

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Dhampur by 10-20 at Rs. 3080/q. Prices were lower in Kolhapur at Rs. 3000/q.

Sugarcane farmer's demands hike in sugar prices. Sugarcane farmers from Bijnor are demanding increase in sugarcane prices to Rs. 450 per quintal. Government had not increased the prices till date and farmers are continuously demanding the price hike in sugarcane. Government should consider the farmer's demand keeping in view the increase in the input cost for sugarcane cultivation and hike the cane purchase price.

Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and dense fog at isolated pockets over East Uttar Pradesh.

Previous Updates:

Around 31 mills in Uttar Pradesh are yet to clear the cane dues. The sugarcane crushing season is half-way down but still around 31 sugar mills in Uttar Pradesh have failed to clear the sugarcane dues. Total 120 sugar mills have been participated in the cane crushing activity for this season, till 2nd February the pending arrears are around Rs. 7,979. The cane dues during the same period last season were around Rs 5,948 crore.

Brahmavar sugar factory has started producing organic jaggery. The factory has prepared jaggery without using chemicals and has also received good response from the consumers; the jaggery is directly sold to the consumers without any intermediary. The factory with the capacity to grinding 15 tonnes of sugarcane per day has produced around 450 kg of jaggery.

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.

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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	475.20	3.20

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday February 10th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210210	16.53	17.05	16.37	16.71	+0.27	77,087	282,237	-27,122
May-21	210210	15.83	16.12	15.65	15.84	+0.08	70,355	302,084	+22,025
Jul-21	210210	15.25	15.50	15.11	15.25	+0.05	25,555	172,293	+994
Oct-21	210210	15.10	15.32	14.97	15.10	+0.04	10,147	130,916	+1,102
Mar-22	210210	15.29	15.52	15.18	15.35	+0.09	4,963	82,009	+438
May-22	210210	14.28	14.52	14.27	14.45	+0.13	1,387	49,231	+236
Jul-22	210210	13.66	13.81	13.63	13.79	+0.14	953	40,694	-82
Oct-22	210210	13.42	13.55	13.38	13.53	+0.13	563	34,493	-37
Total Volume and Open Interest							191,727	1,122,657	-2,214

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday February 10th, 2021									
Wednes							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210210	476.70	483.50	474.40	479.50	+4.30	7,918	21,409	-4,668
May-21	210210	455.70	461.00	452.00	458.10	+3.30	7,968	45,164	+1,938
Aug-21	210210	435.20	439.40	431.70	436.20	+1.30	1,443	24,618	-192
Oct-21	210210	420.60	425.80	418.60	422.50	+1.00	292	6,372	+55
Dec-21	210210	415.20	420.80	414.20	417.80	+1.50	143	3,714	+91
Total Volume and Open Interest							17,891	104,452	-2,685

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Feb-21	10-Feb-21	
Delhi	Delhi	M-Grade	3150	3150	Unch
	Delhi	S-Grade	3130	3130	Unch
Uttar Pradesh	Khatauli	M-Grade	3165	3165	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3080	3085	-5
	Dhampur	S-Grade Ex-Mill	3060	3065	-5
	Dhampur	L-Grade Ex-Mill	3130	3135	-5
Maharashtra	Mumbai	M-Grade	3336	3336	Unch
	Mumbai	S-Grade	3200	3200	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3700	3700	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3450	3450	Unch
	Dindigul	M-Grade (DCA)	3680	3680	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)			11-Feb-21	10-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2725	2700	25

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	6000	8000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2363	2350	13
	Muzaffarnagar	Laddoo (Fresh)	2813	2800	13
	Muzaffarnagar	Rascut (Fresh)	2350	2338	13
	Hapur	Chaurasa	2575	2575	Unch
	Hapur	Balti	2500	2500	Unch
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4300	4350	-50
	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	2980	120
	Mandya	Kurikatu (Medium)	2850	3000	-150
	Mandya	Other (Medium)	3000	2920	80
	Mandya	Yellow (Medium)	3060	3000	60
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-

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