

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

Steady to weak tone are seen in Sugar & gur physical markets today in India. Sugar prices closed lower in Delhi by Rs. 30 to Rs. 3270/q. Prices are steady at Rs. 3150/q in Kolhapur market and at Rs.3600/q in Vijayawada.

Dry weather in Brazil could impact the sugarcane crop in the coming season (2021-22). According to the Brazil data, Centre-South cane crop expected to reach 575 MMT in the season starting from April 2021 to March 2022 as against 596 MMT in the current crop season amid adverse dry climatic conditions.

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.

Weather Forecast:

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

Previous Updates:

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.

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	386.60	-10

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Fri 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201030	14.36	14.44	13.94	14.36	-0.04	56,936	460,254	1,311
21-May	201030	13.4	13.46	13.15	13.39	-0.1	21,606	164,804	1,445
21-Jul	201030	12.8	12.89	12.64	12.82	-0.07	13,230	132,755	-41
21-Oct	201030	12.66	12.75	12.52	12.68	-0.05	6,410	100,281	-329
22-Mar	201030	12.91	13.02	12.8	12.97	-0.02	5,244	59,845	665
22-May	201030	12.44	12.59	12.35	12.54	unch	3,473	40,100	91
22-Jul	201030	12.13	12.33	12.05	12.27	0.04	2,165	33,262	217
22-Oct	201030	12.06	12.29	12	12.24	0.08	958	29,024	187
Total Volume and Open Interest							111,832	1,041,087	4,508

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Future Price Listing Fri 30, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201030	383.5	391.7	378.5	390.5	3.9	6,009	30,073	-2,099
21-Mar	201030	388.4	392	383.5	391.1	0.2	5,603	30,826	1,108
21-May	201030	384.4	386.5	380.2	385.7	-0.7	2,302	18,287	341
21-Aug	201030	375.8	376.9	372	376.3	-1	854	11,199	236
21-Oct	201030	367.7	368.7	364	368.7	-0.5	340	4,494	-34
Total Volume and Open Interest							15,330	97,855	-379

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			31-Oct-20	30-Oct-20	
Sugar	Delhi	M-Grade	3270	3300	-30
		S-Grade	3250	3280	-30
Uttar Pradesh	Khatauli	M-Grade	3125	3125	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	3426	3426	Unch
	Mumbai	S-Grade	3280	3282	-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	3600	3600	Unch
	Vijayawada	S-Grade	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3680	3680	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3580	3580	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
			31-Oct-20	30-Oct-20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3125	3125	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	2000
	Muzaffarnagar	Khurpa (Fresh)	2500	2525	-25
	Muzaffarnagar	Laddoo (Fresh)	2750	2838	-88
	Muzaffarnagar	Rascut (Fresh)	2375	2450	-75
	Hapur	Chaurasa	2400	2375	25
	Hapur	Balti	2450	2438	13
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)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-

	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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