

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady tone was witnessed in Sugar physical markets today in India.** Sugar prices were higher in Dhampur by 10-20 at Rs. 3085/q. Prices were lower in Kolhapur at Rs. 3000/q.

**India's sugar exports are likely to decrease** more than 24 percent in the current season till September 2020-21 due to the logistical constraints such as shortage of containers and congestion at the country's ports. Also, Brazil is likely to export 4.3 million tonnes during 2020-21 season against 5.7 million tonnes shipped in previous year.

### Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and dense fog at isolated pockets over Uttar Pradesh and dense fog in isolated pockets over Gangetic West Bengal and northwest Rajasthan.

### Previous Updates:

**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.

**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 2<sup>nd</sup> 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 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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	470.00	-5.20

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

Daily Futures Price Listing Thursday February 11th, 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>	210211	16.70	16.82	16.47	16.55	-0.16	98,808	252,047	-30,190
<a href="#">May-21</a>	210211	15.87	15.99	15.73	15.79	-0.05	93,173	335,870	+33,786
<a href="#">Jul-21</a>	210211	15.30	15.37	15.20	15.25	Unch	24,227	172,173	-120
<a href="#">Oct-21</a>	210211	15.10	15.22	15.06	15.11	+0.01	13,783	133,095	+2,179
<a href="#">Mar-22</a>	210211	15.32	15.43	15.28	15.33	-0.02	6,016	83,575	+1,566
<a href="#">May-22</a>	210211	14.47	14.53	14.40	14.48	+0.03	1,560	49,449	+218
<a href="#">Jul-22</a>	210211	13.77	13.90	13.73	13.86	+0.07	1,604	40,722	+28
<a href="#">Oct-22</a>	210211	13.52	13.67	13.48	13.61	+0.08	342	34,621	+128
Total Volume and Open Interest							239,995	1,130,449	+7,792

Source: MRCI

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

Daily Futures Price Listing Thursday February 11th, 2021									
Wednes							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Mar-21</a>	210211	480.00	481.00	468.00	470.00	-9.50	10,818	14,829	-6,580
<a href="#">May-21</a>	210211	457.30	459.80	454.00	456.00	-2.10	6,293	46,126	+962
<a href="#">Aug-21</a>	210211	436.00	438.20	434.10	435.60	-0.60	1,314	24,628	+10
<a href="#">Oct-21</a>	210211	422.20	424.50	420.40	421.90	-0.60	419	6,439	+67
<a href="#">Dec-21</a>	210211	418.50	419.80	416.80	417.50	-0.30	53	3,730	+16
Total Volume and Open Interest							18,988	98,997	-5,455

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Feb-21	11-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	3085	3080	5
	Dhampur	S-Grade Ex-Mill	3065	3060	5
	Dhampur	L-Grade Ex-Mill	3135	3130	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)			12-Feb-21	11-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2725	2725	Unch

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	6000	2000
	Muzaffarnagar	Khurpa (Fresh)	2363	2363	Unch
	Muzaffarnagar	Laddoo (Fresh)	2813	2813	Unch
	Muzaffarnagar	Rascut (Fresh)	2350	2350	Unch
	Hapur	Chaurasa	2600	2575	25
	Hapur	Balti	2525	2500	25
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4300	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	3100	Unch
	Mandya	Kurikatu (Medium)	2850	2850	Unch
	Mandya	Other (Medium)	3000	3000	Unch
	Mandya	Yellow (Medium)	3060	3060	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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