

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

Steady to weak tone are continued in Sugar & gur physical markets today in India. Sugar prices in Delhi stood lower by 70 at Rs. 3220/q against Rs. 3290/q while prices in Kolhapur and Vijayawada stood steady at Rs. 3250/q & Rs. 3600/q respectively.

The monthly sales quota for October 2020 was fixed at 23 Lakh MT, distributed among 547 mills. The Oct'20 sales quota is 2 LT higher compared to the previous year quota during the same month and 1 LT higher compared to the previous month's quota (22 LT). The demand for sugar expected to increase during October amid upcoming Hindu festivals (Durga puja and Dussehra) and keeping in view the easing of lockdown nationwide.

Recently, the Thailand Sugar Mills Corporation recently reported that Thailand 2020-21 sugar production likely to fall by 13% compared to the previous year to an 11-year low of 7.2 MMT as dry weather this year devastated cane crop. Also, USDA recently declined Australia 2020-21 sugar production estimate to 4.3 MMT from an April forecast of 4.5 MMT and sugar export estimate to 3.40 MMT from an April forecast of 3.54 MMT.

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.

Weather Forecast:

Heavy rainfall likely at isolated places over Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and North Interior Karnataka. Thunderstorm with lightning at isolated places likely over Vidarbha, Chhattisgarh, Odisha, Madhya Maharashtra, Marathawada, Konkan & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Interior Karnataka and Tamilnadu, Puducherry & Karaikal.

Previous Updates:

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 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	367	-9.50

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200928	13.05	13.18	12.57	12.59	-0.41	31,794	77,610	-10,889
21-Mar	200928	13.55	13.65	13.02	13.05	-0.46	58,945	403,844	1,001
21-May	200928	13.26	13.38	12.81	12.83	-0.43	15,275	160,263	2,473
21-Jul	200928	12.96	13.04	12.55	12.56	-0.37	14,766	111,190	2,196
21-Oct	200928	12.82	12.89	12.45	12.47	-0.33	7,720	96,229	1,383
22-Mar	200928	13	13.08	12.67	12.69	-0.3	2,910	46,643	338
22-May	200928	12.51	12.56	12.24	12.26	-0.25	1,842	34,314	4
22-Jul	200928	12.17	12.17	11.93	11.95	-0.2	1,056	23,134	137
Total Volume and Open Interest							134,815	984,783	-3,306

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Mon 28, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	200928	376.6	378.9	365.6	367	-9.5	3,506	39,207	242
21-Mar	200928	376.3	377.3	365.1	366.3	-10.2	1,875	22,560	257
21-May	200928	377.7	378.9	367.7	368.7	-9.3	754	13,465	216
21-Aug	200928	374.4	374.5	365	365.4	-8.4	205	5,280	82
21-Oct	200928	369.2	369.4	360.5	361.2	-7.5	44	3,953	36
Total Volume and Open Interest							6,444	86,603	882

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Sep-20	28-Sep-20	
Delhi	Delhi	M-Grade	3220	3290	-70
	Delhi	S-Grade	3200	3270	-70
Uttar Pradesh	Khatauli	M-Grade	3225	3260	-35
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3200	3200	Unch
	Dhampur	S-Grade Ex-Mill	3180	3180	Unch
	Dhampur	L-Grade Ex-Mill	3250	3250	Unch
Maharashtra	Mumbai	M-Grade	3490	3490	Unch
	Mumbai	S-Grade	3310	3320	-10
	Nagpur	M-Grade	3375	3375	Unch
	Nagpur	S-Grade	3275	3275	Unch
	Kolhapur	M-Grade	3250	3250	Unch
	Kolhapur	S-Grade	3150	3150	Unch
Assam	Guhawati	S-Grade	3461	3461	Unch
Meghalaya	Shillong	S-Grade	3470	3470	Unch
Andhra Pradesh	Vijayawada	M-Grade	3600	3600	Unch
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3650	Unch
	Dindigul	M-Grade (DCA)	3780	3810	-30
	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)			29-Sep-20	28-Sep-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	#N/A	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)	3000	NA	-
	Mandya	Kurikatu (Medium)	3150	NA	-
	Mandya	Other (Medium)	2900	NA	-
	Mandya	Yellow (Medium)	3100	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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