

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady tone was witnessed in Sugar physical markets today in India.** Sugar prices were higher in Khatauli by 10-20 at Rs. 3175/q. Prices were lower in Kolhapur at Rs. 3000/q.

**The Government has increased the budget estimates under ethanol interest subvention scheme from Rs 50 crore (budget estimate 2020-21) to Rs 300 crore in the financial year 2021-22.** The estimate for 2020-21 is six times more from the previous estimates and this would encourage domestic sugar mills and distilleries to enhance production from ethanol for sugarcane and surplus grains like maize, rice available with FCI and other feed stocks. The budget has also proposed to increase customs duty on import of ethanol from 2.5 to 5 percent with a view to encourage domestic manufacturing of denatured ethanol.

### Weather Forecast:

Thunderstorm accompanied with lightning & hail at isolated places over Himachal Pradesh, Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, north Rajasthan and West Madhya Pradesh and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad and East Uttar Pradesh.

### Previous Updates:

**Mills in India have produced around 176.83 lakh tonnes of sugar till 31<sup>st</sup> January'21.** According to the Indian Sugar Mills Association, 491 sugar mills were in operation in the country till 31st January 21 and have produced around 176.83 lakh tonnes of sugar, as compared to 141.04 lakh tonnes of sugar produced by 447 sugar mills on 31st January' 20 previous year.

**Shortages of shipping containers have affected sugar export from India.** The shortage of shipping containers has affected the white sugar export on a large scale. The geopolitical tensions with China have also affected the availability of containers in the country. As the sugar demand continues to increase from Afghanistan, Sri Lanka and East Africa but due to lack of containers there is slow movement of sugar from India. The mills are expected to export 200,000 tonnes of sugar including raw sugar. Till now, India has exported 70,000 tonnes of white sugar this month as compared with 370,000 tonnes in January 2020.

**According to Indian Sugar Mills Association, major sugar producing states will focus on ethanol production.** According to the estimation around 6.74 lakh tonnes of sugar will be diverted for production of ethanol by the sugar mills in Uttar Pradesh in the current year as compared to about 3.70 lakh tonnes diverted in 2019-20 Sugar Season. Also, Sugar mills in Maharashtra will divert around 6.55 lakh tonnes of sugar compared 1.42 lakh tonnes in last season and mills in Karnataka are expected to divert about 5.41 lakh tonnes of sugar for ethanol production in the current year as compared to about 2.42 lakh tons diverted in the previous Season.

**Government has announced 17 LMT Monthly sugar sales quota for February 2021.** The food ministry has allocated 17 LMT monthly sugar quota for February 2021 which is 3 LMT lower than that of February 2020 which stood at 20 LMT. In the previous month the government has allocated 20 LMT monthly sugar quota for January 2021 to 548 mills.

**Sangli District is likely to witness more sugar output this season.** Around 15 sugar mills are operating in the district and have produced about 48 lakh tonne sugar by crushing 43 lakh tonne sugarcane in last two months.

*The district has recorded 11.24 per cent sugar recovery rate this season. Earlier the mills faced problems like lack of cane harvesters and demand of hike in cane harvesting rates at the beginning of the crushing season. However, the mills managed the issues and began crushing operations in November. The mill which were operating in the previous season are also engaged in the ongoing operations, and this will add more sugar in the district's output.*

**Kenya is planning to import sugar from Uganda.** Kenya is planning to import around 90,000 tonnes of sugar from Uganda and 160,000 tonnes from other countries after exhausting COMESA import quota allotted to it. Kenya has been importing around 350,000 tonnes from within EAC and COMESA due to a widened deficit in its market.

**Over Rs. 12,000 crore cane dues are still pending in Uttar Pradesh.** The sugarcane farmers have supplied cane worth Rs 14,000 crore to the sugar mills in the ongoing season but have received only RS 4,448 crore. The payment made by the mills in the current season also includes arrears of over Rs 2,500 crore of the previous sugar seasons. Also, the state government has yet not announced the sugarcane SAP.

**Maharashtra Sugar Mill yet to clear cane dues.** The sugar mills in Maharashtra have crushed more cane till December end this season as compared with last season but are yet not paid Rs 2140 crore cane dues to the cane farmers. 182 sugar mills in Maharashtra have crushed around 546 lakh tonnes of Sugar, till 18 January.

