

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 lower in Delhi prices were at Rs. 3250/q. Prices were lower in Kolhapur at Rs. 3100/q.

Government has reduced export assistance for sugar export under MAEQ for the 2020-21 season. The decision has come after considering the increased international sugar price and current market scenario which is viable for sugar exports. The amount of assistance of Rs. 4000/MT will come in effect from 20th May'21. This assistance will be provided only where contract/ agreement between sugar mill and exporter have been signed on or after the date of this notification. The Central Government will provide a lump sum assistance for expenses on export of sugar limited to MAEQ of sugar mills for the sugar season 2020- 21 in the following manner:

(a) For internal transport and freight charges including loading, unloading, and fobbing etc. @ Rs. 2400 per MT

(b) For ocean freight against shipment from Indian ports to the ports of destination countries etc. @ Rs. 1600 per MT

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Andaman & Nicobar Islands and with lightning & gusty winds at isolated places over East Rajasthan, Tamil Nadu, Puducherry & Karaikal and Kerala & Mahe and with lightening at isolated places over Bihar, Odisha, Arunachal Pradesh, Assam & Meghalaya, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Coastal & South interior Karnataka and Lakshwadeep. Heavy to very heavy rainfall at isolated places very likely over Andaman & Nicobar Islands, Arunachal Pradesh, Coastal & South Interior Karnataka and Kerala & Mahe. Thunderstorm very likely at isolated places over West Rajasthan.

Previous Updates:

Kenya is planning to increase sugar production in the coming season. As to reduce the dependence on imports Kenya is now planning to increase sugar production. Presently, the country is facing the challenges of the high cost of sugar production as compared to regional and international producers. According to the Agriculture ministry data, Kenya produces around 660,000 tonnes of sugar per year and imports around 300,000 tonnes of sugar from African countries to meet the domestic demand.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday, May 20 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210520	16.96	17.12	16.89	17.04	+0.09	51,283	407,515	-7,171
Oct-21	210520	17.17	17.26	17.03	17.17	+0.07	31,022	242,347	+5,561
Mar-22	210520	17.17	17.32	17.11	17.23	+0.06	12,000	131,428	+1,478
May-22	210520	16.33	16.44	16.29	16.36	+0.06	3,842	73,895	-23
Jul-22	210520	15.79	15.90	15.74	15.82	+0.05	3,070	73,652	+81
Oct-22	210520	15.62	15.71	15.52	15.62	+0.06	1,868	52,360	+285
Mar-23	210520	15.71	15.84	15.64	15.74	+0.07	475	20,848	+116
May-23	210520	14.98	15.07	14.96	14.96	unch	183	9,352	+5
Total Volume and Open Interest							104,545	1,034,144	+703

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday, May 20 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210520	454.90	456.60	451.80	453.40	-0.10	3,802	45,538	-109
Oct-21	210520	457.00	458.40	454.40	455.40	+0.50	1,093	16,027	-154
Dec-21	210520	459.50	460.20	457.20	457.20	+0.20	579	7,609	+49
Mar-22	210520	460.70	461.50	458.80	458.80	+0.30	494	6,028	+198
May-22	210520	451.00	452.20	450.50	450.50	-0.10	150	4,031	-1
Total Volume and Open Interest							6,255	82,062	+26

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-May-21	20-May-21	
Delhi	Delhi	M-Grade	3270	3300	-30
	Delhi	S-Grade	3250	3280	-30
Uttar Pradesh	Khatauli	M-Grade	3300	3375	-75
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3315	-65
	Dhampur	S-Grade Ex-Mill	3230	3295	-65
	Dhampur	L-Grade Ex-Mill	3300	3365	-65
Maharashtra	Mumbai	M-Grade	3332	3332	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	Closed	3225	-
	Nagpur	S-Grade	Closed	3125	-
	Kolhapur	M-Grade	Closed	3100	-
	Kolhapur	S-Grade	Closed	3000	-
Assam	Guhawati	S-Grade	Closed	3309	-
Meghalaya	Shillong	S-Grade	Closed	3320	-
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	Closed	3600	-
	Vijayawada	S-Grade (With Duty)	Closed	3580	-
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3600	3600	Unch
	Dindigul	M-Grade (DCA)	3580	3580	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	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)			21-May-21	20-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3075	3150	-75
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	250	1500	-1250
	Muzaffarnagar	Khurpa (Fresh)	NA	2838	-

	Muzaffarnagar	Laddoo (Fresh)	NA	3088	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaursa	NA	2963	-
	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	3870	-
	Mandya	Kurikatu (Medium)	NA	3500	-
	Mandya	Other (Medium)	NA	3350	-
	Mandya	Yellow (Medium)	NA	3400	-
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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