

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were steady in Delhi and khatauli at Rs. 3180/q and Rs. 3200/q. Prices were steady in Kolhapur at Rs. 3100/q.

Mills in India has produced around 142.70 lakh tonnes of sugar so far. According to the Indian Sugar Mills Association, 487 sugar mills were in operation in the country and have produced around 142.70 lakh tonnes of sugar, as compared to 108.94 lakh tonnes of sugar produced by 440 sugar mills in the previous season, which is 33.76 lakh tonnes higher as compared to last season's production for the corresponding period.

Weather Forecast:

Dense to very dense fog conditions at a few places very likely over Bihar and Dense Fog at isolated places very likely over Uttarakhand, Punjab, East Uttar Pradesh, Rajasthan and Odisha. Cold day to severe cold day condition in isolated pockets very likely over Bihar and cold day condition in isolated pockets over Punjab, Haryana, Chandigarh & Delhi and Uttar Pradesh.

Previous Updates:

Shrigonda sugar mill leads in sugar recovery rate. Shrigonda sugar mill leads in sugar recovery rate in the district in the current crushing season. Till 13 January, a total of 21 sugar mills were in operations in the district including 13 cooperative and 8 private mills. These mills have crushed around 87,724-tonne sugarcane, out of that with 10.36 per cent sugar recovery rate Shrigonda sugar mill is leading. There are a total of 23 mills in the district, out of which Saikripa-2 and Tanpura Cooperative mills are closed. 13 cooperative mills crushed 58,149 tonnes and 8 private mills crushed 29,575 tonnes of sugarcane.

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.

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 Gudaspur. 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.

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

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday January 15 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210115	16.67	16.71	16.27	16.45	-0.22	45,426	398,252	+824
May-21	210115	15.68	15.72	15.38	15.58	-0.14	30,840	206,953	-1,045
Jul-21	210115	15.01	15.09	14.70	14.99	-0.07	20,795	156,735	-1,949
Oct-21	210115	14.64	14.82	14.40	14.72	Unch	6,144	116,873	+602
Mar-22	210115	14.85	15.05	14.61	14.94	+0.04	2,689	71,611	+186
May-22	210115	13.90	14.16	13.80	14.09	+0.14	1,278	45,045	+12
Jul-22	210115	13.32	13.54	13.20	13.48	+0.13	690	39,143	+186
Oct-22	210115	13.15	13.36	13.07	13.30	+0.12	299	32,657	-50
Total Volume and Open Interest							108,368	1,094,291	-1,161

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday January 15 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210115	465.30	465.30	457.20	461.70	-2.70	7,087	41,208	+246
May-21	210115	446.10	446.20	440.40	445.20	-1.10	3,317	38,424	+895
Aug-21	210115	429.50	430.40	424.00	429.50	-0.20	2,174	16,645	+475
Oct-21	210115	409.40	413.10	406.20	412.70	+1.20	376	5,061	+68
Dec-21	210115	404.20	408.40	401.70	407.80	+2.40	49	3,351	+3
Total Volume and Open Interest							13,045	107,487	+1,706

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			18-Jan-21	16-Jan-21	
Delhi	Delhi	M-Grade	3200	3200	Unch
	Delhi	S-Grade	3180	3180	Unch
Uttar Pradesh	Khatauli	M-Grade	3200	3200	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3075	3075	Unch
	Dhampur	S-Grade Ex-Mill	3055	3055	Unch
	Dhampur	L-Grade Ex-Mill	3125	3125	Unch
Maharashtra	Mumbai	M-Grade	3316	3320	-4
	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)	3450	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)			18-Jan-21	16-Jan-21	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2813	2838	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	1000
	Muzaffarnagar	Khurpa (Fresh)	2625	2650	-25
	Muzaffarnagar	Laddoo (Fresh)	2850	2875	-25
	Muzaffarnagar	Rascut (Fresh)	2525	2538	-13
	Hapur	Chaurasa	Closed	2575	-
	Hapur	Balti	Closed	2550	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4450	4450	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	3226	NA	-
	Mandya	Achhu (Medium)	3100	3100	Unch
	Mandya	Kurikatu (Medium)	2950	2950	Unch
	Mandya	Other (Medium)	2800	2750	50
	Mandya	Yellow (Medium)	3100	3100	Unch
	Shimoga/Shivamogga	Achhu (Average)	3550	NA	-

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