

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi and khatuli at Rs. 3150/q and Rs. 3140/q. Prices were steady in Kolhapur at Rs. 3100/q.

Sugar business in India will strive only if the government fixes the minimum support price for sugar to Rs 3500 per quintal. At present sugar mills are bearing loss of Rs 450 per quintal and are under financial stress. If this continues the fate of sugar mills will be similar to that of textile mills. In Solapur, the production cost of 1 quintal sugar is around Rs 3500 - Rs 3600 and the government has fixed FRP at Rs 3100, so it is difficult to sell sugar at this rate. As a result sugar mills are forced to sell sugar at the rate of RS 3020 to Rs 3050 per quintal.

Weather Forecast:

Heavy rainfall at isolated places over Coastal & south interior Karnataka and Tamilnadu, Puducherry & Karaikal. Thunderstorm accompanied with lightening at isolated places very likely over Konkan & Goa, Madhya Pradesh, Maharashtra, Marathwada, Karnataka, Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense to very dense fog very likely over Punjab, Haryana, Chandigarh & Delhi , Uttar Pradesh, north Rajasthan and Odisha.

Previous Updates:

Shortage in global sugar may increase dependence on Indian sugar. The world sugar production may fall short of demand by 5 million metric tons this season. Also, the situation is likely to continue for next year also where the deficit may increase to 6 million tons. The reason behind the demand supply gap is the bad weather which has affected the sugarcane output in Thailand. Europe has declined production and Brazil is focusing on ethanol production rather than sugar production. This has left the world to depend on the sugar output from India where sugar output is rising. The Indian government has approved an export subsidy in December for sugar.

Sugar mills to clear pending cane dues this month. Sugar mills from the district (bijnor) have stated that they will clear all the pending cane dues for the crushing season 2019-20 in January this year. Bhilai sugar mill is yet to clear the cane dues of about Rs. 45 crore, chandpur mill Rs. 39 crore, Bijnor mill Rs. 25.94 crore and Najibabd sugar mill to clear about Rs. 9.33 crore to farmers.

Farmers to launch agitation in lucknow. Sugarcane farmers in Uttar Pradesh will launch an agitation in Lucknow if the government fails to declare the price value of sugarcane. Farmers are continuously demanding the government to declare the sugarcane purchase price but still the prices are not announced. Even today, Rs. 4,000 crore are in arrears of sugarcane farmers.

Government releases harvesting cost to cane farmers. Goa government has released harvesting cost of sugarcane after 9 months at the end of the crushing season (2019-20). Earlier, the government had paid Rs 65 lakh out of pending Rs 1.6 crore. The sugar factory's cane rate last year was around Rs 1200 per tonne. The state government has also paid a support price of Rs. 1800 which totaled the amount to Rs 3,000 per tonne for the cane supplied by the farmers to the mill. But the payment of harvesting cost Rs 600 per tonne was pending which has been cleared now.

Mohiuddinpur sugar mill clears pending cane dues. All the five sugar mills from the district have cleared the pending cane dues for the season 2019-20, worth Rs 199.92 crore has been cleared and only Kinauni sugar mill is yet to clear the pending cane dues to the farmers.

Government fixes 20 LMT Monthly sugar quota for January 2021. The food ministry has allocated 20 LMT monthly sugar quota for January 2021 which is 2 LMT lower than that of January 2020 which stood at 22 LMT. In the previous month the government allocated 21.5 LMT monthly sugar quota for December 2020 to 548 mills in India.

Sugar mills in Kolhapur produced around 100 lakh quintals of sugar. Around 37 sugar mills have started cane crushing operation in Kolhapur and have produced around 100.48 lakh quintals sugar by crushing 91.53 lakh tonnes of sugarcane. Kolhapur division has recorded sugar recovery of 11 percent.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	443.40	6.10

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday January 07 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210107	16.33	16.33	15.55	15.60	-0.65	69,658	407,403	+6,669
May-21	210107	15.30	15.30	14.75	14.78	-0.45	37,794	210,093	-5,176
Jul-21	210107	14.70	14.70	14.26	14.28	-0.34	22,238	148,477	+929
Oct-21	210107	14.49	14.49	14.12	14.14	-0.30	12,435	112,566	+905
Mar-22	210107	14.66	14.69	14.39	14.42	-0.26	9,065	69,463	+881
May-22	210107	13.91	13.95	13.68	13.70	-0.22	9,663	44,919	+1
Jul-22	210107	13.52	13.57	13.31	13.31	-0.22	6,073	37,350	+692
Oct-22	210107	13.37	13.39	13.19	13.19	-0.19	1,278	33,039	+36
Total Volume and Open Interest							168,620	1,089,003	+5,102

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday January 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210107	443.10	443.70	431.80	432.80	-10.60	7,798	37,903	+369
May-21	210107	427.70	428.90	418.30	419.10	-10.30	4,384	32,934	+820
Aug-21	210107	417.00	417.30	407.50	408.10	-9.20	1,540	15,155	+144
Oct-21	210107	406.00	407.50	398.30	398.60	-8.70	254	4,888	-20
Dec-21	210107	403.00	404.00	396.10	396.10	-7.20	87	3,343	+44
Total Volume and Open Interest							14,082	96,838	+1,357

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-Jan-21	07-Jan-21	
Delhi	Delhi	M-Grade	3160	3170	-10
	Delhi	S-Grade	3140	3150	-10
Uttar Pradesh	Khatauli	M-Grade	3150	3180	-30
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3075	-25
	Dhampur	S-Grade Ex-Mill	3030	3055	-25
	Dhampur	L-Grade Ex-Mill	3100	3125	-25
Maharashtra	Mumbai	M-Grade	3320	3320	Unch
	Mumbai	S-Grade	3200	3200	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)	3620	3620	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3650	3650	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3460	3450	10
	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
			08-Jan-21	07-Jan-21	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3063	3050	13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	800	700
	Muzaffarnagar	Khurpa (Fresh)	2650	2650	Unch
	Muzaffarnagar	Laddoo (Fresh)	3125	3125	Unch
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2700	2775	-75
	Hapur	Balti	2625	2625	Unch
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	NA	-
	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	3230	70
	Mandya	Kurikatu (Medium)	3100	3100	Unch
	Mandya	Other (Medium)	3150	3150	Unch
	Mandya	Yellow (Medium)	3040	3040	Unch
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch



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