

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed high in Dhampur by Rs.15-20 to Rs. 3170/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Uttrakhand to starts new sugar mill at Bazpur. Sugar mill has completed all its preparations to commence sugarcane crushing and is expected to start by 20th November 2020. Sugar mills in Uttar Pradesh, Karnataka and Maharashtra have already started their production for the current season. With the estimated production of 310 lakh tonnes this year, India is expected to have another surplus season and will have opportunity to export about 60-70 lakh tonnes of sugar.

Weather Forecast:

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

Previous Updates:

According to Indian Sugar Mills Association about 14.10 lakh tonnes of sugar has been produced till 15th November 2020, which was 4.84 lakh tonnes last year on 15th November 2019. This year 274 sugar mills have started crushing sugarcane, in Uttar Pradesh 76 sugar mills are producing 3.85 lakh tonnes of sugar, Similarly, crushing operations have been started in Maharashtra, Karnataka and Gujarat. Policy decisions regarding export policy along with export subsidy for the sugar year 20-21 and creation of buffer stock is still awaited from the government.

Sugarcane farmer demanded to raise SAP in Punjab. Like Haryana and various other states, sugarcane farmers in Punjab are now demanding to raise SAP (State Advised Price) by Rs350 per quintal. As the sugarcane prices were remained stable in Punjab from last 3 years.

The sugar production has dropped in Fiji this year despite the sugarcane crushed this season is more than 1.6 million tones. The TCTS (CumulativeTonnes cane to sugar) ratio has been reported 11.2 this year which is the lowest in the last 3years. This has been due to the low cane purity leading to adverse weather and supply of high levels of burnt sugarcane.

Syrian state agency issues a tender to purchase and import 85,000 tonnes of refined white sugar. Shipment is sought within 3 months after the letter of credit opening on the purchase. The deadline decided for the tender is 9th December 2020.

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 crorelitre per annum from the present 425 crorelitre per annum capacity. However, the actual supply of ethanol has only touched 180 crorelitres 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.

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 tonnes, 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.

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	414.10	-6.70

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday November 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201117	15.46	15.66	15.22	15.31	-0.16	39,595	424,473	+2,174
21-May	201117	14.40	14.56	14.30	14.38	-0.05	23,235	214,185	+299
21-Jul	201117	13.65	13.76	13.59	13.64	-0.02	8,322	131,529	+306
21-Oct	201117	13.50	13.60	13.45	13.52	+0.01	3,839	101,374	-400
22-Mar	201117	13.77	13.90	13.77	13.84	+0.04	1,991	64,485	+254
22-May	201117	13.30	13.41	13.26	13.36	+0.07	964	41,395	+34
22-Jul	201117	12.94	13.08	12.89	13.03	+0.12	752	34,932	+171
22-Oct	201117	12.78	12.97	12.73	12.90	+0.12	308	30,214	-54
Total Volume and Open Interest							79,791	1,065,245	+3,182

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday November 17, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201117	421.80	425.70	412.70	414.10	-6.70	7,585	42,238	+168
21-Mar	201117	407.60	410.20	402.60	403.90	-2.70	3,082	21,648	-95
21-May	201117	393.20	395.30	390.00	391.40	-0.60	1,155	12,539	+344
21-Aug	201117	382.00	383.60	380.90	381.90	+0.80	213	4,434	+81
21-Oct	201117	383.10	383.50	381.40	382.20	+1.30	67	2,343	+50
Total Volume and Open Interest							12,113	84,342	-12,791

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Nov-20	17-Nov-20	
Delhi	Delhi	M-Grade	3260	3250	10
	Delhi	S-Grade	3240	3230	10
Uttar Pradesh	Khatauli	M-Grade	3085	3080	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3100	20
	Dhampur	S-Grade Ex-Mill	3100	3080	20
	Dhampur	L-Grade Ex-Mill	3170	3150	20
Maharashtra	Mumbai	M-Grade	3492	3492	Unch
	Mumbai	S-Grade	3250	3260	-10
	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	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3560	3560	Unch
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3660	3660	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)			18-Nov-20	17-Nov-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2875	2750	125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	5000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2525	2513	13
	Muzaffarnagar	Laddoo (Fresh)	2845	2795	50
	Muzaffarnagar	Rascut (Fresh)	2250	2325	-75
	Hapur	Chaurasa	2388	2388	Unch
	Hapur	Balti	2413	2413	Unch
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4200	50
	Belgaum	Mudde (Average)	NA	3500	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3400	3300	100
	Mandya	Kurikatu (Medium)	3020	3000	20
	Mandya	Other (Medium)	2780	2800	-20
	Mandya	Yellow (Medium)	3300	3400	-100
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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