

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed higher in Nagpur and Chennai by 90-100 at Rs. 3225/q and Rs. 3560/q respectively. Prices were steady at Rs. 3100/q in Kolhapur and other markets.

Government allows 8,424 tonne raw sugar exports to US under tariff rate quota. The government has permitted around 8,424 MTRV (metric ton raw value) of raw sugar to be exported to US under Tariff rate quota. India exports duty free sugar to the US for up to 10,000 tonnes annually under preferential quota arrangements.

Weather Forecast:

Cold wave conditions at isolated place over Odisha and east Uttar Pradesh. Cold Day to Severe cold day conditions very likely at isolated places over West Uttar Pradesh and cold days conditions at isolated places over east Uttar Pradesh and Bihar.

Previous Updates:

Government of India announces Export quota for sugar season 2020-21. The government has announced 60 LMT of quota for export of sugar season 2020-21 with an assistance of Rs. 3500 crores. In the previous season 2019-20, government has provided an assistance of Rs. 10,448 / MT. This assistance will benefit around 5 crore farmers and the sugar industry.

Pondicherry government started new 'Nammazhvar Agriculture Rejuvenation' Scheme for sugarcane farmers. Government has come up with new subsidy scheme for the welfare of sugarcane farmers. The scheme will provide a backend subsidy of Rs. 10,000 per acre to the sugarcane farmers through Direct Benefit Transfer (DBT), around 839 sugarcane farmers will be benefited under this scheme.

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 14th 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.

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)	0.00	14.49	14.54	14.24	14.49	40351	388466
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	398.30	-5.10

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday December 18 th , 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	201218	14.68	14.76	14.39	14.44	-0.24	40,351	384,900	-3,566
May-21	201218	14.00	14.07	13.80	13.84	-0.16	18,945	218,425	+1,425
Jul-21	201218	13.70	13.72	13.50	13.55	-0.13	11,133	137,945	+720
Oct-21	201218	13.61	13.67	13.47	13.51	-0.12	5,406	108,717	+5
Mar-22	201218	13.90	13.94	13.77	13.81	-0.11	2,762	65,074	+617
May-22	201218	13.44	13.48	13.32	13.37	-0.09	1,332	43,563	-10
Jul-22	201218	13.15	13.21	13.05	13.11	-0.08	557	36,396	-40
Oct-22	201218	13.10	13.15	12.99	13.05	-0.08	200	32,792	-40
Total Volume and Open Interest							80,823	1,052,529	-849

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday December 18 th , 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	201218	403.10	404.80	396.50	398.30	-5.10	4,172	37,449	-706
May-21	201218	396.60	397.80	390.20	391.50	-5.20	1,192	27,454	+479
Aug-21	201218	391.10	392.10	385.20	386.50	-4.70	580	13,608	+217
Oct-21	201218	385.50	386.90	380.60	381.40	-4.30	52	4,712	+29
Dec-21	201218	381.00	381.30	380.60	381.30	-4.30	24	3,205	+14
Total Volume and Open Interest							6,746	89,015	+38

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Dec-20	19-Dec-20	
Delhi	Delhi	M-Grade	3220	3215	5
	Delhi	S-Grade	3200	3195	5
Uttar Pradesh	Khatauli	M-Grade	3170	3170	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3050	Unch
	Dhampur	S-Grade Ex-Mill	3030	3030	Unch
	Dhampur	L-Grade Ex-Mill	3100	3100	Unch
Maharashtra	Mumbai	M-Grade	3366	3366	Unch
	Mumbai	S-Grade	3232	3236	-4
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3225	3125	100
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3100	3000	100
Assam	Guhawati	S-Grade	3410	3309	102
Meghalaya	Shillong	S-Grade	3420	3320	100
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)	3650	3560	90
	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)			21-Dec-20	19-Dec-20	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2725	2725	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	8000	2000
	Muzaffarnagar	Khurpa (Fresh)	2500	2500	Unch
	Muzaffarnagar	Laddoo (Fresh)	2813	2813	Unch

	Muzaffarnagar	Rascut (Fresh)	2250	2250	Unch
	Hapur	Chaursa	Closed	2525	-
	Hapur	Balti	Closed	2550	-
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)	3300	3300	Unch
	Mandya	Kurikatu (Medium)	3000	3000	Unch
	Mandya	Other (Medium)	2950	2950	Unch
	Mandya	Yellow (Medium)	3200	3200	Unch
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2020 Indian Business Systems Ltd.