



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 and Khatauli by Rs. 5- 25 to Rs. 3260/q and Rs. 3125/q, respectively. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Haryana is likely to start crushing sugarcane by the coming week. The state has increased the targets of crushing in the sugar mills this season. Also, the Haryana government has planned to set up a new sugar mill with a capacity of 5,000 TCD in Panipat district and the crushing capacity of the new mill would be 50,000 quintals per day. This will benefit the farmers from Panipat as well as neighbouring districts.

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 Fri November 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201106	14.38	15	14.27	14.91	0.43	40,379	441,515	-2,067
21-May	201106	13.6	14.18	13.48	14.13	0.48	20,747	174,686	5,084
21-Jul	201106	12.95	13.46	12.85	13.43	0.44	13,126	132,115	-433
21-Oct	201106	12.85	13.33	12.77	13.29	0.41	3,944	101,973	354
22-Mar	201106	13.2	13.59	13.11	13.58	0.37	1,527	61,925	76
22-May	201106	12.78	13.17	12.73	13.16	0.35	539	40,744	48
22-Jul	201106	12.54	12.9	12.52	12.89	0.32	457	33,716	14
22-Oct	201106	12.53	12.82	12.48	12.8	0.28	394	30,206	166
Total Volume and Open Interest							81,187	1,038,253	3,251

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Fri November 06, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201106	388.3	401.2	387.5	400.3	10.4	4,715	25,777	-1,281
21-Mar	201106	392	404.1	391.1	403.4	9.4	4,051	35,114	843
21-May	201106	389.2	400.8	388.2	399.9	9.2	1,849	20,928	698
21-Aug	201106	380	389.8	379	389.4	8.1	404	11,729	75
21-Oct	201106	373.2	380.9	373.2	380.5	7.4	35	4,496	0
Total Volume and Open Interest							11,079	101,143	350

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			7-Nov-20	6-Nov-20	
Delhi	Delhi	M-Grade	3260	3250	10
	Delhi	S-Grade	3240	3230	10
Uttar Pradesh	Khatauli	M-Grade	3080	3075	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3100	25
	Dhampur	S-Grade Ex-Mill	3105	3080	25
	Dhampur	L-Grade Ex-Mill	3175	3150	25
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)			7-Nov-20	6-Nov-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2950	2800	150
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	8000	4000

	Muzaffarnagar	Khurpa (Fresh)	2375	2375	Unch
	Muzaffarnagar	Laddoo (Fresh)	2863	2853	10
	Muzaffarnagar	Rascut (Fresh)	2313	2313	Unch
	Hapur	Chaurasa	2488	2488	Unch
	Hapur	Balti	2525	2525	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	3544	-
	Mandya	Achhu (Medium)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3250	3250	Unch
	Mandya	Other (Medium)	3150	3150	Unch
	Mandya	Yellow (Medium)	3400	3350	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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