



Sugar & Gur Domestic & International Fundamentals

Recent Update:

Steady to firm tone were witnessed in Sugar physical markets today in India. Sugar prices closed higher in Delhi Rs. 5 to Rs. 3250/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Weather Forecast:

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

Previous Updates:

Pakistan sold sugar at subsidized rates as the sugar prices were high in the country, government has decided to sell sugar at subsidized rate of Rs 70 per kg, less than the price offered in the open market i.e. Rs 120 per Kg. The government has fixed a quota of 5 kg per person to ensure that maximum people get the sugar at low rate.

Sugar millers urge centers to announce export policy. As the sugar marketing season arrives, Sugar millers have started appealing the centre to announce a policy for the export of sugar. The country has a huge inventory of sugar, due to which the industry fears a collapse unless the government announces an export policy. With the domestic consumption of 260 lakh tones, there is a need to export at least 50-60 lakh tonnes otherwise the closing stock of the season will come to 158 lakh tonnes.

After 2 years, Government's Plan to boost ethanol capacity. The central government earlier announced a programme to encourage sugar mills to expand their ethanol production capacities, only 116 applications got the approval for the loan out of the total 368 that have applied for interest subvention. The payment that OMCs make for ethanol supplied by the sugar companies will be deposited in escrow account, that will be first accessed by the bank to settle their loans and later will be passed on to sugar mills.

The sugarcane farmers in Karnataka have demanded for a hike in sugarcane State advisory price (SAP) for 2020–21. The Fair and Remunerative Price (FRP) for sugarcane was increased by the government to Rs.2850 per tonne and the Karnataka farmers have demanded hike to Rs.3300 per tonne as the FRP is sufficient. As the farmers have been agitating and that could lead to problems in supply of sugarcane to the sugar mills in the state.

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.

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.

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.

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 | Cont 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 | 389.8 | -2.00 |



International Sugar Futures ICE (US Cent/lb)

| Daily Futures Price Listing Thu November 05, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 21-Mar | 201105 | 14.7 | 14.83 | 14.38 | 14.48 | -0.17 | 71,764 | 443,582 | -9,835 |
| 21-May | 201105 | 13.8 | 13.88 | 13.56 | 13.65 | -0.05 | 33,286 | 169,602 | 3,105 |
| 21-Jul | 201105 | 13.06 | 13.2 | 12.92 | 12.99 | -0.04 | 17,336 | 132,548 | -1,557 |
| 21-Oct | 201105 | 12.97 | 13.06 | 12.82 | 12.88 | -0.02 | 5,313 | 101,619 | 1,277 |
| 22-Mar | 201105 | 13.29 | 13.38 | 13.15 | 13.21 | unch | 1,894 | 61,849 | 256 |
| 22-May | 201105 | 12.87 | 12.96 | 12.77 | 12.81 | 0.02 | 1,468 | 40,696 | 47 |
| 22-Jul | 201105 | 12.6 | 12.69 | 12.54 | 12.57 | 0.04 | 1,125 | 33,702 | 186 |
| 22-Oct | 201105 | 12.53 | 12.62 | 12.48 | 12.52 | 0.05 | 1,005 | 30,040 | 245 |
| Total Volume and Open Interest | | | | | | | 133,887 | 1,035,002 | -6,142 |

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

| Daily Futures Price Listing Thu November 05, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-Dec | 201105 | 394.9 | 395.4 | 388.6 | 389.9 | -1.9 | 4,496 | 27,058 | -470 |
| 21-Mar | 201105 | 396.7 | 399.6 | 392.2 | 394 | -0.6 | 5,958 | 34,271 | 1,189 |
| 21-May | 201105 | 395 | 396.4 | 389.2 | 390.7 | -1.1 | 1,662 | 20,230 | 231 |
| 21-Aug | 201105 | 383.8 | 385.8 | 379.8 | 381.3 | -1.2 | 642 | 11,654 | -38 |
| 21-Oct | 201105 | 375.4 | 375.7 | 373.1 | 373.1 | -0.9 | 161 | 4,496 | -64 |
| Total Volume and Open Interest | | | | | | | 12,977 | 100,793 | 888 |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 6-Nov-20 | 5-Nov-20 | |
| Delhi | Delhi | M-Grade | 3250 | 3245 | 5 |
| | Delhi | S-Grade | 3230 | 3225 | 5 |
| Uttar Pradesh | Khatauli | M-Grade | 3075 | 3075 | Unch |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3100 | 3100 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3080 | 3080 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3150 | 3150 | Unch |
| Maharashtra | Mumbai | M-Grade | 3436 | 3436 | Unch |
| | Mumbai | S-Grade | 3266 | 3266 | 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 | 3730 | 3730 | Unch |
| Tamil Nadu | Chennai | S-Grade (With GST) | 3580 | 3580 | Unch |
| | Dindigul | M-Grade (DCA) | 3780 | 3780 | 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) | | | 6-Nov-20 | 5-Nov-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2800 | 2925 | -125 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 8000 | 10000 | -2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2375 | 2350 | 25 |
| | Muzaffarnagar | Laddoo (Fresh) | 2853 | 2900 | -48 |

| | | | | | |
|----------------|--------------------|-------------------|------|------|------|
| | Muzaffarnagar | Rascut (Fresh) | 2313 | 2275 | 38 |
| | Hapur | Chaursa | 2488 | 2488 | Unch |
| | Hapur | Balti | 2525 | 2488 | 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) | 0 | NA | - |
| | Belthangadi | Yellow (Average) | 0 | NA | - |
| | Bijapur/Vijayapura | Achhu | 0 | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | 0 | NA | - |
| | Mahalingapura | Penti (Average) | 0 | NA | - |
| | Mandya | Achhu (Medium) | 3300 | 3380 | -80 |
| | Mandya | Kurikatu (Medium) | 3250 | 3250 | Unch |
| | Mandya | Other (Medium) | 3150 | 3150 | Unch |
| | Mandya | Yellow (Medium) | 3350 | 3300 | 50 |
| | Shimoga/Shivamogga | Achhu (Average) | 3600 | 3600 | Unch |

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