

## 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 Nagpur by 70-80 at Rs. 3290/q and Rs. 3145/q respectively. Prices were steady at Rs. 3100/q in Kolhapur and other markets.

**Maharashtra government issues notice against sugar mills for pending cane dues.** About 16 sugar mills in Maharashtra have been identified in delaying first cane payment to sugarcane farmers for the current crushing season, government has issued a show cause- notices to these sugar mills as the sugar mills have failed to pay within 45 days of crushing. The action is been taken to ensure that sugar mills follow the rules and do not default in payments later in the season. Till 14<sup>th</sup> December 2020, about 172 sugar mills have commenced the crushing operations and produced around 261.02 lakh quintals sugar by crushing 287.09 lakh tonnes sugarcane with an average recovery rate of 9.09 percent.

### Weather Forecast:

Heavy rainfall very likely at isolated places over Tamil Nadu , Puducherry & Karikal. Thunderstorm accompanied with lightening at isolated places over Andaman & Nicobar Islands , Tamilnadu, Pondicherry and karaikal, Lakshadweep and Kerala & Mahe.

### Previous Updates:

**Ethanol production will increase income of sugarcane farmers.** The sugarcane farmers were earlier having the option of production of sugar or jaggery from the sugarcane, now the farmers have one more alternative of producing ethanol from cane which will help them increase their income. Government has focused on blending 10 percent ethanol in auto fuels. Also, it will help sugar millers to clear payments of cane growers.

**Sugarcane farmers in Tamil Nadu demands pending cane dues.** Out of the 42 government and private sugar mills in Tamilnadu, 39 sugar mills have cleared the dues to the farmers. However, three sugar mills are yet to clear the cane dues of around Rs. 24 crore to the farmers. Earlier the farmers were assured that till October 25 the dues will be cleared but till now the sugar mills have not cleared the farmer's dues.

**Sugar production decreases in Guyana.** The Guyana sugar corporation has forecasted that the country is expected to produce 89,000 metric tonnes of sugar this year which is lower than the last year's production of 90,246 MT. Till December 6, the country has produced around 85,531 MT and could achieve 89,000 MT before the end of the season.

**Sugar mills from Maharashtra have started producing ethanol.** About 41 sugar mills from Maharashtra have started producing ethanol from B heavy molasses, 9 mills are producing ethanol from sugar syrup and 6 mills are following the Brazilian pattern directly through sugarcane juice. Also, government has recently announced the hike in ethanol price for supply of oil marketing companies. The ethanol prices were raised to Rs. 62.65 per litre from Rs. 59.48 per liter earlier for ethanol extracted from sugarcane juice, ethanol from C-heavy molasses has been increased from Rs. 43.75 per litre to Rs. 45.69 per litre and ethanol from B- heavy molasses was Rs. 57.61 per litre from Rs. 54.27 per litre earlier.

**Odisha cane farmers are demanding early cane crushing.** Sugarcane farmers in Berhampur, odisha are demanding the government to start cane crushing operations by the first week of January, farmers are also

*demanding to raise sugarcane price to Rs. 3,500 per tonne. About 8,000 acres of land is under sugarcane crop this year. Farmers are expecting bumper yield but they will only be benefited if the prices are increased.*

***Sulfur less sugar plant have been established for the first time in Uttar Pradesh.*** Sulfur less plant in Pipraich and Munderwa sugar mills have been established by the government, for the production of good quality sugar and sale of this sugar will facilitate the cane price payment of farmers. The production of sulfur less sugar in these sugar mills started since beginning of the crushing season 2020-21. The pipraich and munderwa sugar mills produced around 4.43 and 4.02 quintals of sugar respectively, by the crushing of 45.33 and 44.18 lakh quintals of sugarcane during the last crushing season.

***Sugar mills in Shamli are asked to clear cane dues.*** The sugar mills in the district have paid Rs. 922.53 crore against due of Rs. 1216.58 crore. The mills are asked to clear cane dues to the farmer at their earliest. Where else, the sugar mills are claiming that they are suffering from crisis and are unable to pay cane dues.

