

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed higher in Khatauli and Delhi by Rs.40-45 to Rs. 3100/q and 3280/q respectively. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

India has lost the opportunity to export sugar. Due to delay in announcement of export policy by the government, India has lost the opportunity to export about 1.7 million tonnes of sugar as the buyers are now turned to other suppliers after waiting for India. This has helped increase international prices of raw sugar as well as white sugar by about 15% since October.

Sugarcane farmers are demanding one time FRP. The cane farmers from Maharashtra are demanding one time Fair and remunerative price (FRP) from sugar mills. The sugar mills in Kolhapur and Maharashtra have agreed to pay one time FRP but the mills from other parts of state have not responded to the demand.

Weather Forecast:

Heavy rainfall very likely at isolated places over Andaman & Nicobar Islands. Thunderstorm with lightning & hail are very likely at isolated places over Arunachal Pradesh and Andaman & Nicobar Islands.

Previous Updates:

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.

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 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.

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 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	414.70	-2.20

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday November 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201119	15.45	15.52	15.22	15.28	-0.17	48,208	425,481	-5,149
21-May	201119	14.53	14.57	14.32	14.42	-0.12	21,456	220,805	+3,369
21-Jul	201119	13.79	13.69	13.59	13.69	-0.10	10,533	133,399	+752
21-Oct	201119	13.66	13.66	13.46	13.55	-0.10	5,975	101,935	-309
22-Mar	201119	13.92	13.92	13.78	13.84	-0.10	3,132	66,064	+364
22-May	201119	13.41	13.41	13.28	13.34	-0.12	2,253	42,447	+1,032
22-Jul	201119	13.07	13.07	12.95	13.01	-0.12	2,357	35,593	+816
22-Oct	201119	12.95	12.95	12.86	12.90	-0.11	1,059	30,949	+717
Total Volume and Open Interest							95,668	1,079,515	+1,717

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday November 19, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201119	417.20	419.10	413.90	414.70	-2.20	6,269	43,244	+423
21-Mar	201119	407.50	408.90	403.90	404.70	-2.30	2,380	21,339	21,339
21-May	201119	395.30	396.20	392.30	392.90	-1.80	929	12,333	12,333
21-Aug	201119	385.40	385.70	382.30	383.10	-1.60	183	4,241	4,241
21-Oct	201119	385.60	385.70	382.50	383.30	-1.70	127	2,429	2,429
Total Volume and Open Interest								84,928	84,928

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			20-Nov-20	19-Nov-20	
Delhi	Delhi	M-Grade	3300	3255	45
	Delhi	S-Grade	3280	3235	45
Uttar Pradesh	Khatauli	M-Grade	3100	3085	15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3120	5
	Dhampur	S-Grade Ex-Mill	3105	3100	5
	Dhampur	L-Grade Ex-Mill	3175	3170	5
Maharashtra	Mumbai	M-Grade	3492	3492	Unch
	Mumbai	S-Grade	3260	3260	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	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)			20-Nov-20	19-Nov-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2900	2875	25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	5000	4000	1000
	Muzaffarnagar	Khurpa (Fresh)	2538	2525	13
	Muzaffarnagar	Laddoo (Fresh)	2850	2845	5
	Muzaffarnagar	Rascut (Fresh)	2275	2250	25
	Hapur	Chaurasa	2400	2388	13
	Hapur	Balti	2425	2413	13
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	3331	-
	Mandya	Achhu (Medium)	3360	3380	-20
	Mandya	Kurikatu (Medium)	3200	3100	100
	Mandya	Other (Medium)	3000	2800	200
	Mandya	Yellow (Medium)	3320	3350	-30
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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