

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 10-30 at Rs. 3130/q. Prices were lower in Kolhapur at Rs. 3100/q.

Sugar Production has decreased in Uttar Pradesh this year. Sugar mills in Uttar Pradesh have produced 63 lakh tonnes of sugar after crushing 611 lakh tonnes of sugarcane till 15th February '21. The mills during the same period last year had produced 64 lakh tonnes of sugar by crushing 584 lakh tonnes of sugarcane. The sugarcane recovery reported this season is 10.29 % as against 10.96% last season.

Weather Forecast:

Dense fog in isolated pockets very likely over Punjab, Haryana, Chandigarh & Delhi and dense fog at isolated pockets over West Uttar Pradesh and Thunderstorm accompanied with lightening & hail very likely in isolated places over Uttrakhand, West Madhya Pradesh, Jharkhand, Arunachal Pradesh, Assam , Meghalaya and Nagaland, Manipur, Mizoram & Tripura.

Previous Updates:

Kolhapur region has recorded 12 percent sugar recovery rate. About 37 sugar mills are operating in the Kolhapur division in the current crushing season. Around 183 sugar mills have participated in the cane crushing operation in Maharashtra and have produced 724 lakh quintal of sugar by crushing 717 lakh tonne sugarcane. Although, Solapur division is leading in the state with a maximum of 41 sugar mills operating in the current season.

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.

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 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.

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

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday February 15th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210212	16.51	16.59	16.30	16.38	-0.17↓	118,086	215,074	-36,973
May-21	210212	15.75	15.81	15.59	15.64	-0.15↓	117,290	367,476	+31,606
Jul-21	210212	15.25	15.28	15.08	15.13	-0.12↓	34,090	177,852	+5,679
Oct-21	210212	15.07	15.13	14.94	14.99	-0.12↓	20,361	133,488	+393
Mar-22	210212	15.33	15.36	15.16	15.20	-0.13↓	9,597	86,205	+2,630
May-22	210212	14.48	14.49	14.36	14.42	-0.06↓	4,246	49,810	+361
Jul-22	210212	13.86	13.88	13.74	13.84	-0.02↓	3,074	40,797	+75
Oct-22	210212	13.60	13.66	13.50	13.63	+0.02↑	1,345	34,731	+110
Total Volume and Open Interest							310,125	1,134,980	+4,531

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday February 15th, 2021									
Wednes							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210212	455.00	458.90	452.20	456.40	+3.80↑	6,429	47,856	+1,743
May-21	210212	433.60	438.00	432.50	436.50	+3.40↑	1,379	25,412	-4
Aug-21	210212	421.10	424.50	418.80	423.10	+3.70↑	286	6,564	+72
Oct-21	210212	416.50	418.20	415.50	418.20	+3.40↑	45	3,737	-8
Dec-21	210212	416.20	416.20	416.20	416.20	+3.40↑	52	2,250	+37
Total Volume and Open Interest							13,339	97,856	-204

Source: MRCI

DOMESTIC PRICES AND ARRIVAL**Sugar Prices at Key Spot Markets:**

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			16-Feb-21	15-Feb-21	
Sugar					
Delhi	Delhi	M-Grade	3160	3150	10
	Delhi	S-Grade	3140	3130	10
Uttar Pradesh	Khatauli	M-Grade	3175	3170	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3115	3100	15
	Dhampur	S-Grade Ex-Mill	3095	3080	15
	Dhampur	L-Grade Ex-Mill	3165	3150	15
Maharashtra	Mumbai	M-Grade	3340	3336	4
	Mumbai	S-Grade	3206	3202	4
	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)	3430	3430	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

Sugar &Gur Fundamental Report

17th Feb, 2021

Jaggery (Gur) Prices at Key Spot Markets:

Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			16-Feb-21	15-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2828	2750	78
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	5000	3000
	Muzaffarnagar	Khurpa (Fresh)	2450	2450	Unch
	Muzaffarnagar	Laddoo (Fresh)	2775	2813	-38
	Muzaffarnagar	Rascut (Fresh)	2375	2400	-25
	Hapur	Chaurasa	2570	Closed	-
	Hapur	Balti	2525	Closed	-
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)	3197	3193	4
	Mandya	Achhu (Medium)	3150	3100	50
	Mandya	Kurikatu (Medium)	2900	2900	Unch
	Mandya	Other (Medium)	2850	2900	-50
	Mandya	Yellow (Medium)	3100	3050	50
	Shimoga/Shivamogga	Achhu (Average)	NA	3550	-



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