

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Delhi and Khatauli by 05-10 at Rs. 3130/q and Rs. 3080/q. Prices were lower in Kolhapur at Rs. 3150/q.

India's Sugar production is up by 19.69 percent compared to previous year. According to Indian Sugar Mills Association, around 258.68 lac tons of sugar have been produced till 15th March'21 against 216.13 lac tons produced last year by 15th March'20. About 171 mills have stopped cane crushing operation and 331 sugar mills are currently operating in the country against 319 mills operating previous year, till 15th march'20 around 138 sugar mills had stopped cane crushing operations.

Weather Forecast:

Thunderstorm with lightening, hail & gusty winds very likely in isolated places over West Madhya Pradesh with lightening with gusty winds at isolated places over East Madhya Pradesh with lightening at isolated places over Rajasthan, Vidarbha, Chattisgarh, Marathawada, Telangana, Coastal & South Interior Karnataka and Kerala & Mahe.

Previous Updates:

Bihar is set to become the first state in the country to have a dedicated ethanol policy. With the central government approval for producing ethanol directly from sugarcane and broken rice, Bihar is planning to launch country's first ethanol policy. 20 investors have already applied for production units, Bihar produces 12,000 crore litres of ethanol each year and is expected to produce 50,000 crore litres each year after proposals of 20 new ethanol units were realized.

41 Sugar mills in Maharashtra are likely to end their cane crushing operation. The sugarcane crushing season is at the final phase in Maharashtra and till March 11, 41 sugar mills have ended cane crushing operations. Around 187 sugar mills had participated in the on-going cane crushing season and they have produced 918.55 lakh quintal sugars by crushing 886.52 lakh tonne sugarcane with a recovery of 10.36%. Till date, 29 sugar mills from Solapur have closed their operations followed by 7 mills from the Kolhapur division and from Pune, Aurangabad and Nanded division each sugar mill has stopped operations and two mills from the Amravati division have closed the cane crushing operations.

According to Indian Sugar Mills Association, India's sugar production is expected to be around 30.2 million tonnes in the ongoing 2020-21 marketing year, about 800,000 tonne lower than the initial estimate, because of damage caused by unseasonal rains in some parts of Uttar Pradesh. However, the sugar production is estimated to be higher than 27.4 million tonne achieved during the 2019-20 marketing year (October-September). Mills have manufactured about 23.4 million tonnes of sugar. Also, crushing operation is expected to get over in Maharashtra and Karnataka this month and in Uttar Pradesh by May. The sugar production would be slightly lower than the initial estimate in both Uttar Pradesh and Maharashtra. Production in Uttar Pradesh is expected to be 10.2 million tonnes in the current 2020-21 year, lower than 12.6 million tonnes last year. Similarly, the output in Maharashtra is expected to be 10.2 million tonnes this year compared with 6.1 million tonnes last year. The initial sugar production estimate for each of these two states was 10.5 million tonne for the current year, Where else production in Karnataka, is expected to increase to 4.7 million tonne in the 2020-21 marketing year from 3.45 million tonne last year, and is likely to be more than the annual requirement of 26 million tonne. Besides sugar, mills are manufacturing ethanol used for blending with petrol. Mills are also undertaking export of sugar under a quota fixed by the government.

Sugar mills produce 222 lakh MT of sugar till February'21. Sugar output in India has estimated to be around 310 lakh Metric Tonnes for 2020-21 season and domestic consumption is around 260 lakh Metric Tonnes. Sugar mills in India have produced 222 lakh Metric Tonnes of Sugar till last month. The government has allocated a mill-wise export quota of 60 Lakh Metric Tonnes for exporting the sugar in the current season to reduce the surplus stock of sugar. The government is also encouraging sugar mills to produce ethanol from sugarcane juice, sugar, B-Heavy molasses and sugar syrup to divert excess sugar.

Sugar mills from Uttar Pradesh earns from ethanol production. Sugar mills from Uttar Pradesh are getting benefitted by increasing ethanol production in their respective plants. Sugar mill Sathiaon has earned Rs 3 crore through ethanol by distributing it to oil companies, Although, the Sugar mill Sathiaon is yet to achieve its set target of crushing 45.5 lakh quintal sugarcane and has till now crushed 24 lakh quintal sugarcane with a recovery rate of 8.67 per cent.

