

## 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.

**Sugarcane advisory has been issued for the protection of sugarcane crop from pests attack.** Due to change in weather fluctuation and due to excess moisture in atmosphere the cane commissioner has issued sugarcane advisory to the department officials and sugar mill management for the protection of sugarcane crop from pyrilla, grasshopper, fall armyworm and black bug pests attack. The Cane commissioner has directed all the departmental officers to make proper arrangements for prevention of these insect/pests by conducting on-site inspections in their concerned Districts along with Scientists of the Sugarcane Research Council. It has also been directed that natural control should be emphasized by spreading awareness among the cane farmers, about these pests with detailed information and measures to prevent the attack of pests.

### Weather Forecast:

Thunderstorm with lightning & squall is very likely at isolated places over Andaman & Nicobar Islands and with lightning & gusty winds at isolated places over West Rajasthan, Sub- Himalayana West Bengal and Kerala & Mahe and with lightening at isolated places over East Rajasthan, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam, Telangana, Karnataka, Tamil Nadu, Puducherry & Karikal and Lakshwadeep. Heavy to very heavy rainfall at isolated places very likely over Andaman & Nicobar Islands and heavy rainfalls very likely at isolated places over Sub-Himalaya West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Coastal Andhra Pradesh, & Yanam, Rayalaseema, Coastal & South Interior Karnataka and Kerala & Mahe.

### Previous Updates:

**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 20<sup>th</sup> 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

**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 15<sup>th</sup> May 2021:*** Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 15<sup>th</sup> 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 15<sup>th</sup> 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.

## International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday, May 21st, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">Jul-21</a>	210521	16.98	17.02	16.60	16.67	-0.37	43,179	405,745	-1,770
<a href="#">Oct-21</a>	210521	17.12	17.14	16.76	16.84	-0.33	25,419	246,699	+4,352
<a href="#">Mar-22</a>	210521	17.16	17.20	16.84	16.91	-0.33	10,506	131,582	+154
<a href="#">May-22</a>	210521	16.35	16.35	15.97	16.03	-0.33	3,847	73,824	-71
<a href="#">Jul-22</a>	210521	15.80	15.80	15.44	15.49	-0.36	2,214	73,795	+143
<a href="#">Oct-22</a>	210521	15.52	15.52	15.22	15.26	-0.36	1,502	52,394	+34
<a href="#">Mar-23</a>	210521	15.62	15.62	15.39	15.40	-0.34	747	21,082	+234
<a href="#">May-23</a>	210521	14.86	14.92	14.71	14.71	-0.25	259	9,409	+57
Total Volume and Open Interest							88,002	1,037,314	+3,170

Source: MRCI

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday, May 21 <sup>st</sup> , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Aug-21</a>	210521	454.00	454.80	445.50	447.40	-6.00	4,052	45,347	-191
<a href="#">Oct-21</a>	210521	456.50	456.90	447.10	448.50	-6.90	591	15,947	-80
<a href="#">Dec-21</a>	210521	458.00	458.00	448.50	449.90	-7.30	403	7,708	+99
<a href="#">Mar-22</a>	210521	459.80	459.80	451.60	452.30	-6.50	173	6,076	+48
<a href="#">May-22</a>	210521	445.90	444.10	444.10	444.10	-6.40	45	4,028	-3
Total Volume and Open Interest							5,270	81,938	-124

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			22-May-21	21-May-21	
Delhi	Delhi	M-Grade	3270	3270	Unch
	Delhi	S-Grade	3250	3250	Unch
Uttar Pradesh	Khatauli	M-Grade	3300	3300	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3250	3250	Unch
	Dhampur	S-Grade Ex-Mill	3230	3230	Unch
	Dhampur	L-Grade Ex-Mill	3300	3300	Unch
Maharashtra	Mumbai	M-Grade	3332	3332	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	Closed	Closed	-
	Nagpur	S-Grade	Closed	Closed	-
	Kolhapur	M-Grade	Closed	Closed	-
	Kolhapur	S-Grade	Closed	Closed	-
Assam	Guhawati	S-Grade	Closed	Closed	-
Meghalaya	Shillong	S-Grade	Closed	Closed	-
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	Closed	Closed	-
	Vijayawada	S-Grade (With Duty)	Closed	Closed	-
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	3600	Unch
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)			22-May-	21-May-	

			21	21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3075	3075	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2000	250	1750
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	NA	-
	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)	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	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	3600	-

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