

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady to weak tone was witnessed in Sugar physical markets today in India.** Sugar prices closed lower in Khatauli and Dhampur by Rs.20-30 at Rs. 3120/q and 3170/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

**The sugar recovery percentage has reduced in Uttar Pradesh from 9.54% in 2019-20 to 9.15% at the beginning of the crushing season.** The private sugar mills have recorded a decline from 9.57% to 9.16% and the cooperative sugar mills from 9.06% to 8.82%. The decrease in sugar recovery percentage is due to damages incurred to the crop through untimely rains and occurrence of red rot diseases mainly in eastern Uttar Pradesh.

### Weather Forecast:

Heavy to very heavy rainfall with extremely heavy falls very likely at isolated places over Rayalaseema, Coastal Andhra Pradesh & Yanam and Telangana and very heavy rainfall at isolated places over South Interior Karnataka and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning likely at isolated places over southeast Madhya Pradesh, Vidarbha, Chattisgarh, Coastal Andhra Pradesh, Yanam, Telangana, Rayalseema, South Interior Karnataka, Tamil Nadu, Puducherry & Karaikal.

### Previous Updates:

**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.

**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 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.

**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.

**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	408.60	-2.90

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

Daily Futures Price Listing Tuesday November 24, 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>	201124	15.08	15.13	14.92	15.04	-0.11	53,154	430,028	-768
<a href="#">21-May</a>	201124	14.24	14.24	14.06	14.13	-0.12	20,513	220,513	+102
<a href="#">21-Jul</a>	201124	13.57	13.58	13.42	13.49	-0.10	8,251	132,726	-336
<a href="#">21-Oct</a>	201124	13.46	13.47	13.31	13.38	-0.09	4,059	102,638	+389
<a href="#">22-Mar</a>	201124	13.72	13.76	13.62	13.69	-0.08	1,722	66,469	+196
<a href="#">22-May</a>	201124	13.22	13.27	13.17	13.22	-0.05	648	41,938	-1
<a href="#">22-Jul</a>	201124	12.89	12.94	12.87	12.90	-0.03	271	34,421	+31
<a href="#">22-Oct</a>	201124	12.78	12.82	12.75	12.80	-0.01	194	30,668	+32
Total Volume and Open Interest							89,448	1,082,455	-219

Source: MRCI

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

Daily Futures Price Listing Tuesday November 24, 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>	201124	409.60	411.40	406.10	408.60	-2.90	3,238	41,882	-598
<a href="#">21-Mar</a>	201124	400.00	402.10	398.20	400.70	-1.80	1,421	22,294	+529
<a href="#">21-May</a>	201124	390.70	392.60	389.20	391.30	-1.10	388	12,339	+76
<a href="#">21-Aug</a>	201124	381.80	384.80	381.80	383.40	-0.10	80	4,173	-26
<a href="#">21-Oct</a>	201124	384.40	384.40	381.90	383.40	+0.10	37	2,441	+13
Total Volume and Open Interest							5,256	84,628	+37

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Nov-20	24-Nov-20	
Delhi	Delhi	M-Grade	3250	3270	-20
	Delhi	S-Grade	3230	3250	-20
Uttar Pradesh	Khatauli	M-Grade	3120	3125	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3150	-30
	Dhampur	S-Grade Ex-Mill	3100	3130	-30
	Dhampur	L-Grade Ex-Mill	3170	3200	-30
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3266	3262	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)	Closed	3560	-
	Dindigul	M-Grade (DCA)	3780	3780	Unch
	Coimbatore	M-Grade (DCA)	3570	3570	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)			25-Nov-20	24-Nov-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2975	3013	-38
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	7000	-3000
	Muzaffarnagar	Khurpa (Fresh)	2700	2775	-75
	Muzaffarnagar	Laddoo (Fresh)	3000	2988	13
	Muzaffarnagar	Rascut (Fresh)	2600	2675	-75
	Hapur	Chaurasa	2475	2463	13
	Hapur	Balti	2425	2450	-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)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	3377	-
	Mandya	Achhu (Medium)	3280	3300	-20
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3000	3100	-100
	Mandya	Yellow (Medium)	3300	3000	300
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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