

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed higher in Delhi and Khatauli by Rs.35-40 at Rs. 3330/q and 3125/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Sugar mills are advised to clear cane dues within 15 days. The sugar mills of Kalaburagi in Karnataka are advised to clear cane bills of the farmers within 15 days of procurement. The factories in the district should pay Rs2, 500 per tonne to the farmers for their produce.

Sugar mills in Pakistan are facing sugarcane shortage. The sugarcane farmers in Pakistan are demanding a higher price than the fixed price of Rs200 per 40 kg by the government. The mills are not able to pay the amount to farmers, hence may be forced to shut down in a week. The sugar mills have already started their operations as per government orders but are now facing problems due to shortage of cane.

Weather Forecast:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam and Rayalaseema. Thunderstorm with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Himachal Pradesh, Coastal Andhra Pradesh & Yanam, Rayalaseema and Kerala & Mahe.

Previous Updates:

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.

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.

International Sugar Organization has forecasted that the global sugar deficit will be increased to 3.5 million tonnes from 724,000 tonnes estimated earlier in August. The deficit has been projected lower due to lower sugar output which is estimated at 171.1 million tonnes, lower from 173.5 million tonnes earlier. The sugar production estimates for Thailand has been reduced from 8.7 million tonnes to 8.2 million tonnes and for India from 31.5 million tonnes to 31 million tonnes. Also, the global sugar consumption has been increased from 174.2 million tonnes to 174.6 million tonnes.

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 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.

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.

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.

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 | 413.30 | -1.40 |

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) | | | | | | | | | |
| 21-Mar | 201120 | 15.31 | 15.40 | 14.87 | 15.21 | -0.07 | 32,857 | 428,959 | +3,478 |
| 21-May | 201120 | 14.44 | 14.52 | 14.07 | 14.27 | -0.15 | 17,437 | 221,913 | +1,108 |
| 21-Jul | 201120 | 13.72 | 13.77 | 13.39 | 13.55 | -0.14 | 10,069 | 133,803 | +405 |
| 21-Oct | 201120 | 13.58 | 13.62 | 13.26 | 13.41 | -0.14 | 4,127 | 102,482 | +547 |
| 22-Mar | 201120 | 13.84 | 13.90 | 13.54 | 13.70 | -0.14 | 2,265 | 66,578 | +514 |
| 22-May | 201120 | 13.38 | 13.39 | 13.09 | 13.21 | -0.13 | 2,016 | 41,884 | -563 |
| 22-Jul | 201120 | 13.06 | 13.06 | 12.78 | 12.88 | -0.13 | 2,028 | 34,456 | -1,137 |
| 22-Oct | 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) | | | | | | | | | |
| 20-Dec | 201120 | 416.10 | 419.20 | 407.70 | 413.30 | -1.40 | 2,498 | 42,732 | -512 |
| 21-Mar | 201120 | 407.00 | 408.60 | 398.80 | 403.30 | -1.40 | 1,522 | 21,581 | +242 |
| 21-May | 201120 | 395.30 | 396.30 | 387.30 | 391.60 | -1.30 | 428 | 12,298 | -35 |
| 21-Aug | 201120 | 385.30 | 385.60 | 378.80 | 381.40 | -1.70 | 126 | 4,223 | -18 |
| 21-Oct | 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 | | | 23-Nov-20 | 21-Nov-20 | |
| Delhi | Delhi | M-Grade | 3350 | 3310 | 40 |
| | Delhi | S-Grade | 3330 | 3290 | 40 |
| Uttar Pradesh | Khatauli | M-Grade | 3125 | 3100 | 25 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3150 | 3125 | 25 |
| | Dhampur | S-Grade Ex-Mill | 3130 | 3105 | 25 |
| | Dhampur | L-Grade Ex-Mill | 3200 | 3175 | 25 |
| Maharashtra | Mumbai | M-Grade | 3492 | 3492 | Unch |
| | Mumbai | S-Grade | 3256 | 3260 | -4 |
| | 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) | | | 23-Nov-20 | 21-Nov-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2788 | 2750 | 38 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 10000 | 12000 | -2000 |
| | Muzaffarnagar | Khurpa (Fresh) | 2775 | 2763 | 13 |
| | Muzaffarnagar | Laddoo (Fresh) | 2825 | 2813 | 13 |
| | Muzaffarnagar | Rascut (Fresh) | 2475 | 2450 | 25 |
| | Hapur | Chaurasa | Closed | 2450 | - |
| | Hapur | Balti | Closed | 2450 | - |
| Andhra Pradesh | Chittur | Gold | NR | NR | - |
| | | White | NR | NR | - |
| | | Black | NR | NR | - |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | NA | 4250 | - |
| | 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) | NA | 3300 | - |
| | Mandya | Kurikatu (Medium) | NA | 3200 | - |
| | Mandya | Other (Medium) | NA | 3000 | - |
| | Mandya | Yellow (Medium) | NA | 3350 | - |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3600 | - |



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