

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

Steady to firm tone are seen in Sugar & gur physical markets today in India. Sugar prices in Delhi stood higher by 5 at Rs. 3320/q against Rs. 3315/q while prices in Kolhapur and Vijayawada stood steady at Rs. 3280/q and Rs. 3640/q respectively.

Total sugarcane production in 2020-21 is expected to rise to 399.8 million tonnes against 355.7 million tonnes produced in 2019-20 kharif season. Maharashtra is likely to see a major surge in cane production this kharif season to around 900 lakh tonnes against 655 lakh tonnes last year, up by around 37% from 2019. While the top sugarcane producing state; Uttar Pradesh is likely to yield higher in 2020 compared to last year by 5-8 tonnes/ha.

According to UNICA, 306.34 million liters of ethanol is exported in August was up 6.28 percent when compared to the same period of 2019. So far this season, mills in the south-central region have sold 1.1 billion liters of ethanol into the export market, up 25.17 percent. While, According to UNICA, mills in the region have sold 11.74 billion liters of ethanol so far this season, down 17.85 percent when compared to the sale period of last year.

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.

Weather Forecast:

Heavy to very heavy rainfall at isolated places over Bihar and heavy rainfall at isolated places over East Uttar Pradesh, West Bengal & Sikkim, Odisha, Assam & Meghalaya and Telangana. Thunderstorm with lightning at isolated places very likely over East Uttar Pradesh, Odisha, Coastal Andhra Pradesh & Yanam and Rayalseema. Strong Wind (speed reaching 45-55 kmph) very likely over Southwest Arabian Sea. Fishermen are advised not to venture into these areas.

Previous Updates:

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.

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	371.20	-0.60

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed 23, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200923	12.89	13.06	12.77	12.82	-0.07	45,475	101,230	-4,181
21-Mar	200923	13.36	13.57	13.27	13.33	-0.08	86,558	393,710	-1,356
21-May	200923	13.16	13.34	13.04	13.11	-0.09	24,326	150,409	2,958
21-Jul	200923	12.94	13.05	12.74	12.82	-0.12	18,218	106,300	1,790
21-Oct	200923	12.84	12.92	12.65	12.72	-0.12	9,445	94,600	-1,153
22-Mar	200923	13.02	13.12	12.85	12.93	-0.12	4,858	46,633	1,358
22-May	200923	12.53	12.62	12.38	12.46	-0.1	2,994	33,473	637
22-Jul	200923	12.14	12.23	12.02	12.1	-0.07	2,250	23,026	166
Total Volume and Open Interest							196,513	980,246	1,506

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Wed 23, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Oct	200923	371.8	376.6	369.7	371.2	-0.6	3,636	38,620	-654
20-Dec	200923	372.6	376.5	370.4	372	-0.5	2,452	22,303	-133
21-Mar	200923	374.3	378.8	372.7	374.4	-0.8	930	12,782	180
21-May	200923	370.6	374.9	369.4	370.6	-2	149	5,031	-15
21-Aug	200923	368	370.7	365.1	366.6	-2.5	108	3,818	47
Total Volume and Open Interest							7,397	84,508	-468

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Sep-20	23-Sep-20	
Delhi	Delhi	M-Grade	3320	3315	5
	Delhi	S-Grade	3300	3295	5
Uttar Pradesh	Khatauli	M-Grade	3260	3280	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3230	3225	5
	Dhampur	S-Grade Ex-Mill	3210	3205	5
	Dhampur	L-Grade Ex-Mill	3280	3275	5
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3346	3350	-4
	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	3650	Unch
	Dindigul	M-Grade (DCA)	3760	3760	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)			24-Sep-20	23-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)	3130	3150	-20
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3190	3200	-10
	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.