

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi by 10-20 at Rs. 3130/q. Prices were lower in Kolhapur at Rs. 3000/q.

Farmers's agitation has impacted cane harvesting in Gohana, Haryana. The on-going farmers' agitation for the withdrawal of farm laws has impacted the sugarcane harvesting activities. Due to this, sugar mills are facing lower supply of cane for crushing. Earlier, the mill had set a target of crushing 47 lakh quintal of sugarcane for this season. But till date, the mill could only complete crushing of 18.75 lakh quintal sugarcane. The farmers from the region are rushing to participate in the agitation resulting in lowering the speed of crushing activities.

Weather Forecast:

Thunderstorm accompanied with lightning & hail at isolated places over Bihar, Jharkhand, West Bengal & Sikkim and Arunachal Pradesh and with lightening at isolated places over Chhattisgarh and Assam & Meghalaya. Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh and Rajasthan.

Previous Updates:

Sugarcane farmers from Uttarakhand have launched an agitation to hike the sugar price. Farmers from the Tarai region of the state depend mainly on the sugarcane crop and the farmer's income is depend on the income which they get from sugarcane crops. According to farmers, the government is not increasing the purchase rate of cane which is affecting the farmers' income.

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.

Mills in India have produced around 176.83 lakh tonnes of sugar till 31st 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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	462.60	-1.00

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday February 04 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210204	16.14	16.16	15.82	16.05	+0.01	50,953	349,050	-3,927
May-21	210204	16.25	15.34	15.12	15.32	+0.11	38,501	235,692	+3,561
Jul-21	210204	14.76	14.81	14.62	14.79	+0.10	18,519	166,844	-855
Oct-21	210204	14.65	14.68	14.50	14.66	+0.09	9,851	125,848	+1,456
Mar-22	210204	14.92	14.97	14.80	14.95	+0.06	2,909	79,301	+545
May-22	210204	14.10	14.12	13.98	14.10	+0.04	1,128	47,401	+89
Jul-22	210204	13.53	13.55	13.42	13.54	+0.05	982	39,252	+47
Oct-22	210204	13.29	13.35	13.35	13.35	+0.06	715	33,760	+188
Total Volume and Open Interest							124,960	1,107,089	+1,062

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Tuesday February 04 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210204	464.00	466.20	460.00	465.40	+2.80	7,675	33,621	-2942
May-21	210204	443.40	445.90	440.00	444.70	+2.90	4,981	42,189	586
Aug-21	210204	423.60	426.20	421.50	425.60	+3.20	1,649	23,101	+278
Oct-21	210204	410.20	412.20	407.90	412.00	+3.00	329	6,732	+19
Dec-21	210204	407.10	408.90	405.40	408.40	+3.00	73	3,555	+16
Total Volume and Open Interest							14,738	111,749	+2,046

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			04-Feb-21	03-Feb-21	
Delhi	Delhi	M-Grade	3150	3160	Unch
	Delhi	S-Grade	3130	3140	Unch
Uttar Pradesh	Khatauli	M-Grade	3170	3175	-5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3080	3075	-5
	Dhampur	S-Grade Ex-Mill	3060	3055	-5
	Dhampur	L-Grade Ex-Mill	3130	3125	-5
Maharashtra	Mumbai	M-Grade	3316	3322	Unch
	Mumbai	S-Grade	3176	3170	Unch
	Nagpur	M-Grade	3175	3125	Unch
	Nagpur	S-Grade	3125	3075	Unch
	Kolhapur	M-Grade	3050	3000	Unch
	Kolhapur	S-Grade	3000	2950	Unch
Assam	Guhawati	S-Grade	3309	3258	Unch
Meghalaya	Shillong	S-Grade	3320	3270	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3620	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade	3985	3985	Unch
	Dindigul	M-Grade (DCA)	4100	4100	Unch
	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)			05-Feb-21	04-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2875	2825	50
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	10000	-6000

	Muzaffarnagar	Khurpa (Fresh)	2450	2500	-50
	Muzaffarnagar	Laddoo (Fresh)	2878	2813	65
	Muzaffarnagar	Rascut (Fresh)	2425	2450	-25
	Hapur	Chaurasa	2613	2613	Unch
	Hapur	Balti	2525	2525	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	NA	-
	Mandya	Achhu (Medium)	2950	2900	50
	Mandya	Kurikatu (Medium)	3050	3050	Unch
	Mandya	Other (Medium)	3030	3030	Unch
	Mandya	Yellow (Medium)	2990	2990	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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