

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Major markets are closed in India due to the increase in coronavirus cases all across the country and lockdown restrictions in some states. Sugar prices were higher in Mumbai by 10-15 at Rs. 3250/q. Prices were lower in Kolhapur at Rs. 3100/q.

According to ISMA, sugar mills have produced 303.60 lakh tonne of sugar till 15th May 2021: Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 15th May 2021, 44 sugar mills were crushing sugarcane, compared to 63 sugar mills operating same time previous season. Sugar mills have produced around 303.60 lakh tonnes of sugar till 15th May'2021, as compared to 265.32 lakhtonnes produced during the same period last year. This is 38.28 lakh tonnes higher from previous season.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttrakhand, and with lightning & gusty winds at isolated places over Haryana, Chandigarh & Delhi, West Madhya Pradesh, Rayalaseema, Coastal & South Interior Karnataka, Kerala & Mahe, and Lakshwadeep and with lightning & gusty winds at isolated places over Uttar Pradesh, East Madhya Pradesh, Vidarbha, Jharkhand, Assam & Meghalaya and Kerala & Mahe and with lightening at isolated places over Himachal Pradesh, Punjab, West Bengal & Sikkim, Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Gujarat State, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfall at a few place with extremely heavy falls very likely at isolated places over south Rajasthan and heavy to very heavy rainfall at isolated places over Gujarat Region and at isolated places over Assam & Meghalaya and Saurashtra & Kutuch and heavy rainfall at isolated places over Uttrakhand, West Madhya Pradesh, Sub- Himalayan West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, north Konkan, Coastal & South Interior Karnataka, Kerala & Mahe. Thunderstorm/ Dustorm is very likely at isolated places over Rajasthan.

Previous Updates:

Sugar imports have reduced in the U.S. According to the U.S. Department of Agriculture (USDA), Sugar imports for the United States are likely to fall from 3.15 million short tonnes (ST) from 2020/21 to 2.65 million ST in 2021-22. The USDA has cited that the increase in local production and stable demand has resulted in lowering sugar imports. The sugar production in the US is likely to be at 9.31 million ST, which is the largest in six years.

Pune Sugar mills closed their cane crushing operation for the current sugar season. Sugarcane crushing season in Maharashtra is in the final phase, sugar mills from Kolhapur, Nanded, and Solapur division have already closed their crushing operations earlier. Now, mills in the Pune region too ended the sugar season. Out of 190 sugar mills from Maharashtra that took part in the cane crushing operations, 184 have closed their operations till May 11. In the Pune division, 31 sugar mills took part in the cane crushing operations in the ongoing crushing season. These sugar mills have produced 252.70 lakh quintal sugar by crushing 230.55 lakh tonne sugarcane with a recovery rate of 10.96 percent.

India is expected to reach the export target of 60 lakh tonnes for the current sugar season. Sugar exports from India have reached 50 lakh tonnes in the current sugar season 2020-21, this is 90 percent more than the total MAEQ quantity for the 2020-21 sugar season. Out of this, 25.24 lakh tonnes of sugar have been physically exported out of the country from January 2021 – March 2021. Sugar exports are estimated to be 10 lakh tonnes in April 2021, taking the total exported quantity to over 35 lakh tonnes and another 8-10 lakh tonnes of sugar is expected to be physically exported in May 2021. It is expected that Indian sugar mills may achieve their target of exporting 60 lakh tonnes of sugar by the end of June 2021, three months before the season ends. In the previous year, sugar mills have exported 59 lakh tonnes of sugar. The surge in exports is mainly due to firm global prices and subsidy which have made the overseas markets lucrative. Also, in the current sugar season, Indonesia and Afghanistan have emerged as the major sugar importers from India whereas in the previous season it was Iran and Afghanistan, because of currency restriction this year India's export to Iran was affected.

Uttar Pradesh Sugar mills will soon generate oxygen in their ethanol plants. The state has decided to follow the footsteps of Maharashtra to produce oxygen in their sugar mills to meet the shortage of the oxygen required for treating COVID patients. Out of the 195 sugar mills in Maharashtra 137 mills have ethanol plants. The state is aiming to produce 300 metric tonnes of oxygen. The oxygen production plants will be set up with the assistance of the National Sugar Institute and Vasantdada Sugar Institute, Pune.

Maharashtra Sugar season is in its final phase and is likely to end by May 20. Sugar mills in Maharashtra have produced 106.05 LMT of sugar with a recovery rate of 10.49%. Sugar production was higher at 71.92 percent this season compared to the previous season. Out of 190 mills, 181 mills have ended their crushing for the season 2020-21; four mills will be ending crushing this week while remaining by May 20, 2021.

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

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 percent.

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. Good sugar crops 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's production is expected to increase to 85 million tonnes from 66 million tonnes last season.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday, May 14 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210514	17.20	17.45	16.92	16.96	-0.15	48,446	434,286	-4,634
Oct-21	210514	17.29	17.54	17.03	17.06	-0.17	31,517	221,979	+6,080
Mar-22	210514	17.22	17.49	17.07	17.09	-0.12	12,808	129,118	+754
May-22	210514	16.45	16.61	16.25	16.27	-0.10	4,653	73,634	+241
Jul-22	210514	16.00	16.04	15.71	15.73	-0.10	10,689	72,565	+1,411
Oct-22	210514	15.75	15.75	15.44	15.46	-0.10	2,635	51,611	+742
Mar-23	210514	15.60	15.75	15.50	15.51	-0.10	1,920	20,662	+601
May-23	210514	14.94	15.03	14.71	14.71	-0.13	256	9,566	+93
Total Volume and Open Interest							113,166	1,035,878	+5,303

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday, May 14 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210514	458.70	463.00	452.30	453.60	-1.90	4,142	46,500	+606
Oct-21	210514	459.70	463.50	453.60	454.50	-1.90	1,285	15,969	+5
Dec-21	210514	460.80	463.70	454.80	456.00	-1.80	802	7,723	-125
Mar-22	210514	461.40	464.30	455.80	457.10	-1.70	712	5,780	+318
May-22	210514	454.10	454.30	448.50	448.50	-1.40	593	3,902	+247
Total Volume and Open Interest							8,011	82,658	+1,321

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-May-21	15-May-21	
Delhi	Delhi	M-Grade	3270	3250	20
	Delhi	S-Grade	3250	3230	20
Uttar Pradesh	Khatauli	M-Grade	3350	3350	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3300	3300	Unch
	Dhampur	S-Grade Ex-Mill	3280	3280	Unch
	Dhampur	L-Grade Ex-Mill	3350	3350	Unch
Maharashtra	Mumbai	M-Grade	3340	3346	-6
	Mumbai	S-Grade	3222	3222	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)	3600	3600	Unch
	Vijayawada	S-Grade (With Duty)	3580	3580	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)			17-May-21	15-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3125	3175	-50

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	3000	-1000
	Muzaffarnagar	Khurpa (Fresh)	2875	2863	13
	Muzaffarnagar	Laddoo (Fresh)	3200	3100	100
	Muzaffarnagar	Rascut (Fresh)	2700	2600	100
	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)	4350	NA	-
	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)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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