

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed lower in Delhi and Coimbatore by Rs.80-90 at Rs. 3250/q and 3570/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Aurangabad sugar mill produces 7.96 lakh quintals of sugar. Sugar mills in Aurangabad have crushed 11 lakh tonnes of sugar till date. Total 19 private and cooperative sugar mills are participating in crushing operations. Earlier 22 sugar mills have applied for license to start sugarcane crushing, out of which 20 sugar mills were granted permission and are currently operating.

Weather Forecast:

Heavy to very heavy rainfall at a few places with extremely heavy falls very likely at isolated places over Tamilnadu, Puducherry & Karaikal and heavy to very heavy rainfall at isolated places over Coastal Andhra Pradesh & Yanam and Rayalaseema. Heavy rain/snow at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad and Himachal Pradesh and heavy rainfall at isolated places over South Interior Karnataka. Thunderstorm with lightning likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Balistan & Muzaffarabad, Uttarakhand and Himachal Pradesh, Coastal Andhra Pradesh & Yanam, Telangana, Rayalseema, South Interior Karnataka, Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe.

Previous Updates:

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.

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	411.50	-1.80

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday November 23, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201123	15.30	15.49	15.08	15.15	-0.06	32,738	430,796	+1,837
21-May	201123	14.38	14.52	14.20	14.25	-0.02	15,256	220,411	-1,502
21-Jul	201123	13.60	13.77	13.54	13.59	+0.04	6,609	133,062	-742
21-Oct	201123	13.49	13.62	13.42	13.47	+0.06	3,619	102,249	-233
22-Mar	201123	13.86	13.91	13.73	13.77	+0.07	872	66,273	-305
22-May	201123	13.36	13.42	13.24	13.27	+0.06	657	41,939	+55
22-Jul	201123	13.02	13.09	12.91	12.93	+0.05	290	34,390	-66
22-Oct	201123	12.88	12.88	12.78	12.81	+0.04	907	30,636	-59
Total Volume and Open Interest							61,181	1,082,674	-1,,012

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday November 23, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201123	417.90	418.50	410.30	411.50	-1.80	1,925	42,480	-252
21-Mar	201123	405.60	408.00	401.30	402.50	-0.80	996	21,765	+184
21-May	201123	395.70	396.30	391.50	392.40	+0.80	330	12,263	-35
21-Aug	201123	385.50	386.00	382.80	383.50	+2.10	75	4,199	-24
21-Oct	201123	384.80	385.10	382.80	383.30	+1.80	45	2,428	+6
Total Volume and Open Interest							3,414	84,591	-81

Source: MRC

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			24-Nov-20	23-Nov-20	
Delhi	Delhi	M-Grade	3270	3350	-80
	Delhi	S-Grade	3250	3330	-80
Uttar Pradesh	Khatauli	M-Grade	3125	3125	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3496	3492	4
	Mumbai	S-Grade	3262	3256	6
	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)	3570	3660	-90
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)			24-Nov-20	23-Nov-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3013	2788	225
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7000	10000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2775	2775	Unch
	Muzaffarnagar	Laddoo (Fresh)	2988	2825	163
	Muzaffarnagar	Rascut (Fresh)	2675	2475	200
	Hapur	Chaurasa	2463	Closed	-
	Hapur	Balti	2450	Closed	-
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	3380	-
	Mandya	Achhu (Medium)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3100	3000	100
	Mandya	Yellow (Medium)	3000	3350	-350
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-



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