

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

Steady to weak tone were witnessed in Sugar & gur physical markets today in India. Sugar prices closed lower in Delhi, Khatauli and Dhampur by Rs. 5 to 25 to Rs. 3260/q, Rs.3100/q and Rs.3120/q, respectively. Prices are steady at Rs. 3150/q in Kolhapur market and at Rs.3600/q in Vijayawada.

The government is trying to promote ethanol production in the country, therefore, the cabinet has revised the ethanol prices for the supply to Oil Marketing Companies (OMCs). The price of ethanol from sugarcane juice or sugar and sugar syrup has been increased from Rs 59.48 to Rs.62.65 per litre. An increase in the price of ethanol from C heavy molasses also approved by the cabinet from Rs 43.75 to Rs.45.69 per litre and price of ethanol from B heavy molasses route from Rs 54.27 to Rs 57.61 per litre. This would help the sugar mills for the clearing of cane arrears for the sugarcane farmers.

Weather Forecast:

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

Previous Updates:

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.

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.

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 October 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 Futures Price Listing Fri October 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 |
| Sugar | | | 2-Nov-20 | 31-Oct-20 | |
| Delhi | Delhi | M-Grade | 3260 | 3270 | -10 |
| | Delhi | S-Grade | 3240 | 3250 | -10 |
| Uttar Pradesh | Khatauli | M-Grade | 3100 | 3125 | -25 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3120 | 3125 | -5 |
| | Dhampur | S-Grade Ex-Mill | 3100 | 3105 | -5 |
| | Dhampur | L-Grade Ex-Mill | 3170 | 3175 | -5 |
| Maharashtra | Mumbai | M-Grade | 3426 | 3426 | Unch |
| | Mumbai | S-Grade | 3280 | 3280 | Unch |
| | 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 (With Duty) | 3600 | 3600 | Unch |
| | Vijayawada | S-Grade (With Duty) | 3660 | 3660 | Unch |
| West Bengal | Kolkata | M-Grade | 3750 | 3680 | 70 |
| 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 |

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

| Jaggery (Gur) Prices at Key Spot Markets: | | | | | |
|---|---------------|--------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Jaggery(Gur) | | | 2-Nov-20 | 31-Oct-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2875 | 3125 | -250 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 10000 | Unch |
| | Muzaffarnagar | Khurpa (Fresh) | 2450 | 2500 | -50 |
| | Muzaffarnagar | Laddoo (Fresh) | 2750 | 2750 | Unch |

| | | | | | |
|----------------|--------------------|-------------------|--------|------|-----|
| | Muzaffarnagar | Rascut (Fresh) | 2300 | 2375 | -75 |
| | Hapur | Chaursa | Closed | 2400 | - |
| | Hapur | Balti | Closed | 2450 | - |
| Andhra Pradesh | Chittur | Gold | NR | NR | - |
| | | White | NR | NR | - |
| | | Black | NR | NR | - |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | 4400 | 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 | NA | - |
| | Mandya | Kurikatu (Medium) | 3200 | NA | - |
| | Mandya | Other (Medium) | 3150 | NA | - |
| | Mandya | Yellow (Medium) | 3450 | NA | - |
| | Shimoga/Shivamogga | Achhu (Average) | 3600 | NA | - |

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