***Sugar recovery percentage reaches 10 percent in Kolhapur.*** About 161 sugar mills are currently operating in Maharashtra, and by crushing 205.17 lakh tonnes of sugarcane, mills have produced about 179.82 lakh quintals of sugar. The higher production is because of the earlier start of crushing operations and higher availability of sugarcane in this season. Average sugar recovery percentage of the state is 8.76 percent; Kolhapur has recorded 10.13 percent average sugar recovery for the crushing season 2020-21.

***Sugarcane crop gets completely damaged in Tamilnadu.*** Cyclone Burevi has caused damage to sugarcane crop in Tiruvarur district of Tamilnadu, the crop was ready to be harvested in next 2-3 weeks but now has damaged completely due to cyclone. The cyclone has brought incessant rainfall to the delta district. According to IMD, the deep depression weakened into a depression over the Gulf of Mannar and is likely to remain practically stationary over the same region and weaken into a well-marked low- pressure area.

***Department of cane development has started encouraging 'young sugarcane farmers' through state level cane competitions.*** The Department of cane development, Lucknow is working to motivate the young sugarcane farmers of the state for sugarcane cultivation and to infuse competitive spirit in them for increasing per hectare yield of sugarcane. A new category of 'young sugarcane farmers' has been included in the cane competition awards for the year 2021-22.

***Egypt has extended import ban for 3 months.*** The Egypt's trade and industry ministry has extended the ban on white and raw sugar for three more months. The decision was taken to have a control over imported products and to control spread of corona virus.

***Congress demands hike in sugar prices.*** The Uttar Pradesh congress committee has demanded immediate payment of cane arrears of around Rs 14,000 crore. They also urged to hike sugarcane price up to Rs 450 per quintal. The farmers are reeling under a financial crisis due to non- payment of the bill. Although some sugar mills have started clearing cane dues of farmers in the state.

***Sugar prices slip in Indian market.*** According to Indian Sugar Mills Association, the average ex-mill sugar prices in most of the major sates are reported to be declining. In Maharashtra and Karnataka , the ex mill prices were around Rs 3200- 3250 per quintal for last couple of months but has declined to Rs 50-100 per quintal now. Similarly, in northern states the prices were more or less steady. This indicates pressure in the domestic market due to high opening balance, expected increase in production for the current season,

delayed export policy announcement by government and no decision yet on increasing the minimum support price of sugar.

#### NCDEX Sugar (M grade) Future Quotes

| Contract    | +/-   | Open  | High  | Low   | Close | Volume | O.I    |
|-------------|-------|-------|-------|-------|-------|--------|--------|
| Cont. (DEC) | +0.03 | 14.97 | 15.07 | 14.87 | 14.97 | 7098   | 402809 |
| Spread      |       |       |       |       |       |        |        |
| 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 | 390.30         | -5.50  |

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

| Daily Futures Price Listing Monday December 14 <sup>th</sup> , 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>  | 201214 | 14.43 | 14.45 | 14.09 | 14.12 | -0.31  | 40,630       | 399,018   | -1,774 |
| <a href="#">21-May</a>  | 201214 | 13.78 | 13.81 | 13.53 | 13.53 | -0.23  | 15,840       | 225,751   | +1,343 |
| <a href="#">21-Jul</a>  | 201214 | 13.45 | 13.45 | 13.23 | 13.23 | -0.15  | 9,987        | 136,325   | -158   |
| <a href="#">21-Oct</a>  | 201214 | 13.45 | 13.45 | 13.23 | 13.23 | -0.12  | 5,895        | 106,944   | +370   |
| <a href="#">22-Mar</a>  | 201214 | 13.80 | 13.80 | 13.54 | 13.54 | -0.12  | 2,241        | 66,706    | +222   |
| <a href="#">22-May</a>  | 201214 | 13.28 | 13.30 | 13.16 | 13.16 | -0.12  | 806          | 43,115    | -199   |
| <a href="#">22-Jul</a>  | 201214 | 13.03 | 13.06 | 12.92 | 12.92 | -0.12  | 718          | 36,319    | -168   |
| <a href="#">22-Oct</a>  | 201214 | 12.99 | 13.02 | 12.89 | 12.89 | -0.11  | 85           | 32,867    | +4     |
| Total Volume and Open Interest                                      |        |       |       |       |       |        | 76,274       | 1,071,684 | -276   |