Karnataka farmers demand higher FRP for sugarcane. Sugarcane farmers from the Mysuru region are demanding the hike in fair and remunerative price for sugarcane considering the input cost of cultivation. The cost of sugarcane cultivation has been increased but the FRP fixed by the government has remained the same and farmers are unable to recover the money they have spent for cultivation of the sugarcane crop. As a result the farmers are requesting the government to increase the FRP.

Maharashtra sugar mills produces 839.81 lakh quintals of sugar till 27th February'21. Sugar mills in Maharashtra have produced 839.81 lakh quintals of sugar by crushing 818.48 lakh tonne sugarcane with 10.26 per cent recovery till 27th February 2021. As many as 187 sugar mills took part in cane crushing operations in the current season. In the Kolhapur division total 37 sugar mills took part in cane crushing operations and out of these one has ended the season. Maximum sugar mills were operating from the Solapur division and eight out of 41 mills from the division have stopped operations.

Daurala sugar mill has cleared cane dues of Rs. 25.79 crore. The mill has cleared cane dues of the farmers that have sent their cane to the mill between January 21st to 27th. The mill has till date crushed 138.31 lakh quintals of sugarcane which is higher than the cane crushed during the last crushing season 131.25 lakh quintals.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	459.50	-0.50

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday March 16th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210316	16.20	16.55	16.07	16.30	+0.18	38,015	383,412	-1,126
May-21	210316	15.82	15.10	15.67	15.67	+0.15	26,375	222,680	+4,989
Jul-21	210316	15.75	15.95	15.58	15.76	+0.12	12,906	154,875	-379
Oct-21	210316	15.91	16.14	15.82	15.97	+0.10	4,301	99,608	-93
Mar-22	210316	15.08	15.35	15.08	15.21	+0.08	1,574	55,545	+57
May-22	210316	14.48	14.71	14.48	14.59	+0.05	775	50,002	-124
Jul-22	210316	14.24	14.31	14.11	14.20	+0.03	474	37,709	-27
Oct-22	210316	14.34	14.40	14.21	14.28	+0.02	432	15,744	+78
Total Volume and Open Interest							85,739	1,041,591	+3,627

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday March 16th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210316	459.80	467.00	457.40	463.40	+4.30	2,593	36,344	-398
May-21	210316	446.80	452.30	444.00	448.20	+2.50	1,781	30,286	+389
Aug-21	210316	436.50	441.80	434.60	437.30	+1.30	517	9,860	+15
Oct-21	210316	432.30	435.80	429.70	432.40	+0.50	127	4,506	-27
Dec-21	210316	429.50	434.00	428.60	430.60	-0.30	48	2,769	-6
Total Volume and Open Interest							5,081	85,537	-38

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Mar-21	16-Mar-21	
Delhi	Delhi	M-Grade	3150	3130	20
	Delhi	S-Grade	3130	3110	20
Uttar Pradesh	Khatauli	M-Grade	3080	3075	5
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3080	20
	Dhampur	S-Grade Ex-Mill	3080	3060	20
	Dhampur	L-Grade Ex-Mill	3150	3130	20
Maharashtra	Mumbai	M-Grade	3326	3356	-30
	Mumbai	S-Grade	3220	3202	18
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3175	3175	Unch
	Kolhapur	M-Grade	3150	3150	Unch
	Kolhapur	S-Grade	3050	3050	Unch
Assam	Guhawati	S-Grade	3360	3360	Unch
Meghalaya	Shillong	S-Grade	3370	3370	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3660	3660	Unch
	Vijayawada	S-Grade (With Duty)	3600	3600	Unch
West Bengal	Kolkata	M-Grade	3520	3520	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3450	3450	Unch
	Dindigul	M-Grade (DCA)	3540	3540	Unch
	Coimbatore	M-Grade (DCA)	3540	3540	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

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-Mar-21	16-Mar-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2828	2700	128

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	4000	8000	-4000
	Muzaffarnagar	Khurpa (Fresh)	2488	2450	38
	Muzaffarnagar	Laddoo (Fresh)	2775	2700	75
	Muzaffarnagar	Rascut (Fresh)	2283	2163	120
	Hapur	Chaurasa	2450	2450	Unch
	Hapur	Balti	2400	2400	Unch
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4150	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)	3750	3700	50
	Mandya	Kurikatu (Medium)	3600	3500	100
	Mandya	Other (Medium)	3500	3350	150
	Mandya	Yellow (Medium)	3680	3500	180
	Shimoga/Shivamogga	Achhu (Average)	3450	3450	Unch

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