

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

Steady to firm tone are extended in Sugar & gur physical markets today in India. Sugar prices closed up by Rs 10 to 3170/q against Rs 3160/q while prices closed upside by Rs 50 to 3150/q in Kolhapur, however prices closed steady at Rs3560/q in Vijayawada.

After the introduction of the new Farm Bill, the farmers in Muzzafarnagar are able to sell jaggery anywhere out of the mandi without any tax. Now, a farmer does not have to pay tax where a tax of 2.5% was applicable if sold in mandi. Whereas, the mandi officials are in distress and appealing the government to remove mandi tax, if not they will be in huge loss as farmers would prefer selling without tax.

Distillery units and other companies likely to have diverted 0.8 MT of sugar production towards ethanol during the last season, which may be lower than the target, as cane acreage was lower in Maharashtra and Karnataka. It is expected that up to 2.5 MT of sugar production can get diverted for ethanol production in 2020-21 sugar season.

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 the yare 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.

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 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.

Weather Forecast:

Heavy to very heavy rainfall likely at isolated places over Andaman Islands, Madhya Maharashtra and Konkan & Goa and heavy rainfall at isolated places over Gujarat region, Marathawada, Kerala & Mahe and Coastal Karnataka. Thunderstorm with lightning likely at isolated places over Madhya Pradesh, Vidarbha, Gujarat state and Kerala & Mahe.

Previous Updates:

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 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 30.04million 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	386.90	-0.20

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Wed 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201014	13.96	14.26	13.93	14.2	0.19	81,220	438,230	-2,855
21-May	201014	13.54	13.77	13.5	13.71	0.13	36,194	153,751	757
21-Jul	201014	13.16	13.35	13.13	13.3	0.1	25,480	123,588	698
21-Oct	201014	13.04	13.21	13	13.17	0.1	10,364	101,134	331
22-Mar	201014	13.26	13.43	13.21	13.39	0.11	4,229	53,697	585
22-May	201014	12.81	12.94	12.72	12.91	0.12	1,996	37,782	237
22-Jul	201014	12.46	12.61	12.37	12.57	0.11	1,197	30,180	549
22-Oct	201014	12.32	12.44	12.2	12.41	0.1	297	20,460	-20
Total Volume and Open Interest							161,344	973,126	432

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Wed 14, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201014	387.6	388	382.1	386.9	-0.2	9,323	36,609	-1,955
21-Mar	201014	387.1	389.4	384.1	388.7	1.9	7,108	25,855	780
21-May	201014	385.6	388.1	382.7	387.3	2.4	3,307	15,597	334
21-Aug	201014	377.8	381.8	377.4	380.8	2	939	6,977	476
21-Oct	201014	372.1	375.2	372.2	371.3	1.8	208	4,231	5
Total Volume and Open Interest							21,016	91,954	-285

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Oct-20	14-Oct-20	
Delhi	Delhi	M-Grade	3170	3160	10
	Delhi	S-Grade	3150	3140	10
Uttar Pradesh	Khatauli	M-Grade	3150	3150	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3416	3406	10
	Mumbai	S-Grade	3270	3280	-10
	Nagpur	M-Grade	3275	3225	50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3100	3100	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	3560	3560	Unch
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade	3740	3790	-50
	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)			15-Oct-20	14-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3350	3350	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	6000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2750	2750	Unch
	Muzaffarnagar	Laddoo (Fresh)	3000	3125	-125
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2575	2575	Unch
	Hapur	Balti	2675	2638	38
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)	3370	3300	70
	Mandya	Kurikatu (Medium)	3230	3150	80
	Mandya	Other (Medium)	3050	2980	70
	Mandya	Yellow (Medium)	3250	3210	40
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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