

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady tone was witnessed in Sugar physical markets today in India.** Sugar prices were higher in Delhi at Rs. 3130/q. Prices were steady in Kolhapur at Rs. 3100/q.

**EID Parry is planning to manufacture sulphur free sugar.** East India Distillers (EID) Parry limited is planning to bring sulphur free sugar in all the markets across south India. The company is trying to tap the branded sugar market which is less than 5% of the total sugar market in India. The company is focusing on new products according to the customers demand and which are healthy as well as safe to consume.

### Weather Forecast:

Thunderstorm accompanied with lightning at isolated places over Tamilnadu, Puducherry & Karaikal , Kerela , Mahe & Lakshadweep. Dense to very dense fog conditions at a few places very likely over Punjab, Haryana, Chandigarh & Delhi and Uttar Pradesh and Dense Fog at isolated places very likely over north Rajasthan, Assam & Meghalaya, sub-Himalaya, West Bengal & Sikkim and Nagaland, Manipur, Mizoram & Tripura.

### Previous Updates:

**India has good opportunity to export sugar as global sugar output dips.** The global demand for raw sugar is increasing; India has good opportunity to export sugar if the mills increase the production of raw sugar, as this will benefit the sugar sector in India. The global sugar output is likely to dip by around 50 to 60 lakh tonne for the next two years and India has capacity to meet the global demand. Sugar price in the international market is around Rs 2700 per quintal. With export subsidy of Rs 6000 per tonne, the mills would get Rs 3300 per tonne.

**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.

**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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	436.00	-1.90

#### International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday January 13 <sup>th</sup> , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">Mar-21</a>	210113	15.55	15.98	15.51	15.84	+0.38	60,803	401,652	+464
<a href="#">May-21</a>	210113	14.70	15.04	14.65	14.95	+0.34	34,587	208,345	-44
<a href="#">Jul-21</a>	210113	14.32	14.54	14.23	14.47	+0.27	21,201	157,475	+1,923
<a href="#">Oct-21</a>	210113	14.14	14.36	14.10	14.31	+0.27	7,832	115,613	+1,790
<a href="#">Mar-22</a>	210113	14.42	14.60	14.38	14.56	+0.25	2,247	71,091	+349
<a href="#">May-22</a>	210113	13.60	13.75	13.60	13.72	+0.19	837	44,972	-10
<a href="#">Jul-22</a>	210113	13.24	13.29	13.21	13.24	+0.15	732	38,972	+254
<a href="#">Oct-22</a>	210113	13.11	13.16	13.07	13.08	+0.12	273	32,711	+45
Total Volume and Open Interest							128,993	1,097,716	+5,137

Source: MRCI

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday January 13th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Mar-21</a>	210113	438.60	448.60	436.80	446.20	+10.20	14,847	41,301	+18
<a href="#">May-21</a>	210113	421.90	430.80	420.90	429.10	+9.70	8,362	37,384	+2,727
<a href="#">Aug-21</a>	210113	407.90	416.90	407.90	415.50	+8.90	2,647	15,775	-202
<a href="#">Oct-21</a>	210113	397.10	402.80	396.70	401.80	+6.80	324	4,775	+70
<a href="#">Dec-21</a>	210113	394.30	399.10	394.00	398.30	+6.00	105	3,354	+12
Total Volume and Open Interest							26,386	105,556	+2,672

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			14-Jan-21	13-Jan-21	
Delhi	Delhi	M-Grade	3150	3140	10
	Delhi	S-Grade	3130	3120	10
Uttar Pradesh	Khatauli	M-Grade	3140	3140	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3045	3045	Unch
	Dhampur	S-Grade Ex-Mill	3025	3025	Unch
	Dhampur	L-Grade Ex-Mill	3095	3095	Unch
Maharashtra	Mumbai	M-Grade	3316	3316	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)	Closed	3450	-
	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
			14-Jan-21	13-Jan-21	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2775	2775	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	7500	5000	2500
	Muzaffarnagar	Khurpa (Fresh)	2600	2463	138
	Muzaffarnagar	Laddoo (Fresh)	2803	2838	-35
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	2550	2530	20
	Hapur	Balti	2538	2525	13
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4450	-
	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	3200	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	2950	-
	Mandya	Yellow (Medium)	NA	3060	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-



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