

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

Mixed tone are seen in Sugar & gur physical markets today in India. Sugar prices closed lower at Rs. 3260/q in Delhi against Rs. 3295/q while prices are higher by Rs.50 to Rs. 3200/q in Kolhapur market and also higher by Rs. 40 to Rs.3580/q against Rs. 3540/q in Vijayawada respectively.

The sugarcane harvesting in Uttar Pradesh in few areas have been started and likely to commence crushing in the first week of November. The rainfall impact in Maharashtra has delayed cane crushing in the state. So far by the end of 3rd week of October, the sugar commissioner's office has issued 128 licenses while 71 are still pending for approval to the sugar mills. The festive season is likely to support the market for few days and the sugar traders are waiting for the next month's sugar sales quota to be released by the government by the end of October.

The Maharashtra State Cooperative Sugar factories Federation Ltd. has requested the government to approve the sugar mills to use alcohol produced from B- heavy molasses for selling and shall help in completely avoid producing C- heavy molasses. Also, the sugar mills should be allowed to sell alcohol, rectified spirit, extra neutral alcohol and denatured spirit from B-heavy molasses. This will reduce the problem of separate storage for B and C- heavy molasses. Currently, the central government has allowed alcohol produced from B-heavy molasses to be used only for production of ethanol. Sugar mills can make and sell alcohol and spirit made by using C-heavy molasses.

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.

Weather Forecast:

Heavy rainfall very likely at isolated places over Kerala & Mahe and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

Previous Updates:

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.

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.

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	397.50	0.90

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Tue 27, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201027	14.83	15.04	14.68	14.83	0.06	39,798	457,957	924
21-May	201027	14	14.15	13.82	13.91	-0.07	13,342	164,366	992
21-Jul	201027	13.4	13.48	13.2	13.27	-0.14	11,189	131,671	-823
21-Oct	201027	13.22	13.27	13.02	13.07	-0.16	10,126	101,020	-29
22-Mar	201027	13.48	13.5	13.28	13.32	-0.16	6,221	58,666	469
22-May	201027	13	13.08	12.84	12.88	-0.21	4,688	39,829	402
22-Jul	201027	12.76	12.8	12.57	12.6	-0.26	4,931	33,197	-332
22-Oct	201027	12.72	12.74	12.51	12.54	-0.28	3,685	27,693	1,779
Total Volume and Open Interest							97,247	1,033,047	4,352

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Tue 27, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201027	399.9	403.9	395	397.5	0.9	3,867	33,687	-302
21-Mar	201027	402.7	406	398.3	400.9	1.4	2,989	28,932	278
21-May	201027	397.7	399.1	392.3	394.5	-0.3	653	17,508	55
21-Aug	201027	385.4	388.2	383.1	384.5	-1.6	157	9,973	44
21-Oct	201027	378.5	380	376	376	-2.8	3	4,421	1
Total Volume and Open Interest							7,678	97,291	79

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Oct-20	27-Oct-20	
Delhi	Delhi	M-Grade	3260	3295	-35
	Delhi	S-Grade	3240	3275	-35
Uttar Pradesh	Khatauli	M-Grade	3130	3130	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	3426	3426	Unch
	Mumbai	S-Grade	3282	3282	Unch
	Nagpur	M-Grade	3325	3275	50
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3200	3150	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	3580	3540	40
	Vijayawada	S-Grade	3640	3610	30
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3580	3600	-20
	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)			28-Oct-20	27-Oct-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh		3000	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	6000	4000
	Muzaffarnagar	Khurpa (Fresh)	2413	2338	75
	Muzaffarnagar	Laddoo (Fresh)	2775	2775	Unch
	Muzaffarnagar	Rascut (Fresh)	2313	2313	Unch
	Hapur	Chaurasa	2363	2355	8
	Hapur	Balti	2425	2425	Unch
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)	NA	NA	-
	Mandya	Achhu (Medium)	3350	3250	100
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3150	3100	50



	Mandya	Yellow (Medium)	3350	3350	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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