

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 same as yesterday in Mumbai prices were at Rs. 3230/q. Prices were lower in Kolhapur at Rs. 3100/q.

Sugar mills in Maharashtra have cleared 93.63% of the fair and remunerative price (FRP) to the cane farmers till May 15. The Sugar mills have paid Rs 21,454 crore out of the payable FRP of Rs 22,888 crore. Out of the 190 sugar mills from the state, 103 sugar mills have paid 100 per cent FRP to the cane farmers and 81 mills have paid more FRP between 50 to 100 per cent, where as 2 sugar mills have are yet not started to clear the cane dues. As per the sugarcane control act, the mills should clear the cane dues to the farmers within 14 days of crushing their cane else they have to pay 15 per cent interest on the pending dues.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Himachal Pradesh, Uttarakhand, Jharkhand, Assam & Meghalaya, Gangetic West Bengal, Kerala & Mahe and Lakshwadeep and with lightning & gusty winds at isolated places over Madhya Pradesh, Uttar Pradesh, Vidarbha, Chattisgarh, Bihar, Sub Himlayana West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura, Coastal & South Interior Karnataka, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfall at a few place with extremely heavy falls very likely at isolated places over Uttarakhand, Sub-Himalaya West Bengal & Sikkim and heavy rainfall at isolated places over Arunachal Pradesh, West Uttar Pradesh and Assam & Meghalaya, Tamil Nadu, Puducherry and Karikal.

Previous Updates:

India has made 57 lakh tonnes of export contract in the current sugar season 2020-21. This is 95 percent more than the total MAEQ quantity for the 2020-21 sugar season. Out of this, 37 lakh tonnes of sugar have been physically exported out of the country from January 2021 – April 2021. Another 7-8 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 lakhtonnes of sugar by the end of June 2021.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, May 18 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210518	17.05	17.36	16.96	17.21	+0.22	48,627	414,259	-3,691
Oct-21	210518	17.19	17.49	17.10	17.36	+0.24	28,651	232,686	+5,482
Mar-22	210518	17.24	17.51	17.17	17.41	+0.22	12,916	129,205	+2,915
May-22	210518	16.40	16.64	16.34	16.56	+0.19	2,923	73,673	+186
Jul-22	210518	15.88	16.06	15.82	16.00	+0.14	1,258	73,488	+48
Oct-22	210518	15.60	15.79	15.57	15.74	+0.14	506	51,987	-30
Mar-23	210518	15.71	15.80	15.61	15.78	+0.16	451	20,614	+40
May-23	210518	14.91	15.03	14.88	14.99	+0.18	68	9,346	-17
Total Volume and Open Interest							95,565	1,027,612	+4,932

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, May 18 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210518	457.20	461.00	453.20	457.70	+4.70	2,054	45,708	-172
Oct-21	210518	459.00	462.20	454.90	459.10	+4.30	576	16,101	-42
Dec-21	210518	461.30	464.00	456.60	460.70	+3.80	259	7,548	-85
Mar-22	210518	462.30	465.50	457.60	462.40	+4.00	152	5,896	+16
May-22	210518	453.80	457.80	450.40	454.60	+3.70	27	3,963	+11
Total Volume and Open Interest							3,154	81,955	-262

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			19-May-21	18-May-21	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3375	3375	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3315	3315	Unch
	Dhampur	S-Grade Ex-Mill	3295	3295	Unch
	Dhampur	L-Grade Ex-Mill	3365	3365	Unch
Maharashtra	Mumbai	M-Grade	3332	3332	Unch
	Mumbai	S-Grade	3230	3230	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)			19-May-	18-May-	

			21	21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3150	3025	125
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1500	1500	Unch
	Muzaffarnagar	Khurpa (Fresh)	2838	2850	-13
	Muzaffarnagar	Laddoo (Fresh)	3088	3120	-33
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaursa	2963	2963	Unch
	Hapur	Balti	NA	NA	-
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	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)	3600	NA	-

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