

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

Mixed tone are extended in Sugar & gur physical markets today in India. Sugar prices closed up by Rs. 25 to 3240/q against Rs. 3215/ q while prices declined by Rs. 30 to Rs. 3150/q against Rs. 3180/q in Kolhapur and the prices stood steady at Rs. 3560/q in Vijayawada.

The Maharashtra government is taking serious action against the sugar mills that have failed to clear the pending cane arrears. Around 190 sugar mills had applied for crushing licenses for season 2020-21. The government has granted licenses to only 90 sugar mills that have cleared the cane dues of the farmers. And 20 sugar factories had paid the cane dues in the past week after their licenses were put on hold.

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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Coastal Andhra Pradesh & Yanam and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Marathawada, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema and Tamilnadu, Puducherry & Karaikal.

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.

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.

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 Fri 16, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201016	14.21	14.46	14.15	14.43	0.25	40,088	444,289	2,891
21-May	201016	13.67	13.83	13.63	13.8	0.14	14,451	156,571	902
21-Jul	201016	13.23	13.33	13.19	13.27	0.05	12,379	125,222	1,080
21-Oct	201016	13.08	13.17	13.03	13.11	0.03	5,930	103,421	2,459
22-Mar	201016	13.3	13.38	13.22	13.34	0.05	2,972	54,977	1,067
22-May	201016	12.88	12.95	12.74	12.91	0.09	793	37,899	27
22-Jul	201016	12.53	12.68	12.42	12.64	0.14	751	30,460	303
22-Oct	201016	12.4	12.56	12.31	12.55	0.19	205	20,570	111
Total Volume and Open Interest							77,796	987,925	8,987

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Fri 16, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201016	388.6	397	388.2	396	7.8	4,317	36,568	-5
21-Mar	201016	388	395.5	388	394.7	6.3	4,117	26,040	68
21-May	201016	386.6	392	386.6	391.2	4.8	1,665	16,252	125
21-Aug	201016	378.9	383.3	378.9	382.5	3	829	7,498	264
21-Oct	201016	375.5	377.4	374	376.7	3.3	47	4,249	4
Total Volume and Open Interest							10,985	93,289	454

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Oct-20	16-Oct-20	
Delhi	Delhi	M-Grade	3240	3215	25
	Delhi	S-Grade	3220	3195	25
Uttar Pradesh	Khatauli	M-Grade	3120	3120	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3125	Unch
	Dhampur	S-Grade Ex-Mill	3105	3105	Unch
	Dhampur	L-Grade Ex-Mill	3175	3175	Unch
Maharashtra	Mumbai	M-Grade	3420	3412	8
	Mumbai	S-Grade	3262	3260	2
	Nagpur	M-Grade	3275	3305	-30
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3180	-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	3540	Unch
	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	3810	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)			17-Oct-20	16-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2815	3125	-275
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	7000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2600	2625	-25
	Muzaffarnagar	Laddoo (Fresh)	2875	2908	-33
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2600	2575	25
	Hapur	Balti	2700	2675	25
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4350	-
	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)	3300	3350	-50
	Mandya	Kurikatu (Medium)	3100	3230	-130



	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3100	3250	-150
	Shimoga/Shivamogga	Achhu (Average)	3600	3750	-150

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