

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Mixed trend are extended in Sugar & gur physical markets today in India. Sugar prices in Delhi rose by Rs. 60 to Rs. 3320/q against Rs. 3260/q while prices in Kolhapur and Vijayawada stood steady at Rs. 3280/q and Rs. 3640/q respectively.

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.

Weather Forecast:

Heavy to very heavy rainfall with extremely heavy falls at isolated places likely over Sub-Himalayan West Bengal & Sikkim and Assam & Meghalaya; heavy to very heavy rainfall at isolated places over Arunachal Pradesh, Coastal Karnataka and Konkan & Goa and heavy rainfall at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Odisha, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Marathwada, Telangana, Interior Karnataka and Kerala & Mahe.

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			21-Sep-20	19-Sep-20	
Delhi	Delhi	M-Grade	3320	3260	60
	Delhi	S-Grade	3300	3240	60
Uttar Pradesh	Khatauli	M-Grade	3300	3325	-25
	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	3350	3360	-10
	Nagpur	M-Grade	3405	3405	Unch
	Nagpur	S-Grade	3305	3305	Unch
	Kolhapur	M-Grade	3280	3280	Unch
	Kolhapur	S-Grade	3180	3180	Unch
Assam	Guhawati	S-Grade	3492	3492	Unch
Meghalaya	Shillong	S-Grade	3500	3500	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)	3650	3680	-30
	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)			21-Sep-20	19-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)	4450	4450	Unch
	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)	3250	3300	-50
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3250	3250	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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.