

## Sugar &Gur Domestic & International Fundamentals

### Recent Update:

**Steady tone was witnessed in Sugar physical markets today in India.** Sugar prices were high in Delhi by 10-30 at Rs. 3150/q. Prices were lower in Kolhapur at Rs. 3100/q.

**Sugarcane SAP remains unchanged in Uttar Pradesh.** State Advisory Price for sugarcane has remained the same in Uttar Pradesh again. The farmers were expecting a hike this year in sugarcane prices but the government has made no such changes. The rates of three different varieties of sugarcane have remained unchanged at Rs 315 per quintal for common variety, Rs 325 for early variety and Rs 310 for rejected varieties.

### 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, East Madhya Pradesh, Vidarbha, Chattisgarh, Bihar, Gangetic West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Assam, Meghalaya and Interior Karnataka.

### Previous Updates:

**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 15<sup>th</sup> 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.

**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 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 form 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.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	456.40	3.80

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

Daily Futures Price Listing Tuesday February 16th, 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>	210216	16.54	16.77	16.49	16.73	+0.35	75,570	186,258	-28,816
<a href="#">May-21</a>	210216	15.76	15.97	15.71	15.92	+0.28	82,418	391,137	+23,661
<a href="#">Jul-21</a>	210216	15.26	15.42	15.21	15.39	+0.26	22,526	181,857	+4,005
<a href="#">Oct-21</a>	210216	15.13	15.27	15.05	15.23	+0.24	14,052	136,264	+2,776
<a href="#">Mar-22</a>	210216	15.29	15.46	15.27	15.42	+0.22	6,639	89,255	+3,050
<a href="#">May-22</a>	210216	14.52	14.65	14.47	14.61	+0.19	2,196	50,098	+288
<a href="#">Jul-22</a>	210216	13.92	14.04	13.89	14.01	+0.17	2,195	41,503	+706
<a href="#">Oct-22</a>	210216	13.70	13.80	13.69	13.78	+0.15	557	34,892	+161
Total Volume and Open Interest							206,998	1,141,216	+6,236

Source: MRCI

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

Daily Futures Price Listing Tuesday February 16th, 2021									
Wednes							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Mar-21</a>	210216	456.40	457.70	453.80	456.50	+0.10	3,906	48,495	+639
<a href="#">May-21</a>	210216	436.10	438.00	434.20	437.40	+0.90	1,387	25,557	+145
<a href="#">Aug-21</a>	210216	423.50	424.90	424.90	424.50	+1.40	718	6,989	+425
<a href="#">Oct-21</a>	210216	418.60	420.30	420.30	419.80	+1.60	63	3,989	+25
<a href="#">Dec-21</a>	210216	417.90	417.90	417.90	417.80	+1.60	5	2,250	+0
Total Volume and Open Interest							6,079	88,132	-9,724

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Feb-21	16-Feb-21	
Delhi	Delhi	M-Grade	3170	3160	10
	Delhi	S-Grade	3150	3140	10
Uttar Pradesh	Khatauli	M-Grade	3180	3175	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3115	3115	Unch
	Dhampur	S-Grade Ex-Mill	3095	3095	Unch
	Dhampur	L-Grade Ex-Mill	3165	3165	Unch
Maharashtra	Mumbai	M-Grade	3340	3340	Unch
	Mumbai	S-Grade	3206	3206	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)	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

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			17-Feb-21	16-Feb-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2813	2828	-15
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	8000	Unch

	Muzaffarnagar	Khurpa (Fresh)	2463	2450	13
	Muzaffarnagar	Laddoo (Fresh)	2788	2775	13
	Muzaffarnagar	Rascut (Fresh)	2388	2375	13
	Hapur	Chaurasa	2575	2570	5
	Hapur	Balti	2550	2525	25
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	3197	-
	Mandya	Achhu (Medium)	3280	3150	130
	Mandya	Kurikatu (Medium)	3100	2900	200
	Mandya	Other (Medium)	3050	2850	200
	Mandya	Yellow (Medium)	3200	3100	100
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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