

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady and weak tone was witnessed in Sugar physical markets today in India. Sugar prices closed Low in Delhi and kolkata by Rs. 20-80 to Rs. 3230/q and Rs. 3650/q, respectively. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

India has revived plans to offer incentives for 6 million tonnes of sugar export. As to reduce overstock and boost local prices, the government is again planning to give incentives to sugar mills for export of 6 million tonnes of sugar in 2020-21, but it has yet to decide the exact amount of subsidy.

Government increases the ethanol prices between 4.4% and 6.1% for different varieties. The sugar mills are likely to invest Rs19, 000 crore to increase ethanol production capacity to 615 crore litre per annum from the present 425 crore litre per annum capacity. However, the actual supply of ethanol has only touched 180 crore litres till the previous sugar season, which has resulted in achieving just 6% blending with petrol. The distillery units are highly underutilized as they operate only for 6-7 months in a year. The rise in ethanol prices will encourage the year round operations, production and supply of ethanol. This will also help sugar mills to produce more ethanol and help OMCs meet the 10% blending with petrol target by 2022.

Weather Forecast:

Heavy to very heavy rainfall very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam. Thunderstorm with lightning very likely at isolated places over Coastal Andhra Pradesh & Yanam, Rayalaseema, Tamilnadu, Puducherry & Karaikal, Kerela & Mahe and Lakshadweep.

Previous Updates:

Haryana leads in the country with maximum sugar prices of Rs350 per quintal to Rs 340 per quintal earlier. The sugarcane prices are increased by Rs10 per quintal to accept the demand of farmers although the prices are not high in the market.

Extension of Export Subsidies will create export opportunities for India. As the Thailand's Production is expected to be lower this year, while Brazil's crushing will start from April 2021. Therefore, India for now till April 2020-21 has a good export opportunity. The government is reconsidering extension of sugar export subsidies as to increase export in the international market. Although, government is offering export subsidies from past 2 years in order to reduce surplus stocks and help sugar mills clear cane payments to the growers.

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. **The target of 754 lakh quintals is set for sugarcane crushing** in Haryana for 20-21 seasons. This year the target is higher as compared with last season, sugar mills have to start their operation as scheduled.

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.

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 lcumsa	398.90	-1.50

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday November 10, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201110	14.88	14.92	14.53	14.68	-0.20	64,861	432,560	-2,041
21-May	201110	14.10	14.14	13.86	14.04	-0.10	36,201	187,109	+7,872
21-Jul	201110	13.40	13.43	13.21	13.40	-0.03	19,780	132,737	+89
21-Oct	201110	13.29	13.31	13.07	13.27	-0.01	4,796	101,971	+241
22-Mar	201110	13.59	13.61	13.37	13.57	-0.01	2,140	62,186	+214
22-May	201110	13.14	13.16	12.94	13.13	-0.03	940	40,585	-35
22-Jul	201110	12.86	12.88	12.69	12.86	-0.03	900	33,940	+1
22-Oct	201110	12.67	12.77	12.59	12.76	-0.02	568	30,306	+3
Total Volume and Open Interest							131,353	1,043,263	+6,664

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday November 10, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201110	397.30	402.10	396.30	398.90	-1.50	6,805	22,745	-1,568
21-Mar	201110	401.50	404.60	398.30	401.80	-1.20	6,811	38,245	+1,543
21-May	201110	398.70	401.20	395.00	397.90	-2.60	1,428	21,720	+502
21-Aug	201110	388.60	390.40	384.90	388.10	-2.10	307	11,828	+81
21-Oct	201110	380.00	382.00	379.70	380.40	-1.20	37	4,481	-2
Total Volume and Open Interest							15,437	102,161	+604

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Nov-20	10-Nov-20	
Delhi	Delhi	M-Grade	3230	3250	-20
	Delhi	S-Grade	3210	3230	-20
Uttar Pradesh	Khatauli	M-Grade	3100	3100	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	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)	3560	3560	Unch
	Vijayawada	S-Grade (With Duty)	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3650	3730	-80
Tamil Nadu	Chennai	S-Grade (With GST)	3560	3580	-20
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3660	3620	40
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
			11-Nov-20	10-Nov-20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3025	3000	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	13000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2450	2500	-50
	Muzaffarnagar	Laddoo (Fresh)	2875	2880	-5
	Muzaffarnagar	Rascut (Fresh)	2413	2425	-13
	Hapur	Chaurasa	2450	2450	Unch
	Hapur	Balti	2450	2450	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	3503	-
	Mandya	Achhu (Medium)	3280	3250	30
	Mandya	Kurikatu (Medium)	3300	3250	50
	Mandya	Other (Medium)	3030	3000	30
	Mandya	Yellow (Medium)	3350	3400	-50
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch



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