

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady tone was witnessed in Sugar physical markets today in India.** Sugar prices closed higher in Delhi by Rs.10-15 at Rs. 3290/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

**Food Ministry provides Rs 12,500 crore loan to set up ethanol unit.** About 185 sugar mills and standalone distillers will be provided a loan of Rs12,500 crore for the capacity addition of about 468 crore liter of ethanol per annum, as to achieve the target of 20 percent of the blending with petrol. Earlier, 70 ethanol projects were sanctioned amounting Rs 3, 600 crore. The government is promoting ethanol production as well as making effort to manufacture ethanol.

**Sugar production increases in Uttar Pradesh.** The sugar production in Uttar Pradesh has increased to about 3.85 lakh tonnes which is 30 percent more than the corresponding period last year 2.93 lakh tonnes. About 76 mills are operating in this season in Uttar Pradesh.

### Weather Forecast:

Heavy rainfall very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heaavy rain/snow at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad. Thunderstorm with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Himachal Prdaesh, Uttarakhand, Andaman & Nicobar Islands, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

### Previous Updates:

**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.

**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 30<sup>th</sup> 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 15<sup>th</sup> November 2020,** which was 4.84 lakh tonnes last year on 15<sup>th</sup> 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 20<sup>th</sup> 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.

**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 9<sup>th</sup> 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.

**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.

**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.

**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 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	414.70	-2.20

## International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday November 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">21-Mar</a>	201120	15.31	15.40	14.87	15.21	-0.07	32,857	428,959	+3,478
<a href="#">21-May</a>	201120	14.44	14.52	14.07	14.27	-0.15	17,437	221,913	+1,108
<a href="#">21-Jul</a>	201120	13.72	13.77	13.39	13.55	-0.14	10,069	133,803	+405
<a href="#">21-Oct</a>	201120	13.58	13.62	13.26	13.41	-0.14	4,127	102,482	+547
<a href="#">22-Mar</a>	201120	13.84	13.90	13.54	13.70	-0.14	2,265	66,578	+514
<a href="#">22-May</a>	201120	13.38	13.39	13.09	13.21	-0.13	2,016	41,884	-563
<a href="#">22-Jul</a>	201120	13.06	13.06	12.78	12.88	-0.13	2,028	34,456	-1,137
<a href="#">22-Oct</a>	201120	12.95	12.95	12.70	12.77	-0.13	574	30,695	-254
Total Volume and Open Interest							72,036	1,083,686	+4,171

Source: MRCI

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday November 20, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">20-Dec</a>	201120	416.10	419.20	407.70	413.30	-1.40	2,498	42,732	-512
<a href="#">21-Mar</a>	201120	407.00	408.60	398.80	403.30	-1.40	1,522	21,581	+242
<a href="#">21-May</a>	201120	395.30	396.30	387.30	391.60	-1.30	428	12,298	-35
<a href="#">21-Aug</a>	201120	385.30	385.60	378.80	381.40	-1.70	126	4,223	-18
<a href="#">21-Oct</a>	201120	385.40	386.00	377.90	381.50	-1.80	107	2,422	-7
Total Volume and Open Interest							4,757	84,672	-256

Source: MRC

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Nov-20	20-Nov-20	
Delhi	Delhi	M-Grade	3310	3300	10
	Delhi	S-Grade	3290	3280	10
Uttar Pradesh	Khatauli	M-Grade	3100	3100	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3125	Unch
	Dhampur	S-Grade Ex-Mill	3105	3105	Unch
	Dhampur	L-Grade Ex-Mill	3175	3175	Unch
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
			21-Nov-20	20-Nov-20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2750	2900	-150
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	12000	5000	7000
	Muzaffarnagar	Khurpa (Fresh)	2763	2538	225
	Muzaffarnagar	Laddoo (Fresh)	2813	2850	-38
	Muzaffarnagar	Rascut (Fresh)	2450	2275	175
	Hapur	Chaurasa	2450	2400	50
	Hapur	Balti	2450	2425	25
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)	3500	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)	3300	3360	-60
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3350	3320	30
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch



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