Source: MRCI

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

Daily Futures Price Listing Monday December 14<sup>th</sup>, 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>         | 201214 | 394.80 | 395.60 | 389.30 | 390.30 | -5.50  | 2,832        | 40,006   | -387   |
| <a href="#">21-Mar</a>         | 201214 | 390.70 | 390.70 | 385.50 | 385.90 | -5.70  | 1,527        | 26,239   | +153   |
| <a href="#">21-May</a>         | 201214 | 385.50 | 385.60 | 380.80 | 381.20 | -5.40  | 510          | 12,797   | -150   |
| <a href="#">21-Aug</a>         | 201214 | 379.90 | 379.90 | 376.10 | 376.50 | -5.00  | 47           | 4,415    | +14    |
| <a href="#">21-Oct</a>         | 201214 | 379.00 | 379.90 | 376.10 | 376.60 | -4.60  | 9            | 3,084    | +0     |
| Total Volume and Open Interest |        |        |        |        |        |        | 4,927        | 88,982   | -368   |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: |            |                     |                 |           |        |
|-----------------------------------|------------|---------------------|-----------------|-----------|--------|
| Commodity                         | Centre     | Variety             | Prices (Rs/Qtl) |           | Change |
| Sugar                             |            |                     | 15-Dec-20       | 14-Dec-20 |        |
| Delhi                             | Delhi      | M-Grade             | 3310            | 3320      | -10    |
|                                   | Delhi      | S-Grade             | 3290            | 3300      | -10    |
| Uttar Pradesh                     | Khatauli   | M-Grade             | 3200            | 3200      | 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             | 3380            | 3380      | Unch   |
|                                   | Mumbai     | S-Grade             | 3240            | 3232      | 8      |
|                                   | Nagpur     | M-Grade             | 3225            | 3225      | Unch   |
|                                   | Nagpur     | S-Grade             | 3145            | 3225      | -80    |
|                                   | Kolhapur   | M-Grade             | 3100            | 3100      | Unch   |
|                                   | Kolhapur   | S-Grade             | 3020            | 3100      | -80    |
| Assam                             | Guhawati   | S-Grade             | 3329            | 3410      | -81    |
| Meghalaya                         | Shillong   | S-Grade             | 3340            | 3420      | -80    |
| 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)          | 3600 | 3600 | 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)                              |                    |                          | 15-Dec-20       | 14-Dec-20 |        |
| Uttar Pradesh                             | Muzaffarnagar      | Chaku Fresh              | 2775            | 2750      | 25     |
|   | Muzaffarnagar      | Chaku(Arrival)(40kg Bag) | 4000            | 2000      | 2000   |
|   | Muzaffarnagar      | Khurpa (Fresh)           | 2475            | 2505      | -30    |
|   | Muzaffarnagar      | Laddoo (Fresh)           | 2813            | 2788      | 25     |
|   | Muzaffarnagar      | Rascut (Fresh)           | 2175            | 2200      | -25    |
|   | Hapur              | Chaurasa                 | 2513            | Closed    | -      |
|   | Hapur              | Balti                    | 2600            | Closed    | -      |
| Andhra Pradesh                            | Chittur            | Gold                     | NR              | NR        | -      |
|   |                    | White                    | NR              | NR        | -      |
|   |                    | Black                    | NR              | NR        | -      |
| Maharashtra                               | Latur              | Lal Variety              | NR              | NR        | -      |
| Karnataka                                 | Bangalore          | Mudde (Average)          | 4400            | 4400      | 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              | NA        | -      |
|   | Mandya             | Achhu (Medium)           | 3150            | 3200      | -50    |
|   | Mandya             | Kurikatu (Medium)        | 2900            | 2900      | Unch   |
|   | Mandya             | Other (Medium)           | 2900            | 2900      | Unch   |
|   | Mandya             | Yellow (Medium)          | 3150            | 3250      | -100   |
|   | Shimoga/Shivamogga | Achhu (Average)          | 3600            | 3600      | Unch   |



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