

Sugar & Gur Domestic & International Fundamentals

Recent Update:

Firm tone was witnessed in Sugar physical markets today in India. Major markets are closed in India due to increase in corona virus cases all across the country and lockdown restrictions in some states. Sugar prices were lower in Delhi by 10-40 at Rs. 3220/q. Prices were lower in Kolhapur at Rs. 3100/q.

Tikaula sugar mill has completed the sugarcane crushing for the current sugar season. The mill had issued the remaining sugarcane slips before giving notice to stop crushing. Other sugar mills from the district have already closed their crushing operations, Bhaisana (Budhana) and Khaikheri sugar mills have completed the cane crushing activities.

Weather Forecast:

Thunderstorm with lightening, hail & gusty winds very likely at isolated places over Gangetic West Bengal and with lightening & gusty winds at isolated places over Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Bihar, Jharkhand, Odisha, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Kerala & Mahe, and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Uttarakhand, East Uttar Pradesh, Vidarbha, Chattisgarh, Sub- Himalayan West Bengal & Sikkim, Andaman & Nicobar Islands, Arunachal Pradesh, Madhya Maharashtra, Marathwada, Coastal Andhra Pradesh & Yanam, Rayalseema, Karnataka, Tamil Nadu, Pondicherry, & Karikal. Heavy rainfall very likely at isolated places over Assam & Meghalaya, Sub- Himalaya West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura.

Previous Updates:

Sugarcane crushing season in Maharashtra is in the final phase. Around 190 sugar mills had participated in the ongoing sugar season and out of that about 181 sugar mills have ended their cane crushing season and only 9 are operating. Sugar mills have produced around 1059.72 lakh quintal sugar by crushing 1009.84 lakh tonne sugarcane till May 6. The mills have reported an average recovery rate of 10.49 per cent.

Global sugar output is likely to increase to 2.74 million tonnes in 2021/22 from a deficit of 1.51 million tonnes in 2020/21. With good sugar crop in India along with the production recovery in Thailand and higher yield in Europe despite frosts in France are the main reason behind the hike in sugar surplus. Although sugar output in Brazil is expected to decrease the global output will have a surplus. Sugar output in Brazil is likely to drop to 36.3 million tonnes from 38.5 million tonnes compared with last season. India is expected to produce around 30 million tonnes this season and Thailand production is expected to increase to 85 million tonnes from 66 million tonnes last season.

Sugar mills from India have contracted to supply 302.3 crorelitres of ethanol to Oil Marketing Companies. According to the Indian Sugar Mills Association, against the total LOI quantity of 325.93 crore liters around 302.53 crore liters have been contracted and around 117.72 crore liters of ethanol have been supplied till 19th April'2021. Out of the total about 77 percent comprises of ethanol made from sugarcane juice / B-heavy molasses. Average ethanol blending rate in India has reached 7.36 percent in this season, whereas major ethanol producing states across the country have reached 10 percent blending rate.

Sugar output has fallen in Brazil. Brazil has witnessed 35 percent lower sugar output in April 2021 compared with the previous year as lower number of mills has started crushing operation in this season. Around 141 mills were operating in first half of April against 180 mills during last year. The center-south region has recorded an output of 624,000 tonnes in the first half of April as against 971,000 tonnes in a similar period last year. During this period 15.6 million tonnes of cane was crushed which is 30% less than in 2020 sugar season. Ethanol production has also fallen 25 percent to 731 million litres during the same period.

Maharashtra has set a new record of cane crushing over 1,000 lakh tonne. Maharashtra has crushed around 1,000 lakh tonnes of cane and have produced more than 1,000 lakh quintal of sugar during the current crushing season. Till 29th April'21 the sugar mills in the state have produced 1055.99 lakh quintal sugar by crushing 1006.90 lakh tonne of sugarcane. However, the sugar millers are worried as whether they are able to sell the excess sugar in the market or not considering the present corona virus situation.

Sugar production in Pune has reached at 251 lakh quintals. As the sugarcane crushing season is in the final phase, all sugar mills in Solapur and Kolhapur region have ended their operations around 167 sugar mills in the state have closed their cane crushing operations till 28th April'21. In the Pune division total 31 sugar mills participated in the ongoing sugar season and around 27 mills have closed their operations, the mills from the division have produced 251 lakh quintal sugar by crushing 229.34 lakh tonne sugarcane with a recovery rate of 10.94 per cent.

