

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

Steady to firm tone are extended in Sugar & gur physical markets today in India. Sugar prices in Delhi, Kolhapur and Vijayawada stood steady at Rs. 3240/q, Rs.3200/q and Rs.3600/q respectively.

Ethanol production in 2020-21 which starts from December and continues till November is estimated to increase to 360 crore liters. This would help the government to achieve a target of 7.5 to 8% ethanol blending in petrol up from the current 5.1%. Currently, the ethanol prices are between Rs. 43.75 and Rs.59.48 per litre depending on the quality of molasses from which it is extracted. To encourage the cane crushing towards ethanol production, the government is mulling raising the price of ethanol derived from B-heavy molasses by Rs.3.34 per litre, C-heavy molasses by Rs.1.94 per litre, and 100% cane juice by Rs.3.17 per litre.

Pakistan likely to import 1.517 lakh tonnes of sugar to meet the domestic demand. According to private dealers, the sugar stocks of 0.445 million tonnes are available till 4th November'20 in Punjab and 0.565 million tonnes sugar would be available on 9th November'20 in Sindh. The sugarcane crushing in Punjab will start in the first week of November whereas the sugarcane crushing in Sindh would start by mid-November.

According to UNICA, a total of 29.07 MMT of sugar has been produced till mid-Sep'20 since the beginning of the season in April in Brazil, a surge of 44.96% was reported this season so far. The mills allocated 47.01% of the cane to produce sugar, compared to 35.43% at this time last year. The amount of sugarcane crushed was around 459 MMT during the same period, up by 4.56% compared to the same time previous year. Brazil's total sugar production in the 2020-21 season (April-March) is expected to grow and reach a record more than 35 MMT as mills allocate more raw material to sugar production and less to ethanol.

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 very likely at isolated places over Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and Karnataka. Thunderstorm with lightning at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Odisha, Andaman & Nicobar Islands, Maharashtra & Goa, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

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.

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	385.80	1.70

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu 8, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201008	14.09	14.24	14.08	14.17	0.03	56,,877	418,795	5,711
21-May	201008	13.67	13.79	13.67	13.74	0.01	21,700	159,987	1,084
21-Jul	201008	13.29	13.39	13.28	13.37	0.03	21,774	118,048	2,829
21-Oct	201008	13.15	13.25	13.14	13.23	0.03	8,262	98,559	-309
22-Mar	201008	13.36	13.44	13.33	13.43	0.02	5,838	52,212	-416
22-May	201008	12.85	12.93	12.8	12.92	0.02	4,010	36,405	-30
22-Jul	201008	12.48	12.57	12.42	12.56	0.04	4,504	28,957	2,197
22-Oct	201008	12.80	12.36	12.22	12.35	0.3	1,104	20.385	107
Total Volume and Open Interest							125,546	946,439	10,857

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Thu 8, 2020	
Most Recent Information	Previous Day

Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201008	384.3	387	383.1	385.8	1.7	4,021	39,258	-235
21-Mar	201008	386.1	388.8	385.2	387.7	2.1	1,947	24,130	81
21-May	201008	387.2	383.9	386	387.7	1.4	854	14,850	191
21-Aug	201008	382.2	382.7	380.7	382.4	0.9	113	5,791	36
21-Oct	201008	377.9.	377.9	375.6	377.6	0.7	52	4,139	20
Total Volume and Open Interest							7,016	90,472	110

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			9-Oct-20	8-Oct-20	
Delhi	Delhi	M-Grade	3240	3240	Unch
	Delhi	S-Grade	3220	3220	Unch
Uttar Pradesh	Khatauli	M-Grade	3210	3200	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3180	3170	10
	Dhampur	S-Grade Ex-Mill	3160	3150	10
	Dhampur	L-Grade Ex-Mill	3230	3220	10
Maharashtra	Mumbai	M-Grade	3426	3446	-26
	Mumbai	S-Grade	3270	3266	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	3900	3900	unch
	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)			9-Oct-20	8-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	3250	-50
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	5000	1000
	Muzaffarnagar	Khurpa (Fresh)	2750	2750	Unch
	Muzaffarnagar	Laddoo (Fresh)	3000	3063	- 63
	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)	3250	3200	50
	Mandya	Kurikatu (Medium)	3120	3120	Unch
	Mandya	Other (Medium)	2850	2900	-50
	Mandya	Yellow (Medium)	3080	3080	Unch
	Shimoga/Shivamogga	Achhu (Average)	3650	3600	50

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