

Sugar &Gur Domestic & International Fundamentals

Recent Update:

Steady tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Delhi by 20-40 at Rs. 3255/q. Prices were lower in Kolhapur at Rs. 3000/q.

Uganda hopes to export sugar to Kenya. The domestic sugar production in the country has increased by 37% in one year owing to the increase in the investment in the sugar sector by the government as well as private players. The sugar output has increased to 603,788 tonnes compared to 440,935 tonnes in 2019. Uganda had been hoping to resume sugar exports due to a large production deficit but indications suggest otherwise, with Kenya failing to conduct a verification exercise that had been expected in December last year. Although, Kenya had now initiated the verification drive after complaints came in about the exporters from Uganda dumping cheap sugar in the country that had created problem for local producers.

Weather Forecast:

Thunderstorm with lightening , hail & squall very likely at isolated places over Gangetic West Bengal and with lightening & squall at isolated pockets over Assam, Meghalaya and with lightening and gusty winds at isolated pockets over Nagaland, Manipur, Mizoram & Tripura with lightening & gusty winds at isolated places over Jharkhand, Sub Himalayan West Bengal, Sikkim , Kerala & Mahe and with lightening over Chattisgarh, Vidarbha, Madhya Maharashtra, Marathwada, Coastal Arunachal Pradesh, Yanam, Tamil Nadu, Puducherry & Karaikal and Lakshwadeep. Heavy rainfall very likely at isolated places over Arunachal Pradesh.

Previous Updates:

Sugarcane crushing season in Maharashtra is in the final phase. About 42 sugar mills in the Solapur division and 31 sugar mills in the Kolhapur division have stopped cane crushing operations till 4th April'2021. Total 108 sugar mills have stopped cane crushing operations in the ongoing season. Kolhapur is leading in cane recovery rate in the state at 11.99 percent, where else sugar mills have produced 1017.42 lakh quintal sugar by crushing 972.30 lakh tonne cane with a recovery of 10.46%.

Sugar production has fallen from previous season in Uttar Pradesh. According to the Indian Sugar Mills Association, In U.P., 120 sugar mills which were in operation have produced 93.71 lakh tonnes of sugar till 31st March 2021. Out of 120 sugar mills, 39 sugar mills have stopped crushing operations, where else 113 mills were in operation last year and the sugar production was 97.20 lakh tonnes, upto 31st March 2020. The lower sugar production is attributed to the diversion of cane for ethanol production and damage of crops due to pest infection following the rainwater stagnation in sugarcane fields in central and eastern parts of the state.

Sugarcane arrears have risen in the current season as compared to previous season. About Rs. 22,900 Crore of pending cane dues are in the current season. It is higher as compared to arrears one year back when it was around Rs. 19,200 Crore. The prevailing low ex- mill sugar prices for last several months, has adversely affected the liquidity of mills and their ability to pay the FRP to cane farmers. The mills are expecting that the government would increase the minimum selling price (MSP) to help mills increase revenue and clear the cane dues to the farmers. The current sugar prices are around Rs. 3100/q.

Government has fixed 22 LMT Monthly Sugar Quota for sale in April 2021. The Food ministry has allocated 22 LMT monthly sugar quota for April 2021 which is 4 LMT higher than the quota released in April 2020. In the previous month (March) government has released 21 LMT of monthly sugar sales quota to 552 mills in the country.

Sugar mills in Maharashtra had produced around 997.12 lakh quintals of sugar till 28th March'21. About 187 sugar mills have participated in the crushing season and have crushed around 954.91 lakh tonnes sugarcane with a recovery rate of 10.44 percent.

Sugar mills clears cane dues of worth Rs 1.98 crore. Uttar Pradesh sugar mill has cleared cane dues worth Rs 1.98 crore of the 680 sugarcane farmers associated with the mill. However, the sugar mill is yet to clear arrears worth Rs 31.95 crore to the cane farmers.

Sugarcane crushing season is likely to end in March'21. Sugarcane crushing operations in Thailand are likely to end by March-end with the country expecting to complete crushing of around 66.5 million MT of sugarcane. The mills in the country had crushed 66.48 million MT sugarcane till March 22 this year which was down by 13% from the same period during the last year. Usually the cane crushing activities continues till April-May but due to the shortage of cane, the crushing is expected to end by March 31.

Bilai sugar mill has recorded the highest recovery rate of more than 13 percent. Bilai sugar mills from Madhya Pradesh have recorded the highest recovery rate of 13.25. In the current season, the sugar mills in the district have started cane crushing operations on time and that has helped in increasing the sugar recovery in the district.

Sugar mills from Maharashtra have cleared 87 percent of the Fair and Remunerative price (FRP) to the cane farmers. Sugar mills have cleared Rs. 15,836 crore which is around 86.91 percent of the total FRP for this season, the mills are expected to clear the remaining Rs. 2,385 crore dues in the coming weeks. Around 187 sugar mills have participated in the crushing operations this season and out of that 86 mills have cleared 100 percent of the FRP while 65 cleared 60-69 percent of FRP. Sugar mills in India have signed contracts to export 43 lakh tonnes of sugar which include contract of 20 lakh tonne from Maharashtra sugar mills.

Maharashtra Sugar mills produces around 957.57 lakh quintals of sugar. Sugar mills in Maharashtra have produced 957.57 lakh quintal sugars after crushing 920.23 lakh tonne sugarcane with a sugar recovery rate of 10.41 percent. The sugarcane crushing season is in the final phase and about 52 sugar mills have closed their crushing operations. 28 sugar mills are operating in Kolhapur division and 9 have stopped operations, where else in Solapur division out of 41 sugar mills, 31 mills have closed operations and 10 are operating. In Pune and Ahmednagar division, 3 each sugar mills have ended the operations whereas 2 each sugar mills in Aurangabad, Nanded, and Amravati division have shut their operations.

About 76 percent of the sugarcane has been harvested till 19th March 21. About 48.51 lakh hectares was the estimated total coverage under sugarcane in the rabi season of 2020-21 and around 76 percent harvesting has been done till 19th March'21. In some parts of the country, the sugar mills have closed their crushing operations while some are at their final phase of crushing.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday April 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Mar-21	210407	15.18	15.34	14.99	15.14	-0.02	29,959	318,837	-4,230
May-21	210407	15.05	15.23	14.92	15.05	+0.02	21,783	262,889	-768
Jul-21	210407	14.95	15.19	14.87	15.03	+0.09	13,183	159,359	-3,152
Oct-21	210407	15.13	15.41	15.09	15.26	+0.13	5,116	107,354	-367
Mar-22	210407	14.48	14.75	14.45	14.62	+0.14	1,288	64,435	-20
May-22	210407	14.04	14.30	13.99	14.16	+0.15	940	56,632	+165
Jul-22	210407	13.79	14.05	13.75	13.92	+0.16	786	43,606	+338
Oct-22	210407	13.90	14.13	13.86	14.01	+0.14	359	18,086	+88
Total Volume and Open Interest							73,846	1,059,423	-7,868

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday April 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Mar-21	210407	427.30	427.70	421.00	423.90	-3.80	5,601	26,018	-1,497
May-21	210407	424.90	428.10	421.70	425.20	-0.70	5,553	38,318	+716
Aug-21	210407	419.10	423.40	417.10	420.80	+2.30	1,795	13,852	-171
Oct-21	210407	418.80	424.00	418.10	421.40	+2.90	732	5,263	+176
Dec-21	210407	418.80	422.60	417.30	421.40	+2.80	114	3,276	+27
Total Volume and Open Interest							14,111	89,413	-547

Source: MRCI

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