

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

Mixed trends are witnessed in Sugar & gur physical markets today in India. Sugar prices in Delhi stood higher by 60 at Rs.3260/q against Rs.3200/q while prices in Kolhapur and Vijayawada Rs.3200/q and Rs.3600/q respectively.

According to Australian Sugar report released by Australian sugar milling council, the cumulative cane crush reached 19.08 million tonnes (62%) since the beginning of the season from Jun'20 while the operations were ahead in 2019 by crushing around 66% of cane during the same time last year. The crushing operations were delayed and slowed down during the beginning of the season this year. The country is expecting rains in Queensland, the major cane growing state due to which further delay in crushing is expected. Australia in 2020-21, is estimated to produce 30.9 million tonnes of sugarcane against 30.04 million tonnes produced in 2019-20 season.

Weather Forecast:

Heavy rainfall at isolated places over Sub-Himalayan West Bengal & Sikkim, Odisha, Arunachal Pradesh, Assam & Meghalaya and Nagaland, Manipur, Mizoram & Tripura. Moderate thunderstorm with lightning very likely at isolated places over East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Bihar, Sub Himalayan West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Konkan & Goa and North Interior Karnataka.

Previous Updates:

The sugar mills in Uttar Pradesh and Maharashtra are expected to start crushing from 15th Oct'20 and no announced has been done regarding hike in MSP. The government would increase the sugar sales quota for the coming months so as to increase the sales so that the mills could pay cane arrears. However, the demand was weaker in 2019-20 season, but is expected to increase in the coming season until all the social gathering places becomes operational by 100 per cent.

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.

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.

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.

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	373.70	-1.60

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri 2, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
20-Oct	201002	13.52	13.68	13.31	13.55	-0.03	46,571	402,757	-2,903
21-Mar	201002	13.21	13.37	13.05	13.27	-0.01	15,650	158,715	-2,004
21-May	201002	12.91	13.04	12.75	12.96	unch	8,133	111,663	-92
21-Jul	201002	12.83	12.91	12.66	12.84	unch	4,247	99,195	928
21-Oct	201002	13	13.12	12.88	13.05	unch	2,567	50,558	1,061
22-Mar	201002	12.48	12.59	12.39	12.53	-0.01	1,193	35,434	411
22-May	201002	12.1	12.2	12.02	12.13	-0.02	729	24,538	-270
22-Jul	201002	11.99	12.08	11.92	11.97	-0.07	416	19,350	119
Total Volume and Open Interest							80,034	915,265	-56,574

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Fri 2, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201002	372.5	376.5	369	373.7	-1.3	3,939	39,840	576
21-Mar	201002	372.7	377.2	369.8	374.2	-1.4	1,691	23,266	106
21-May	201002	375.5	378.9	371.6	376.3	-1	1,085	14,211	288
21-Aug	201002	370.6	375.1	368.2	373	-0.5	493	5,662	77
21-Oct	201002	366.5	370.5	364	368.4	-0.3	112	4,090	1
Total Volume and Open Interest							7,336	89,296	1,059

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			5-Oct-20	3-Oct-20	
Delhi	Delhi	M-Grade	3260	3200	60
	Delhi	S-Grade	3240	3180	60
Uttar Pradesh	Khatauli	M-Grade	3215	3215	Unch
	Ramala	M-Grade	NA	NA	-
	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	3456	3470	-14
	Mumbai	S-Grade	3296	3300	-4
	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	3600	3600	Unch
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	3860	3850	10
	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)			5-Oct-20	3-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	NA	-
	Muzaffarnagar	Khurpa (Fresh)	2800	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3063	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)	3050	3000	50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	2900	2800	100
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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