Uttar Pradesh sugar mills have cleared 100 percent payment of the sugarcane farmers for the last crushing season. Sugar mills have paid around Rs. 35,899 crore to farmers of the previous season 2019-20 and about 61 percent of the cane price of the current crushing season 2020-21. Although the cane crushing season is about to end in Uttar Pradesh and around 50 sugar mills are currently operating.

Sugar mills in Maharashtra have produced 1054.30 lakh quintals sugar in the current sugar season. Sugar mills have produced 1054.30 lakh quintals of sugar by crushing 1005.47 lakh tonne of sugarcane, which is the highest ever in the history of Maharashtra State, surpassing about 954 lakh tonnes cane crushed in the 2017-18 sugar season. Total 95 private and 95 cooperative sugar mills participated in the crushing operations this season and about 28 sugar mills are still participating in cane crushing operations. Around 53 sugar mills had started operating in the drought-prone region including Aurangabad, Nanded, Amravati and Nagpur and have produced 197 lakh quintal of sugar which is 19% of the total production.

Government has fixed 22 lakh MT as the monthly sugar sales quota for May 2021: The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for May 2021 which is 5 lakh MT higher than that of May 2020. In the previous month, the government had allocated 22 lakh MT monthly sugar sales quotas for April 2021 to 548 mills. According to the market experts, the market may witness pressure due to the surge in Covid-19 cases that has led to lockdown restrictions in various states. Millers are likely to face selling pressure amidst the ongoing summer season.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday May 07 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210507	17.55	17.69	17.32	17.49	-0.06	49,239	433,057	+1,252
Oct-21	210507	17.61	17.70	17.36	17.56	-0.02	24,215	195,870	+3,902
Mar-22	210507	17.54	17.64	17.37	17.56	Unch	14,436	125,876	+465
May-22	210507	16.68	16.77	16.52	16.67	-0.01	6,371	72,504	+956
Jul-22	210507	16.06	16.15	15.92	16.07	+0.01	4,481	70,003	-346
Oct-22	210507	15.75	15.85	15.60	15.79	+0.04	1,231	50,515	+288
Mar-23	210507	15.70	15.83	15.62	15.77	+0.07	630	19,805	-4
May-23	210507	14.86	14.96	14.84	14.91	+0.11	350	9,421	+67
Total Volume and Open Interest							101,468	999,412	+6,636

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday May07 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210507	462.40	465.20	458.70	464.70	+1.80	6,546	44,570	+395
Oct-21	210507	466.40	468.20	461.90	467.60	+1.10	3,152	14,768	-530
Dec-21	210507	467.110	469.00	463.00	467.00	Unch	1,100	7,597	-153
Mar-22	210507	466.50	467.40	463.00	467.20	+0.60	506	5,247	+16
May-22	210507	456.40	459.70	456.40	457.80	+0.80	290	3,664	+119
Total Volume and Open Interest							11,759	78,196	-95

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-May-21	07-May-21	
Delhi	Delhi	M-Grade	3240	3260	-20
	Delhi	S-Grade	3220	3240	-20
Uttar Pradesh	Khatauli	M-Grade	Closed	Closed	-
	Ramala	M-Grade	Closed	Closed	-
	Dhampur	M-Grade Ex-Mill	Closed	Closed	-
	Dhampur	S-Grade Ex-Mill	Closed	Closed	-
	Dhampur	L-Grade Ex-Mill	Closed	Closed	-
Maharashtra	Mumbai	M-Grade	3300	3346	-46
	Mumbai	S-Grade	3220	3216	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)	3660	3660	Unch
	Vijayawada	S-Grade (With Duty)	3620	3620	Unch
West Bengal	Kolkata	M-Grade	3500	3500	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3600	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)			08-May-21	07-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	Closed	Closed	-

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	Closed	Closed	-
	Muzaffarnagar	Khurpa (Fresh)	Closed	Closed	-
	Muzaffarnagar	Laddoo (Fresh)	Closed	Closed	-
	Muzaffarnagar	Rascut (Fresh)	Closed	Closed	-
	Hapur	Chaurasa	Closed	Closed	-
	Hapur	Balti	Closed	Closed	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4350	-
	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	3168	-
	Mandya	Achhu (Medium)	NA	3650	-
	Mandya	Kurikatu (Medium)	NA	3600	-
	Mandya	Other (Medium)	NA	3400	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3450	-

Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.