

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Mixed tone was witnessed in Sugar physical markets today in India. Sugar prices closed high in Mumbai by Rs.5-10 to Rs. 3260/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Sugar mills in Uttar Pradesh assure farmers to clear cane Dues. The sugarcane farmers had launched an agitation outside the Bijnor sugar mill premises to demand their cane arrears for the crushing season 2019-2020. They demanded to clear their cane dues immediately. The mills administration has assured them to clear all the cane dues by 30th November 2020. Farmers of Punjab and Haryana are also protesting for pending cane arrears.

Weather Forecast:

Thunderstorm with lightning & hail very likely at isolated places over Arunachal Pradesh and with lightning at isolated places over Assam & Meghalaya, Kerala & 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.

Uttarakhand to start new sugar mill at Bazpur. The 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 new 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.

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 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.

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 R.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 | 416.90 | 2.80 |

International Sugar Futures ICE(US Cent/lb)

| Daily Futures Price Listing Wednesday November 18, 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|---------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| 21-Mar | 201118 | 15.32 | 15.56 | 15.31 | 15.45 | +0.14 | 64,744 | 430,630 | +6,157 |
| 21-May | 201118 | 14.38 | 14.56 | 14.38 | 14.54 | +0.16 | 32,138 | 217,436 | +3,251 |
| 21-Jul | 201118 | 13.64 | 13.79 | 13.64 | 13.79 | +0.15 | 17,238 | 132,647 | +1,118 |
| 21-Oct | 201118 | 13.55 | 13.65 | 13.53 | 13.65 | +0.13 | 10,094 | 102,244 | +870 |
| 22-Mar | 201118 | 13.90 | 13.95 | 13.85 | 13.95 | +0.11 | 3,974 | 65,700 | +1,215 |
| 22-May | 201118 | 13.41 | 13.47 | 13.37 | 13.46 | +0.10 | 1,201 | 41,415 | +20 |
| 22-Jul | 201118 | 13.10 | 13.14 | 13.03 | 13.13 | +0.10 | 664 | 34,777 | -155 |
| 22-Oct | 201118 | 12.99 | 13.01 | 12.91 | 13.01 | +0.11 | 302 | 30,232 | +18 |
| Total Volume and Open Interest | | | | | | | 130,826 | 1,077,798 | +12,553 |

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Wednesday November 18, 2020 | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| 20-Dec | 201118 | 416.00 | 419.00 | 414.10 | 416.90 | +2.80 | 7,102 | 42,821 | +583 |
| 21-Mar | 201118 | 405.20 | 408.80 | 404.50 | 407.00 | +3.10 | 3,341 | 21,402 | -246 |
| 21-May | 201118 | 393.00 | 395.70 | 392.60 | 394.70 | +3.30 | 1,765 | 12,368 | -171 |
| 21-Aug | 201118 | 383.40 | 385.90 | 383.40 | 384.70 | +2.80 | 923 | 4,255 | -179 |
| 21-Oct | 201118 | 383.80 | 385.80 | 383.80 | 385.00 | +2.80 | 253 | 2,416 | +73 |
| Total Volume and Open Interest | | | | | | | 13,540 | 84,556 | +214 |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|---------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 19-Nov-20 | 18-Nov-20 | |
| Delhi | Delhi | M-Grade | 3255 | 3260 | -5 |
| | Delhi | S-Grade | 3235 | 3240 | -5 |
| Uttar Pradesh | Khatauli | M-Grade | 3085 | 3085 | Unch |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3120 | 3120 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3100 | 3100 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3170 | 3170 | Unch |
| Maharashtra | Mumbai | M-Grade | 3492 | 3492 | Unch |
| | Mumbai | S-Grade | 3260 | 3250 | 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) | | | 19-Nov-20 | 18-Nov-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2875 | 2875 | Unch |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 4000 | 4000 | Unch |
| | Muzaffarnagar | Khurpa (Fresh) | 2525 | 2525 | Unch |
| | Muzaffarnagar | Laddoo (Fresh) | 2845 | 2845 | Unch |
| | Muzaffarnagar | Rascut (Fresh) | 2250 | 2250 | Unch |
| | 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 | 4250 | 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 | NA | - |
| | Mandya | Achhu (Medium) | 3380 | 3400 | -20 |
| | Mandya | Kurikatu (Medium) | 3100 | 3020 | 80 |
| | Mandya | Other (Medium) | 2800 | 2780 | 20 |
| | Mandya | Yellow (Medium) | 3350 | 3300 | 50 |
| | Shimoga/Shivamogga | Achhu (Average) | 3600 | 3600 | Unch |

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