

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

Steady to firm tone are seen in Sugar & gur physical markets today in India. Sugar prices closed higher at Rs. 3220/q in Delhi against Rs. 3215/q while prices are steady at Rs. 3150/q in Kolhapur market and Rs. 3540/q in Vijayawada respectively.

The retreating monsoon rains have damaged kharif crops in few districts of South Maharashtra and Karnataka (Belagavi). According to the preliminary reports, there is no significant damage to the sugarcane crop so far. Standing crops including sugarcane from Pune, Sangli, Satara, Kolhapur and other parts of Maharashtra have been under water since last 4-5 days that could affect the sugar recovery in the state. Maharashtra this year is likely to be dependent on harvesting machines due to the shortage of labour.

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.

Weather Forecast:

Heavy to very heavy rainfall very likely at isolated places over Odisha and heavy rainfall at isolated places over Gangetic West Bengal, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Telangana, Coastal Karnataka, Coastal Andhra Pradesh & Yanam and Rayalaseema .

Previous Updates:

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.

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.

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	396.80	-6.40

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201019	14.47	14.75	14.36	14.72	0.29	64,609	444,397	108
21-May	201019	13.83	14.03	13.73	14.01	0.21	24,380	157,782	1,211
21-Jul	201019	13.3	13.45	13.21	13.44	0.17	18,448	126,971	1,749
21-Oct	201019	13.14	13.29	13.06	13.27	0.16	7,962	103,798	377
22-Mar	201019	13.36	13.51	13.28	13.48	0.14	5,246	56,498	1,521
22-May	201019	12.96	13.09	12.9	13.06	0.15	1,896	38,000	101
22-Jul	201019	12.69	12.85	12.59	12.81	0.17	1,240	30,813	353
22-Oct	201019	12.57	12.8	12.45	12.74	0.19	568	20,717	147
Total Volume and Open Interest							79,397	996,590	2,958

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Tue 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201020	404	405	395.3	396.8	-6.4	3,246	36,751	219
21-Mar	201020	402	403	395.7	397.1	-4.2	2,747	26,331	413
21-May	201020	396.5	396.8	390.6	391.7	-4.2	1,708	17,109	-139
21-Aug	201020	386.5	386.5	381.9	382.9	-3.1	1,033	8,449	519
21-Oct	201020	379.5	379.5	376	376.7	-2.4	185	4,455	67
Total Volume and Open Interest							8,973	95,796	1,101

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Oct-20	20-Oct-20	
Delhi	Delhi	M-Grade	3220	3215	5
	Delhi	S-Grade	3200	3195	5
Uttar Pradesh	Khatauli	M-Grade	3115	3100	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3100	50
	Dhampur	S-Grade Ex-Mill	3130	3080	50
	Dhampur	L-Grade Ex-Mill	3200	3150	50
Maharashtra	Mumbai	M-Grade	3416	3416	Unch
	Mumbai	S-Grade	3272	3270	2
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3150	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	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)			21-Oct-20	20-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh		2913	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	5000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2625	2625	Unch
	Muzaffarnagar	Laddoo (Fresh)	2925	2925	Unch
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2425	2438	-13
	Hapur	Balti	2500	2538	-38
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3430	3416	14
	Mandya	Achhu (Medium)	3380	3350	30
	Mandya	Kurikatu (Medium)	3230	3200	30



	Mandya	Other (Medium)	3200	3150	50
	Mandya	Yellow (Medium)	3310	3350	-40
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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