**Sugar production in Uttar Pradesh was lower as compared to previous year's Production.** According to the Indian Sugar Mills Association, 120 sugar mills in Uttar Pradesh have produced around 42.99 lakh tonnes of sugar till 15th January, 2021, compared to the last season where, 119 sugar mills were in operation and had produced about 43.78 lakh tonnes of sugar. The slightly lower production this year is because of reportedly lower cane yields and lower sugar recoveries in the State.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	464.50	8.40

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

Daily Futures Price Listing Tuesday February 02nd, 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>	210202	16.25	16.48	16.08	16.29	+0.14	55,784	358,554	-5,107
<a href="#">May-21</a>	210202	15.34	15.52	15.19	15.35	+0.05	31,921	229,890	+1,686
<a href="#">Jul-21</a>	210202	14.80	14.90	14.65	14.78	-0.02	14,007	166,779	+321
<a href="#">Oct-21</a>	210202	14.64	14.72	14.51	14.65	+0.01	9,851	122,848	+415
<a href="#">Mar-22</a>	210202	14.92	15.00	14.81	14.96	+0.02	5,489	79,301	+229
<a href="#">May-22</a>	210202	14.05	14.14	13.97	14.11	+0.04	1,365	47,401	+76
<a href="#">Jul-22</a>	210202	13.48	13.52	13.39	13.50	+0.05	755	39,252	+0
<a href="#">Oct-22</a>	210202	13.19	13.26	13.16	13.25	+0.08	363	33,760	+27
Total Volume and Open Interest							119,999	1,105,959	-2,187

Source: MRCI

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

Daily Futures Price Listing Tuesday February 02nd, 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>	210202	467.00	470.40	458.50	463.60	-1.10	9,744	36,238	-310
<a href="#">May-21</a>	210202	441.80	447.50	440.00	442.80	-0.60	9,386	42,015	-107
<a href="#">Aug-21</a>	210202	423.30	426.70	421.60	423.50	+0.70	3,418	22,234	+1,372
<a href="#">Oct-21</a>	210202	407.80	411.50	407.60	409.50	+1.70	585	6,032	+163
<a href="#">Dec-21</a>	210202	405.70	407.20	404.30	405.80	+1.30	116	3,592	-4
Total Volume and Open Interest							23,416	113,120	+1,212

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			03-Feb-21	02-Feb-21	
Delhi	Delhi	M-Grade	3160	3160	Unch
	Delhi	S-Grade	3140	3140	Unch
Uttar Pradesh	Khatauli	M-Grade	3175	3150	25
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3085	3075	10
	Dhampur	S-Grade Ex-Mill	3065	3055	10
	Dhampur	L-Grade Ex-Mill	3135	3125	10
Maharashtra	Mumbai	M-Grade	3322	3290	32
	Mumbai	S-Grade	3172	3170	2
	Nagpur	M-Grade	3175	3125	50
	Nagpur	S-Grade	3125	3075	50
	Kolhapur	M-Grade	3050	3000	50
	Kolhapur	S-Grade	3000	2950	50
Assam	Guhawati	S-Grade	3309	3258	51
Meghalaya	Shillong	S-Grade	3320	3270	50
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3620	80
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade	3985	3950	35
	Dindigul	M-Grade (DCA)	4100	4060	40
	Coimbatore	M-Grade (DCA)	3540	3540	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)			03-Feb-21	02-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2838	2828	10
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	7000	1000
	Muzaffarnagar	Khurpa (Fresh)	2500	2528	-28
	Muzaffarnagar	Laddoo (Fresh)	2813	2875	-63
	Muzaffarnagar	Rascut (Fresh)	2450	2450	Unch

	Hapur	Chaurasa	2563	2563	Unch
	Hapur	Balti	2550	2550	Unch
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	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)	NA	3116	-
	Mandya	Achhu (Medium)	2910	2900	10
	Mandya	Kurikatu (Medium)	3050	2900	150
	Mandya	Other (Medium)	2890	2850	40
	Mandya	Yellow (Medium)	2970	2950	20
	Shimoga/Shivamogga	Achhu (Average)	3550	3550	Unch

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