

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 khatauli at Rs. 3120/q and Rs. 3130/q. Prices were steady in Kolhapur at Rs. 3100/q.

Sugarcane Development Department has issued advisory to farmers for the protection and management of sugarcane crop. Every year, due to water logging, flooding or drought in sugarcane cultivation, there is a disruption in sowing and weeding of sugarcane. Therefore, by adopting measures for management and safety of sugarcane cultivation, the ill effects of weather can be avoided. According to the advisory, in those areas where there is a possibility of drought or there is no rain for a long period in the rainy season, in such areas sowing should be done with drought tolerant varieties such as Co.lk 94184, Co.lk 12209, Cos. 08279 etc. In sugarcane crop, planting of sugarcane with laying trash between the rows does not require frequent irrigation. Adoption of drip irrigation or spraying method will provide more production with water savings. If the sugarcane leaves begin to wilt during drought, then Before lifesaving irrigation, spraying the crop by 5% solution of potash fertilizer in water reduces the harmful effects of drought. Also, the Cane Commissioner has directed to set up flaxes of the protective measures of sugarcane cultivation described in the advisory at the sugar mill gates and departmental offices and for wide publicity among sugarcane farmers through handbills, wall paintings and daily newspapers.

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 East Uttar Pradesh and Dense Fog at isolated places very likely over Nagaland, Manipur, Mizoram & Tripura, Assam & Meghalaya.

Previous Updates:

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.

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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	464.40	18.20

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday January 14 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210114	15.95	16.75	15.95	16.67	+0.83	44,578	397,428	-4,224
May-21	210114	15.05	15.78	15.05	15.72	+0.77	30,689	207,998	-347
Jul-21	210114	14.56	15.10	14.56	15.06	+0.59	21,708	158,684	+1,209
Oct-21	210114	14.40	14.75	14.39	14.72	+0.41	7,275	116,271	+658
Mar-22	210114	14.62	14.94	14.62	14.90	+0.34	3,042	71,425	+334
May-22	210114	13.79	13.95	13.75	13.95	+0.23	1,590	45,033	+61
Jul-22	210114	13.26	13.38	13.22	13.35	+0.11	999	38,957	+10
Oct-22	210113	13.09	13.19	13.07	13.18	+0.10	410	32,707	-4
Total Volume and Open Interest							111,525	1,095,452	-2,264

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday January 14 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210114	449.50	466.10	449.00	464.40	+18.20	5,718	40,962	-339
May-21	210114	432.40	447.30	432.10	446.30	+17.20	3,424	37,529	+145
Aug-21	210114	418.50	431.00	418.00	429.70	+14.20	1,558	16,170	+395
Oct-21	210114	403.50	412.30	403.20	411.50	+9.70	95	4,170	+4
Dec-21	210114	400.00	405.40	400.00	405.40	+7.10	24	3,348	-6
Total Volume and Open Interest							10,864	105,781	+225

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			15-Jan-21	14-Jan-21	
Delhi	Delhi	M-Grade	3140	3150	-10
	Delhi	S-Grade	3120	3130	-10
Uttar Pradesh	Khatauli	M-Grade	3130	3140	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3025	3045	-20
	Dhampur	S-Grade Ex-Mill	3005	3025	-20
	Dhampur	L-Grade Ex-Mill	3075	3095	-20
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	Closed	-
	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)			15-Jan-21	14-Jan-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2788	2775	13
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	7500	2500
	Muzaffarnagar	Khurpa (Fresh)	2600	2600	Unch

	Muzaffarnagar	Laddoo (Fresh)	2813	2803	10
	Muzaffarnagar	Rascut (Fresh)	2438	NA	-
	Hapur	Chaurasa	2575	2550	25
	Hapur	Balti	2550	2538	13
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	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)	3100	NA	-
	Mandya	Kurikatu (Medium)	2950	NA	-
	Mandya	Other (Medium)	2850	NA	-
	Mandya	Yellow (Medium)	3050	NA	-
	Shimoga/Shivamogga	Achhu (Average)	3550	NA	-

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