

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

Steady to weak tone are extended in Sugar & gur physical markets today in India. Sugar prices in Delhi stood lower by 5 at Rs. 3295/q against Rs. 3300/q and prices declined in Kolhapur by Rs. 30 to Rs. 3250/q against Rs. 3280/q while prices in Vijayawada stood steady at Rs. 3600/q.

The delay in clarity over next season's sugar export scheme has made the industry worried as it is impossible for Indian sugar to sell in the global markets without government support due to the gap between domestic and international prices. Sugar costs about Rs.33 per kg in India, while globally it is priced at Rs.22-23 per kg. The Centre has been able to pay only 10% of the subsidy given on sugar exports for this season which is about to end in the next week. Also, some export subsidy dues from 2018-19 have also not been paid.

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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Sub-Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya and Coastal Andhra Pradesh & Yanam. Thunderstorm with lightning at isolated places Very likely over Gangetic West Bengal, Assam & Meghalaya, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and Tamilnadu, Puducherry & Karaikal.

Previous Updates:

The government offers total subsidy of Rs.10.45 per kg of sugar exported. The government has extended 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.

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	374.20	3.00

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri 25, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200925	12.83	13.03	12.83	13	0.16	33,260	88,499	-4,498
21-Mar	200925	13.38	13.54	13.38	13.51	0.14	75,730	402,843	3,910
21-May	200925	13.14	13.29	13.14	13.26	0.11	23,236	157,790	4,595
21-Jul	200925	12.85	12.98	12.85	12.93	0.08	19,383	108,994	1,296
21-Oct	200925	12.75	12.86	12.75	12.8	0.05	9,469	94,846	22
22-Mar	200925	13	13.04	12.96	12.99	0.03	3,628	46,305	-305
22-May	200925	12.55	12.55	12.48	12.51	0.03	2,268	34,310	456
22-Jul	200925	12.13	12.18	12.09	12.15	0.04	1,259	22,997	95
Total Volume and Open Interest							170,127	988,089	6,291

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Fri 25, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	200925	375.6	376.8	373.2	376.5	2.3	3,626	38,965	527
21-Mar	200925	374.9	376.8	373.2	376.5	2.5	2,084	22,303	-44
21-May	200925	376.5	378.3	375	378	2.3	949	13,249	309
21-Aug	200925	373.6	373.8	371.9	373.8	1.9	267	5,198	93
21-Oct	200925	368.1	368.8	367.5	368.7	1.1	166	3,917	72
Total Volume and Open Interest							7,184	85,721	1,009

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Sep-20	25-Sep-20	
Delhi	Delhi	M-Grade	3295	3300	-5
	Delhi	S-Grade	3275	3280	-5
Uttar Pradesh	Khatauli	M-Grade	3250	3250	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3225	3225	Unch
	Dhampur	S-Grade Ex-Mill	3205	3205	Unch
	Dhampur	L-Grade Ex-Mill	3275	3275	Unch
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3342	3346	-4
	Nagpur	M-Grade	3375	3405	-30
	Nagpur	S-Grade	3275	3305	-30
	Kolhapur	M-Grade	3250	3280	-30
	Kolhapur	S-Grade	3150	3180	-30
Assam	Guhawati	S-Grade	3461	3492	-30
Meghalaya	Shillong	S-Grade	3470	3500	-30
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3730	-50
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3650	Unch
	Dindigul	M-Grade (DCA)	3810	3760	50
	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)			26-Sep-20	25-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	3328	-
	Mandya	Achhu (Medium)	3000	3150	-150
	Mandya	Kurikatu (Medium)	3150	3150	Unch
	Mandya	Other (Medium)	2900	3000	-100
	Mandya	Yellow (Medium)	3100	3200	-100
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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