

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

Mixed tone are seen in Sugar & gur physical markets today in India. Sugar prices closed up by Rs. 45 to 3215/q against Rs. 3170/q while prices steady at Rs. 3150/q in Kolhapur, Rs. 3560/q in Vijayawada.

The heavy rainfall in Maharashtra is expected to delay the crushing operations for 2020-21 sugar season. Karnataka is also facing difficulty to harvest cane due to the wet fields. Therefore, the crushing is likely to start by the end of 1st week of November in both the states while the mills in Uttar Pradesh expects crushing to start from 25th Oct'20.

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 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.

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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Gujarat state and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Nagaland, Manipur, Mizoram & Tripura, and Gujarat state, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam and Tamilnadu, Puducherry & Karaikal.

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 30.04 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	388.20	1.30

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Thu 15, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201015	14.22	14.49	14.02	14.18	-0.02	50,102	441,398	3,168
21-May	201015	13.73	13.86	13.53	13.66	-0.05	17,463	155,669	1,918
21-Jul	201015	13.31	13.41	13.11	13.22	-0.08	10,978	124,142	554
21-Oct	201015	13.17	13.25	12.97	13.08	-0.09	2,439	100,962	-172
22-Mar	201015	13.38	13.45	13.19	13.29	-0.1	1,369	53,910	213
22-May	201015	12.85	12.95	12.71	12.82	-0.09	893	37,872	90
22-Jul	201015	12.6	12.6	12.38	12.5	-0.07	353	30,157	-23
22-Oct	201015	12.43	12.43	12.23	12.36	-0.05	47	20,459	-1
Total Volume and Open Interest							83,804	978,938	5,812

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Thu 15, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201015	388.4	394.5	385.5	388.2	1.3	4,903	36,573	-36
21-Mar	201015	389.6	394.8	386	388.4	-0.3	3,704	25,972	117
21-May	201015	388.9	392	384.8	386.4	-0.9	2,010	16,127	530
21-Aug	201015	383.4	383.9	378.3	379.5	-1.3	462	7,234	257
21-Oct	201015	376.5	377.3	373.4	373.4	-1.7	87	4,245	14
Total Volume and Open Interest							11,171	92,835	881

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			16-Oct-20	15-Oct-20	
Delhi	Delhi	M-Grade	3215	3170	45
	Delhi	S-Grade	3195	3150	45
Uttar Pradesh	Khatauli	M-Grade	3120	3150	-30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3150	-25
	Dhampur	S-Grade Ex-Mill	3105	3130	-25
	Dhampur	L-Grade Ex-Mill	3175	3200	-25
Maharashtra	Mumbai	M-Grade	3412	3416	-4
	Mumbai	S-Grade	3260	3270	-10
	Nagpur	M-Grade	3305	3275	30
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3180	3150	30
	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	3540	3560	-20
	Vijayawada	S-Grade	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3640	3640	Unch
	Dindigul	M-Grade (DCA)	3810	3780	30
	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)			16-Oct-20	15-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3125	3300	-175
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	4000	3000
	Muzaffarnagar	Khurpa (Fresh)	2625	2750	-125
	Muzaffarnagar	Laddoo (Fresh)	2908	3000	-93
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2575	2575	Unch
	Hapur	Balti	2675	2675	Unch
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)	3350	3370	-20
	Mandya	Kurikatu (Medium)	3230	3230	Unch
	Mandya	Other (Medium)	3000	3050	-50



	Mandya	Yellow (Medium)	3250	3250	Unch
	Shimoga/Shivamogga	Achhu (Average)	3750	3600	150

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