

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Mumbai and khatuli at Rs. 3220/q and Rs. 3170/q. Prices were steady in Kolhapur at Rs. 3100/q.

Global market may face sugar deficit this year. According to the International Sugar Organisation (ISO), global sugar output is estimated at 171.1 MT against the demand of 174.6 MT. Brazil meets one-fifth of the global sugar requirement every year but the country is likely to witness a dip in sugar output due to dry weather and increased demand for crude oil. Thailand produces 9% of global sugar output and the country is facing less sugar output due to bad weather. For the consecutive third year European Union would witness a drop in the sugar output due to increased viral disease and reduced acreage production. As a result, the global sugar market is likely to witness supply deficit due to reduced sugar output in Brazil and Thailand and this is likely to benefit India to export sugar but the prices in the domestic market are likely to remain stable due to excess carryover stock.

Weather Forecast:

Heavy to very heavy rainfall at isolated places over Tamilnadu, Puducherry & Karaikal, Kerala and heavy rainfall at isolated places over kerala & Mahe. Thunderstorm accompanied with lightening at isolated places very likely over Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense fog very likely over Odisha.

Previous Updates:

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.

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.

| Commodity | USD (\$/Tonne) | Change |
|-------------------------|----------------|--------|
| Thai Sugar FOB 45 Icmsa | 432.80 | -10.60 |

International Sugar Futures ICE(US Cent/lb)

| Daily Futures Price Listing Friday January 08 th , 2021 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|-----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| Mar-21 | 210108 | 15.70 | 15.87 | 15.54 | 15.60 | Unch | 54,111 | 405,571 | -1,832 |
| May-21 | 210108 | 14.88 | 14.98 | 14.72 | 14.77 | -0.01 | 30,857 | 209,182 | -911 |
| Jul-21 | 210108 | 14.36 | 14.47 | 14.30 | 14.34 | +0.06 | 19,430 | 150,958 | +2,481 |
| Oct-21 | 210108 | 14.25 | 14.32 | 14.15 | 14.21 | +0.07 | 10,419 | 112,611 | +45 |
| Mar-22 | 210108 | 14.50 | 14.60 | 14.45 | 14.50 | +0.08 | 5,711 | 69,386 | -77 |
| May-22 | 210108 | 13.81 | 13.87 | 13.73 | 13.79 | +0.09 | 2,446 | 44,949 | +30 |
| Jul-22 | 210108 | 13.43 | 13.49 | 13.34 | 13.39 | +0.08 | 2,624 | 38,350 | +1,000 |
| Oct-22 | 210108 | 13.31 | 13.37 | 13.19 | 13.25 | +0.06 | 1,578 | 32,780 | -259 |
| Total Volume and Open Interest | | | | | | | 128,829 | 1,090,002 | +999 |

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Friday January 08th, 2021 | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| Mar-21 | 210108 | 434.20 | 439.10 | 433.30 | 434.70 | +1.90 | 7,073 | 38,097 | +194 |
| May-21 | 210108 | 420.90 | 425.20 | 420.10 | 421.10 | +2.00 | 4,670 | 33,935 | +1,001 |
| Aug-21 | 210108 | 410.00 | 413.50 | 408.90 | 409.80 | +1.70 | 1,664 | 15,308 | +153 |
| Oct-21 | 210108 | 399.10 | 402.80 | 399.10 | 399.90 | +1.30 | 241 | 4,865 | -23 |
| Dec-21 | 210108 | 397.90 | 397.90 | 396.20 | 396.80 | +0.70 | 65 | 3,371 | +28 |
| Total Volume and Open Interest | | | | | | | 13,818 | 98,274 | +1,436 |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|----------|-----------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 09-Jan-21 | 08-Jan-21 | |
| Delhi | Delhi | M-Grade | 3160 | 3160 | Unch |
| | Delhi | S-Grade | 3140 | 3140 | Unch |
| Uttar Pradesh | Khatauli | M-Grade | 3170 | 3150 | 20 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3080 | 3050 | 30 |
| | Dhampur | S-Grade Ex-Mill | 3060 | 3030 | 30 |
| | Dhampur | L-Grade Ex-Mill | 3130 | 3100 | 30 |
| Maharashtra | Mumbai | M-Grade | 3310 | 3320 | -10 |
| | Mumbai | S-Grade | 3220 | 3200 | 20 |
| | 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) | 3660 | 3620 | 40 |
| | Vijayawada | S-Grade (With Duty) | 3620 | 3660 | -40 |
| West Bengal | Kolkata | M-Grade | 3650 | 3650 | Unch |
| Tamil Nadu | Chennai | S-Grade (With GST) | 3460 | 3460 | 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 |
|----------------|--------------------|--------------------------|-----------------|-----------|--------|
| | | | 09-Jan-21 | 08-Jan-21 | |
| Jaggery(Gur) | | | | | |
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 3150 | 3063 | 88 |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 1000 | 1500 | -500 |
| | Muzaffarnagar | Khurpa (Fresh) | 2725 | 2650 | 75 |
| | Muzaffarnagar | Laddoo (Fresh) | 3175 | 3125 | 50 |
| | Muzaffarnagar | Rascut (Fresh) | NA | NA | - |
| | Hapur | Chaurasa | 2675 | 2700 | -25 |
| | Hapur | Balti | 2663 | 2625 | 38 |
| 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) | NA | 3300 | - |
| | Mandya | Kurikatu (Medium) | NA | 3100 | - |

| | | | | | |
|--|--------------------|-----------------|----|------|---|
| | Mandya | Other (Medium) | NA | 3150 | - |
| | Mandya | Yellow (Medium) | NA | 3040 | - |
| | Shimoga/Shivamogga | Achhu (Average) | NA | 3600 | - |

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