

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.40-50 at Rs. 3280/q. Prices were steady at Rs. 3150/q in Kolhapur and other markets.

Sugar millers in Uttar Pradesh are against the hike in State Advisory Price (SAP). The decline in recovery rate of sugar has increased the production cost of sugar. UP sugar mills are now requesting the government not to increase the SAP for current season. As the sugar mills are not able to recover the cost of sugar production.

Weather Forecast:

Heavy rainfall at isolated places very likely over Rayalaseema, Telangana and Andaman & Nicobar Islands. Thunderstorm with lightning likely at isolated places over Vidarbha, Chattisgarh, Kerala & Mahe, Telangana and Interior Karnataka. Cold wave condition at isolated places very likely over north Rajasthan, Punjab, Haryana, Chandigarh & Delhi and West Uttar Pradesh.

Previous Updates:

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.

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 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.

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	400.10	-8.50

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday November 25, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201125	15.06	15.15	14.66	14.77	-0.27	31,163	428,364	-1,664
21-May	201125	14.16	14.23	13.84	13.95	-0.18	13,772	220,621	+108
21-Jul	201125	13.53	13.59	13.28	13.40	-0.09	5,248	133,263	+537
21-Oct	201125	13.40	13.48	13.19	13.33	-0.05	3,616	103,331	+693
22-Mar	201125	13.73	13.79	13.55	13.68	-0.01	1,030	66,633	+164
22-May	201125	13.26	13.36	13.18	13.30	+0.08	601	41,938	0
22-Jul	201125	12.94	13.14	12.94	13.09	+0.19	261	34,480	+59
22-Oct	201125	12.92	13.11	12.92	13.07	+0.27	166	30,635	-33
Total Volume and Open Interest							56,143	1,082,352	-103

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday November 25, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201125	410.60	411.40	398.30	400.70	-7.90	2,096	41,679	-203
21-Mar	201125	402.40	403.20	393.40	395.30	-5.40	916	22,448	+154
21-May	201125	393.10	394.30	385.60	387.90	-3.40	297	12,413	+74
21-Aug	201125	384.90	386.50	379.30	381.40	-2.00	116	4,157	-16
21-Oct	201125	384.70	385.60	378.80	381.40	-2.00	72	2,474	+33
Total Volume and Open Interest							3,560	84,731	+103

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-Nov-20	25-Nov-20	
Delhi	Delhi	M-Grade	3300	3250	50
	Delhi	S-Grade	3280	3230	50
Uttar Pradesh	Khatauli	M-Grade	3120	3120	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3120	Unch
	Dhampur	S-Grade Ex-Mill	3100	3100	Unch
	Dhampur	L-Grade Ex-Mill	3170	3170	Unch
Maharashtra	Mumbai	M-Grade	3496	3496	Unch
	Mumbai	S-Grade	3256	3266	-10
	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	Closed	-
	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
			26-Nov-20	25-Nov-20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2950	2975	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	4000	4000
	Muzaffarnagar	Khurpa (Fresh)	2650	2700	-50
	Muzaffarnagar	Laddoo (Fresh)	2988	3000	-13
	Muzaffarnagar	Rascut (Fresh)	2500	2600	-100
	Hapur	Chaurasa	2563	2475	88
	Hapur	Balti	2425	2425	Unch
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)	3329	3339	-10
	Mandya	Achhu (Medium)	3200	3280	-80
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	2950	3000	-50
	Mandya	Yellow (Medium)	3130	3300	-170
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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