country. The sugar industry is eagerly waiting for the government to release official notification regarding hike in MSP.

Indian sugarcane harvesting might get affected amid the pandemic situation prevailing in the country and thus resulting in delay in the production of sugar especially in Maharashtra. Mostly manual labour is employed in the cane harvesting and about only 5% is dependent on mechanized farming in India. But, most of sugar mills in Maharashtra have been continuously buying mechanized harvesting equipment that can compensate a work of around 100 migrant labours.

The government offers total subsidy of Rs.10.45 per kg of sugar exported. The government has extend the time for exports under MAEQ of 60 LT till December'20 from September'20. The time has been extended for those sugar mills which have partially exported their MAEQ quota of sugar season 2019-20 till Sep'20 will be allowed to export the balance quantity of their quota by Dec'20. The sugar industry is expecting some changes in the sugar export subsidy scheme for the coming season for smoother exports as India would have to increase the exports more than 60 LT to clear the sugar glut.

Bhartiya Kisan Union (BKU) in Uttar Pradesh have been demanding for a hike in sugarcane price up to Rs.450/q. BKU urged the sugar mills to start crushing from 15th October'20 in the new season and Dhampur sugar mills assured that the operations would start from 21st Oct'20. Also, Sugarcane minister warned the mills to pay the cane arrears as soon as possible. The state government has claimed to have paid Rs. 6000 crore arrears during the 45-day lockdown period.

According to the sources, India has contracted around 5.7 MMT of sugar till August and is expected to have exported around 5.5 MMT. While the sugar industry is hoping to get 0.5-0.6 MMT more contracts by the end of this month. The subsidy of Rs.6268 crore for the export of 6 MMT sugar by the government has proven beneficial for the country encouraging the sugar traders to export the surplus stocks. This year, Indonesia and Malaysia have opted to import from India as their traditional importer Thailand was facing with lower crop amid drought conditions in the country.

Rice (both Basmati and non-Basmati) and sugar (refined and raw) have together contributed around 78% of the total agricultural exports during the first financial quarter (Apr-June). During Apr'20 and June'20, India exported around 8.57 LT of refined sugar compared to 6.68 LT in the corresponding period last year despite the coronavirus lockdown. The necessary measures taken in the port during the lockdown and the priority given to the sugar exports at the ports contributed the smoother exports during the pandemic.

Indian sugarcane harvesting is likely to get delayed amid the pandemic situation prevailing in the country and thus resulting in delay in the production of sugar. Majorly the manual labour is employed in the cane harvesting and about only 5% is dependent on mechanized farming in India. Most of the migrant labours are scared to travel due to the coronavirus infection and therefore, India is most probably likely to face lack of labour availability. As being the second largest producer of sugar after Brazil, the delay in production could accelerate the global sugar prices. However, Maharashtra mills are trying to invest and buying the cane harvesting machines as one harvester can replace around 100 labours. Nationwide, mills have placed orders more than 200 cane harvesters recently.

Weather Forecast:

Heavy to very heavy rainfall very likely at isolated places over Andaman & Nicobar Islands, Madhya Maharashtra, Konkan & Goa, Kerala & Mahe and Coastal & South Interior Karnataka and heavy rainfall at isolated places over Chhattisgarh, Odisha, south Gujarat region, Marathwada, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and North Interior Karnataka.

Previous Updates:

According to UNICA, a total of 22.95 MMT of sugar has been produced till mid-Aug'20 since the beginning of the season in April in Brazil, a surge of 48.16% was reported this season so far. The mills allocated 47% of the cane to produce sugar, compared to 35.31% at this time last year. The amount of sugarcane crushed was around 372 MMT during the same period, up by 6.02% compared to the same time previous year. Brazil's total sugar production in the 2020-21 season (April-March) is expected to grow and reach a record more than 35 MMT as mills allocate more raw material to sugar production and less to ethanol.

For the last two consecutive years, in 2019-20, the State Advised Price (SAP) for sugarcane has been maintained like the previous year 2018-19, which was Rs. 325 for early crop, Rs. 315 for regular and Rs. 310 for the unsuitable/rejected variety. The state produces more than half of the regular variety cane out of the total production. Generally, Uttar Pradesh prefer the SAP because of higher fixed price compared to the Fair and Remunerative Price (FRP) which is based on the recovery rate. But, recently the central government has increased the FRP to Rs.285/q at 10% recovery rate and the price goes up by 1% for every 0.1% hike in recovery rates. The recovery rates in UP has been rising steadily in the past few years because of the Co-0238 variety which gives a recovery rate more than 11.3%. Therefore, for the recovery of 11.3%, the FRP is Rs. 322.05/q which is far above than the SAP and would be preferable to accept FRP.



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	368.20	10.20

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200917	12.3	12.69	12.22	12.62	0.27	110,476	155,566	-54,189
21-Mar	200917	12.85	13.29	12.78	13.23	0.31	96,206	370,603	8,316
21-May	200917	12.72	13.1	12.63	13.05	0.3	26,793	140,109	2,313
21-Jul	200917	12.56	12.89	12.48	12.84	0.26	15,556	100,873	-2,633
21-Oct	200917	12.52	12.85	12.5	12.79	0.22	4,016	93,073	-281
22-Mar	200917	12.88	13.15	12.83	13.1	0.21	2,192	47,027	-480
22-May	200917	12.45	12.75	12.45	12.7	0.2	494	32,708	138
22-Jul	200917	12.3	12.44	12.21	12.4	0.17	344	22,665	39
Total Volume and Open Interest							256,405	992,063	-46,667

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Thu 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Oct	200917	356.7	370.6	355.4	368.2	10.2	5,155	39,913	-297
20-Dec	200917	356.5	370	355.8	368.2	9.9	2,577	23,171	-25
21-Mar	200917	360	372.6	359.2	371.2	9.2	935	11,953	214
21-May	200917	360.6	370.6	360.6	370	7.7	302	4,959	1
21-Aug	200917	359.8	368.5	359.8	368.5	7.5	144	3,764	-12
Total Volume and Open Interest							9,235	85,522	-7,416

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-Sep-20	18-Sep-20	
Delhi	Delhi	M-Grade	3260	3310	-50
	Delhi	S-Grade	3240	3290	-50
Uttar Pradesh	Khatauli	M-Grade	3325	3325	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3240	3240	Unch
	Dhampur	S-Grade Ex-Mill	3220	3220	Unch
	Dhampur	L-Grade Ex-Mill	3290	3290	Unch
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3360	3360	Unch
	Nagpur	M-Grade	3405	3375	30
	Nagpur	S-Grade	3305	3275	30
	Kolhapur	M-Grade	3280	3250	30
	Kolhapur	S-Grade	3180	3150	30
Assam	Guhawati	S-Grade	3492	3461	30
Meghalaya	Shillong	S-Grade	3500	3470	30
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	3600	Unch

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			19-Sep-20	18-Sep-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	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	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	NA	-
	Mandya	Achhu (Medium)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3250	3200	50
	Shimoga/Shivamogga	Achhu (Average)	3600	3650	-50

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