

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

Steady to weak tone are extended in Sugar & gur physical markets today in India. Sugar prices declined by Rs. 30 to Rs.3200/q in Delhi. Prices also declined by Rs. 50 to Rs. 3150/q in Kolhapur and by Rs. 40 to Rs. 3560/q in Vijayawada.

The labours and contractors have gone on strike demanding higher wages from the sugar mills in Maharashtra. At present, the labours are offered at rate of Rs.239 for harvesting per tonne cane and they are demanding more as the rate sugar harvesting machine per tonne provides Rs.350-400. The contractors also want additional 10 per cent hike in the commission from 18.5 per cent.

Weather Forecast:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Telangana; heavy to very heavy rainfall at isolated places over south Konkan & Goa, Madhya Maharashtra, Marathawada and Coastal & North Interior Karnataka and heavy rainfall at isolated places over Vidarbha, south Chhattisgarh, Odisha, Andaman Islands, north Coastal Andhra Pradesh, Rayalaseema, Kerala & Mahe and South Interior Karnataka.

Previous Updates:

In Uttar Pradesh, the mills had diverted around 5LT cane to produce ethanol from B- molasses in 2019-20 season. And the mills are expected to divert around 6-10 LT this year (2020-21). One of the reasons for the increase in diversion is that the OMCs are directed to release the payment within 30 days and the central government's aid given to the distillery units for the expansion of ethanol production capacity. The state had offered 105 crore litre of ethanol to OMCs in 2019-20 season, of which 63.73 crore litre has already been supplied.

Ethanol production in 2020-21 which starts from December and continues till November is estimated to increase to 360 crore litres. 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.

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.

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	384.90	-0.90

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri 9, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201009	14.15	14.31	14.03	14.23	0.06	75,667	429,485	10,690
21-May	201009	13.72	13.8	13.62	13.73	-0.01	33,828	157,797	-2,190
21-Jul	201009	13.36	13.39	13.24	13.33	-0.04	23,690	120,096	2,048
21-Oct	201009	13.23	13.25	13.08	13.19	-0.04	11,436	98,601	142
22-Mar	201009	13.4	13.44	13.25	13.39	-0.04	6,114	53,358	1,146
22-May	201009	12.9	12.94	12.74	12.88	-0.04	4,338	37,284	879
22-Jul	201009	12.54	12.55	12.37	12.51	-0.05	3,823	29,376	419
22-Oct	201009	12.34	12.34	12.23	12.32	-0.03	1,033	20,496	111
Total Volume and Open Interest							161,075	960,304	13,865

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Fri 9, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201009	385.1	386.8	382.5	384.9	-0.9	6,829	38,963	-295
21-Mar	201009	388.5	389	385	387.6	-0.1	5,574	24,162	32
21-May	201009	387.5	388.7	385	387.4	-0.3	2,095	14,918	68
21-Aug	201009	381.1	382.5	379.9	381.6	-0.8	633	6,090	299
21-Oct	201009	375.9	376.9	374.7	376.3	-1.3	147	4,198	59
Total Volume and Open Interest							15,494	90,837	365

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Oct-20	10-Oct-20	
Delhi	Delhi	M-Grade	3200	3230	-30
	Delhi	S-Grade	3180	3210	-30
Uttar Pradesh	Khatauli	M-Grade	3205	3210	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3180	-30
	Dhampur	S-Grade Ex-Mill	3130	3160	-30
	Dhampur	L-Grade Ex-Mill	3200	3230	-30
Maharashtra	Mumbai	M-Grade	3420	3420	Unch
	Mumbai	S-Grade	3290	3290	Unch
	Nagpur	M-Grade	3275	3325	-50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3200	-50
	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	3560	3600	-40
	Vijayawada	S-Grade	3620	3660	-40
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3650	3650	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)			12-Oct-20	10-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3375	3300	75
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	4000	2000
	Muzaffarnagar	Khurpa (Fresh)	2650	2800	-150
	Muzaffarnagar	Laddoo (Fresh)	3050	3025	25
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	Closed	NA	-
	Hapur	Balti	Closed	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	3250	Unch
	Mandya	Kurikatu (Medium)	3120	3120	Unch
	Mandya	Other (Medium)	2900	2900	Unch
	Mandya	Yellow (Medium)	3100	3150	-50
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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