

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices closed higher in Dhampur by 10-20 at Rs. 3040/q. Prices were steady at Rs. 3100/q in Kolhapur and other markets.

117 sugar mills are engaged in crushing operations in Maharashtra. Majority of sugar mills in Maharashtra have started cane crushing operations, till 24th December 2020 about 177 mills are engaged in crushing operations and have produced around 343.86 lakh quintal of sugar by crushing 367.9 lakh tonne sugarcane. The state has recorded average sugar recovery percentage of about 9.35 percent. Solapur is leading in the state with 38 sugar mills in operation.

Weather Forecast:

Cold wave to severe cold wave condition very likely at isolated pockets over Punjab and Haryana, Chandigarh & Delhi and cold wave condition at isolated pockets over Punjab and Haryana, Chandigarh & Delhi.

Previous Updates:

Uttar Pradesh Farmers urged the government to declare State Advised Price for sugarcane. More than two months have passed since the starting of new crushing season, but the government has yet not announced the SAP for sugarcane. The Centre has already announced the Fair and Remunerative Price (FRP) for sugarcane for 2020-21 season with a hike of Rs 10 to Rs 285 per quintal for a basic recovery of 10 percent. The farmers are also expecting a hike in SAP as it has not been increased from three seasons.

ISMA has requested to extend the duration for sales quota for December 2020. ISMA has requested Department of Food & Public Distribution to extend the duration for sale of allocated sugar quota for December 2020. ISMA has also requested to reduce the allocation of sugar quota for January 2021. Mills have already been constrained to sell their sugar stocks below Minimum support price (MSP) and U.P state sugar prices are also on the verge of breaching MSP. If the situation keeps moving in the same direction then it would be extremely tough for sugar millers to survive in the ongoing crushing season.

Andhra Pradesh is planning to revive the closed cooperative sugar mills. The Andhra Pradesh government cabinet subcommittee is looking after several options for revival of the cooperative sugar mills. The committee is exploring the possibility of the civil supplies and endowments departments procuring the entire stock produced by cooperative mills. Various discussions are going on with the government so that the revival of the sugar mill can be done as this should be done before the crop season so that the cane farmers will get benefitted.

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.

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.

NCDEX Sugar (M grade) Future Quotes

| Contract | +/- | Open | High | Low | Close | Volume | O.I |
|-------------|-------|-------|-------|-------|-------|--------|--------|
| Cont. (DEC) | +0.01 | 14.83 | 14.90 | 14.56 | 14.82 | 11478 | 380557 |
| 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 | 407.40 | 6.80 |

International Sugar Futures ICE(US Cent/lb)

| Daily Futures Price Listing Thursday December 24 th , 2020 | | | | | | | | | |
|---|--------|-------|-------|-------|-------|--------|--------------|-----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| Mar-21 | 201224 | 14.89 | 15.00 | 14.74 | 14.90 | +0.07 | 24,319 | 380,557 | -263 |
| May-21 | 201224 | 14.10 | 14.20 | 13.99 | 14.13 | +0.09 | 11,616 | 214,031 | -1,060 |
| Jul-21 | 201224 | 13.73 | 13.81 | 13.62 | 13.77 | +0.10 | 6,461 | 139,796 | +749 |
| Oct-21 | 201224 | 13.66 | 13.73 | 13.57 | 13.71 | +0.11 | 2,726 | 109,890 | +684 |
| Mar-22 | 201224 | 13.95 | 14.02 | 13.87 | 14.01 | +0.12 | 841 | 65,276 | -4 |
| May-22 | 201224 | 13.45 | 13.54 | 13.41 | 13.54 | +0.13 | 452 | 43,774 | +22 |
| Jul-22 | 201224 | 13.16 | 13.27 | 13.13 | 13.27 | +0.15 | 333 | 36,586 | +149 |
| Oct-22 | 201224 | 13.05 | 13.17 | 13.04 | 13.17 | +0.16 | 206 | 32,737 | -21 |
| Total Volume and Open Interest | | | | | | | 47,062 | 1,047,466 | +249 |

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Thursday December 24 th , 2020 | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| Mar-21 | 201224 | 409.20 | 409.40 | 406.50 | 408.60 | +1.20 | 3,195 | 36,377 | +18 |
| May-21 | 201224 | 400.00 | 400.00 | 396.70 | 399.00 | +0.80 | 925 | 27,862 | +165 |
| Aug-21 | 201224 | 392.50 | 392.70 | 391.10 | 392.30 | +0.50 | 356 | 14,199 | +54 |
| Oct-21 | 201224 | 385.70 | 385.80 | 385.70 | 385.70 | +0.40 | 8 | 4,731 | +1 |
| Dec-21 | 201224 | 384.40 | 385.40 | 385.10 | 385.10 | +0.30 | 0 | 3,206 | +0 |
| Total Volume and Open Interest | | | | | | | 4,484 | 88,965 | +238 |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 26-Dec-20 | 24-Dec-20 | |
| Delhi | Delhi | M-Grade | 3170 | 3220 | -50 |
| | Delhi | S-Grade | 3150 | 3200 | -50 |
| Uttar Pradesh | Khatauli | M-Grade | 3195 | 3190 | 5 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3040 | 3030 | 10 |
| | Dhampur | S-Grade Ex-Mill | 3020 | 3010 | 10 |
| | Dhampur | L-Grade Ex-Mill | 3090 | 3080 | 10 |
| Maharashtra | Mumbai | M-Grade | 3326 | 3326 | Unch |
| | Mumbai | S-Grade | 3220 | 3220 | Unch |
| | Nagpur | M-Grade | 3225 | 3225 | Unch |
| | Nagpur | S-Grade | 3225 | 3225 | Unch |
| | Kolhapur | M-Grade | 3100 | 3100 | 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) | 3650 | 3650 | 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) | | | 26-Dec-20 | 24-Dec-20 | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 2875 | 2825 | 50 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 7000 | 5000 | 2000 |

| | | | | | |
|----------------|--------------------|-------------------|------|------|------|
| | Muzaffarnagar | Khurpa (Fresh) | 2575 | 2550 | 25 |
| | Muzaffarnagar | Laddoo (Fresh) | 2750 | 2850 | -100 |
| | Muzaffarnagar | Rascut (Fresh) | 2325 | 2338 | -13 |
| | Hapur | Chaursa | 2588 | 2588 | Unch |
| | Hapur | Balti | 2650 | 2600 | 50 |
| Andhra Pradesh | Chittur | Gold | NR | NR | - |
| | | White | NR | NR | - |
| | | Black | NR | NR | - |
| Maharashtra | Latur | Lal Variety | NR | NR | - |
| Karnataka | Bangalore | Mudde (Average) | NA | 4400 | - |
| | Belgaum | Mudde (Average) | NA | NA | - |
| | Belthangadi | Yellow (Average) | NA | NA | - |
| | Bijapur/Vijayapura | Achhu | NA | NA | - |
| | Gulbarga/Kalaburgi | Other (Average) | NA | NA | - |
| | Mahalingapura | Penti (Average) | 3170 | 3170 | Unch |
| | Mandya | Achhu (Medium) | 3120 | 3100 | 20 |
| | Mandya | Kurikatu (Medium) | 2950 | 2900 | 50 |
| | Mandya | Other (Medium) | 2970 | 2900 | 70 |
| | Mandya | Yellow (Medium) | 3000 | 3050 | -50 |
| | Shimoga/Shivamogga | Achhu (Average) | NA | NA | - |

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