

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 at Rs. 3240/q. Prices were lower in Kolhapur at Rs. 3100/q.

Anakapalle jaggery market has witnessed a dip in jaggery sale. The Anakapalle market is facing a strong competition from other states, the market earlier had a recorded turnover of Rs. 200 crore but with the other states offering low cost jaggery the market is recording a dip in sales. One of the reasons behind the fall in jaggery sale is because the market is still selling the jaggery in lumps whereas in other markets jaggery is available in various forms such as powdered jiggery, small moulds etc and these are currently in demand.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Bihar, Kerala & Mahe and with lightning & gusty winds at isolated places over Jharkhand, Gangetic West Bengal, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Madhya Maharashtra, Konkan & Goa, Telangana, Karnataka, Tamil Nadu, Pondicherry & Karikal. Heavy to very heavy rainfall at isolated places very likely over Gangetic West Bengal, and Odisha and heavy rainfall very likely at isolated places over Jharkhand, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, South Tamil Nadu and Kerala & Mahe.

Previous Updates:

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.

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

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.

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)									
Jul-21	210521	16.98	17.02	16.60	16.67	-0.37	43,179	405,745	-1,770
Oct-21	210521	17.12	17.14	16.76	16.84	-0.33	25,419	246,699	+4,352
Mar-22	210521	17.16	17.20	16.84	16.91	-0.33	10,506	131,582	+154
May-22	210521	16.35	16.35	15.97	16.03	-0.33	3,847	73,824	-71
Jul-22	210521	15.80	15.80	15.44	15.49	-0.36	2,214	73,795	+143
Oct-22	210521	15.52	15.52	15.22	15.26	-0.36	1,502	52,394	+34
Mar-23	210521	15.62	15.62	15.39	15.40	-0.34	747	21,082	+234
May-23	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 st , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210521	454.00	454.80	445.50	447.40	-6.00	4,052	45,347	-191
Oct-21	210521	456.50	456.90	447.10	448.50	-6.90	591	15,947	-80
Dec-21	210521	458.00	458.00	448.50	449.90	-7.30	403	7,708	+99
Mar-22	210521	459.80	459.80	451.60	452.30	-6.50	173	6,076	+48
May-22	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			24-May-21	22-May-21	
Delhi	Delhi	M-Grade	3260	3270	-10
	Delhi	S-Grade	3240	3250	-10
Uttar Pradesh	Khatauli	M-Grade	3280	3300	-20
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3220	3250	-30
	Dhampur	S-Grade Ex-Mill	3200	3230	-30
	Dhampur	L-Grade Ex-Mill	3270	3300	-30
Maharashtra	Mumbai	M-Grade	3332	3332	Unch
	Mumbai	S-Grade	3230	3230	Unch
	Nagpur	M-Grade	3225	Closed	-
	Nagpur	S-Grade	3125	Closed	-
	Kolhapur	M-Grade	3100	Closed	-
	Kolhapur	S-Grade	3000	Closed	-
Assam	Guhawati	S-Grade	3309	Closed	-
Meghalaya	Shillong	S-Grade	3320	Closed	-
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3580	Closed	-
	Vijayawada	S-Grade (With Duty)	3560	Closed	-
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	Closed	3600	-
	Dindigul	M-Grade (DCA)	NA	NA	-
	Coimbatore	M-Grade (DCA)	NA	3620	-
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)			24-May-21	22-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3075	3075	Unch

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	2000	-1000
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	3150	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	Closed	NA	-
	Hapur	Balti	Closed	NA	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	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)	3800	3800	Unch
	Mandya	Kurikatu (Medium)	3500	3500	Unch
	Mandya	Other (Medium)	3500	3400	100
	Mandya	Yellow (Medium)	3700	3800	-100
	Shimoga/Shivamogga	Achhu (Average)	3600	NA	-

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