

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Steady to firm tone are featured in Sugar & gur physical markets today in India. Sugar prices in Delhi stood higher by 5 at Rs.3200/q against Rs.3215/q while prices in Kolhapur and Vijayawada Rs.3200/q and Rs.3600/q respectively.

The government has been encouraging the sugar mills to divert cane crushing towards ethanol production so as to avoid surplus sugar production. Therefore, the government has given a one month duration to the mills for submitting their proposals to avail loans at a subsidized interest rate for increase ethanol capacity in the country. So far, 68 proposals worth Rs.3,500 crore have been approved and banks have sanctioned the loan.

Weather Forecast:

Heavy rainfall likely at isolated places over Odisha, Andaman & Nicobar Islands, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Thunderstorm with lightning at isolated places likely over Bihar, Jharkhand, West Bengal & Sikkim, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

Previous Updates:

The domestic sugar prices fall after the announcement of sales quota for the September month. The sugar traders consider that the quota is higher against the demand considering the surge in number of coronavirus cases and the sugar industry is awaiting for any announcement regarding rise in sugar MSP.

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.

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.

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	Cont 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 Wed September 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	200930	13	13.1	12.83	13.07	0.08	23,985	61,523	-7,562
21-Mar	200930	13.42	13.54	13.23	13.51	0.09	74,850	405,119	-3,484
21-May	200930	13.15	13.26	12.97	13.22	0.07	18,515	160,774	-972
21-Jul	200930	12.83	12.93	12.67	12.9	0.07	13,797	112,638	1,259
21-Oct	200930	12.76	12.95	12.57	12.78	0.06	7,524	96,263	-390
22-Mar	200930	12.89	13	12.78	12.97	0.07	3,995	48,545	519
22-May	200930	12.33	12.5	12.32	12.47	0.03	1,801	34,636	120
22-Jul	200930	11.99	12.13	11.96	12.1	unch	1,530	24,592	724
Total Volume and Open Interest							147,101	976,004	-9,481

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Wed September 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	200930	370.6	376.4	368.8	375.3	3.4	7,826	39,450	156
21-Mar	200930	370.3	376.1	369.2	375.3	3.6	3,116	22,904	83
21-May	200930	372	377.3	371.1	376.7	3.1	820	13,769	218
21-Aug	200930	367.9	373.1	367.1	372.6	3.1	203	5,450	104
21-Oct	200930	363.3	368.1	362.7	367.7	2.9	64	4,007	0
Total Volume and Open Interest							12,044	87,755	574

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			1-Oct-20	30-Sep-20	
Delhi	Delhi	M-Grade	3220	3215	5
	Delhi	S-Grade	3200	3195	5
Uttar Pradesh	Khatauli	M-Grade	3220	3220	Unch
	Ramala	M-Grade	0	0	Unch
	Dhampur	M-Grade Ex-Mill	3175	3175	Unch
	Dhampur	S-Grade Ex-Mill	3155	3155	Unch
	Dhampur	L-Grade Ex-Mill	3225	3225	Unch
Maharashtra	Mumbai	M-Grade	3480	3480	Unch
	Mumbai	S-Grade	3306	3306	Unch
	Nagpur	M-Grade	3325	3325	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3200	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3600	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			1-Oct-20	30-Sep-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	0	0	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	0	0	Unch

	Muzaffarnagar	Khurpa (Fresh)	0	0	Unch
	Muzaffarnagar	Laddoo (Fresh)	0	0	Unch
	Muzaffarnagar	Rascut (Fresh)	0	0	Unch
	Hapur	Chaurasa	0	0	Unch
	Hapur	Balti	0	0	Unch
Andhra Pradesh	Chittur	Gold	0	0	Unch
		White	0	0	Unch
		Black	0	0	Unch
Maharashtra	Latur	Lal Variety	0	0	Unch
Karnataka	Bangalore	Mudde (Average)	NA	0	-
	Belgaum	Mudde (Average)	NA	0	-
	Belthangadi	Yellow (Average)	NA	0	-
	Bijapur/Vijayapura	Achhu	NA	0	-
	Gulbarga/Kalaburgi	Other (Average)	NA	0	-
	Mahalingapura	Penti (Average)	3321	NA	-
	Mandya	Achhu (Medium)	2950	3020	-70
	Mandya	Kurikatu (Medium)	3050	3100	-50
	Mandya	Other (Medium)	2850	3000	-150
	Mandya	Yellow (Medium)	3000	3150	-150
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			30-Sep-20	29-Sep-20	
Jaggery(Gur)					
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	3314	-
	Mandya	Achhu (Medium)	3020	3000	20
	Mandya	Kurikatu (Medium)	3100	3150	-50
	Mandya	Other (Medium)	3000	2900	100
	Mandya	Yellow (Medium)	3150	3100	50
	Shimoga/Shivamogga	Achhu (Average)	3600	NA	-

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