

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi at Rs. 3195/q. Prices were steady in Kolhapur at Rs. 3100/q.

New sugar mills to be setup in Punjab. The Punjab government is planning to set up two new sugar mills in the cooperative sector at Batala and Gudasapur. These sugar mills are likely to benefit the sugarcane farmers and will also increase the sugar output. The government is also taking review of the pending cane dues of about Rs. 150 crore.

Weather Forecast:

Heavy to very heavy rainfall at isolated places over Tamilnadu, Puducherry & Karaikal, Kerala , Mahe and heavy rainfall at isolated places over Lakshadweep, Kerala and Mahe. Thunderstorm accompanied with lightening at isolated places very likely over Tamilnadu, Puducherry & Karaikal, Kerala & Mahe and Lakshadweep. Dense fog very likely over sub-Himalaya, West Bengal & Sikkim and Sikkim, Punjab, Haryana, Chandigarh, Delhi.

Previous Updates:

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.

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 Icumsa	434.70	1.90

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday January 11 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210111	15.55	15.75	15.40	15.67	+0.07	63,171	402,412	-3,159
May-21	210111	14.72	14.83	14.57	14.77	Unch	29,781	210,114	+932
Jul-21	210111	14.33	14.36	14.14	14.32	-0.02	23,463	153,750	+2,792
Oct-21	210111	14.15	14.22	14.00	14.17	-0.04	9,353	113,087	+476
Mar-22	210111	14.49	14.50	14.31	14.45	-0.05	4,038	70,259	+873
May-22	210111	13.69	13.79	13.55	13.68	-0.11	1,645	44,842	-107
Jul-22	210111	13.28	13.33	13.10	13.25	-0.14	1,306	38,277	-73
Oct-22	210111	13.13	13.17	12.98	13.09	-0.16	647	32,667	-113
Total Volume and Open Interest							134,943	1,091,943	+1,936

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday January 11th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210111	435.50	442.00	432.30	437.90	+3.20	8,616	39,554	+1,457
May-21	210111	421.50	424.60	418.10	421.40	+0.30	4,222	34,110	+175
Aug-21	210111	410.90	411.40	406.50	409.30	-0.50	1,791	15,825	+517
Oct-21	210111	399.20	400.00	394.80	398.20	-1.70	247	4,947	+82
Dec-21	210111	396.00	396.80	392.00	395.90	-0.90	55	3,343	-28
Total Volume and Open Interest							14,947	100,485	+2,211

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Jan-21	11-Jan-21	
Delhi	Delhi	M-Grade	3215	3225	-10
	Delhi	S-Grade	3195	3205	-10
Uttar Pradesh	Khatauli	M-Grade	3200	3200	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3095	3095	Unch
	Dhampur	S-Grade Ex-Mill	3075	3075	Unch
	Dhampur	L-Grade Ex-Mill	3145	3145	Unch
Maharashtra	Mumbai	M-Grade	3310	3310	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)	3660	3660	Unch
	Vijayawada	S-Grade (With Duty)	3620	3620	Unch
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
			12-Jan-21	11-Jan-21	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3000	3025	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	2000	-500
	Muzaffarnagar	Khurpa (Fresh)	2700	2700	Unch
	Muzaffarnagar	Laddoo (Fresh)	3053	3053	Unch
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2550	Closed	-
	Hapur	Balti	2538	Closed	-
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	3220	-
	Mandya	Achhu (Medium)	3100	3150	-50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	2900	2950	-50
	Mandya	Yellow (Medium)	3100	3000	100
	Shimoga/Shivamogga	Achhu (Average)	3550	3550	Unch



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