

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 Delhi at Rs. 3280/q. Prices were lower in Kolhapur at Rs. 3100/q.

According to Indian Sugar Mills Association, India has reached 7.63 percent of blending rate. India seems to be on track with its ambitious plan to blend up to 20 percent ethanol in petrol. In April month India has reached 7.63 percent of blending with ethanol. Whereas 11 states across the country have reached 10 percent blending. Till last week 318 crore litres of ethanol have been contracted under the current ethanol supply year December 2020- November 2021. Petrol consumption has also fallen in May month as due to lockdown restrictions.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Bihar, Andaman & Nicobar Islands and with lightning & gusty winds at isolated places over Coastal Andhra Pradesh, Telangana and Kerala and with lightening at isolated places over East Uttar Pradesh, Chhattisgarh, Sub- Himalayana West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura. 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, , Sub- Himalayana West Bengal & Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram & Tripura and Kerala.

Previous Updates:

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 jaggery, small moulds etc and these are currently in demand.

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 pyrrilla, 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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday, May 24th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210524	16.66	16.92	16.54	16.83	+0.16	28,848	399,683	-6,062
Oct-21	210524	16.80	17.07	16.72	16.98	+0.14	16,211	245,968	-731
Mar-22	210524	16.93	17.12	16.79	17.04	+0.13	7,438	131,124	-458
May-22	210524	16.03	16.24	15.93	16.16	+0.13	3,062	73,699	-125
Jul-22	210524	15.50	15.67	15.40	15.62	+0.13	1,544	73,664	-131
Oct-22	210524	15.26	15.43	15.20	15.36	+0.10	970	52,330	-64
Mar-23	210524	15.38	15.55	15.37	15.48	+0.08	370	21,243	+161
May-23	210524	14.79	14.89	14.73	14.76	+0.05	25	9,418	+9
Total Volume and Open Interest							58,530	1,029,920	-7,394

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday, May 24th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210524	448.30	451.40	444.30	449.40	+2.00	2,091	44,972	-375
Oct-21	210524	447.50	452.90	446.30	451.20	+2.70	985	15,615	-332
Dec-21	210524	449.40	454.60	448.10	453.00	+3.10	414	7,775	+67
Mar-22	210524	451.40	456.90	450.60	455.60	+3.30	204	6,134	+58
May-22	210524	443.60	448.00	443.60	446.10	+2.00	27	4,036	+8
Total Volume and Open Interest							3,724	81,364	-574

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-May-21	24-May-21	
Delhi	Delhi	M-Grade	3300	3260	40
	Delhi	S-Grade	3280	3240	40
Uttar Pradesh	Khatauli	M-Grade	3280	3280	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3220	3220	Unch
	Dhampur	S-Grade Ex-Mill	3200	3200	Unch
	Dhampur	L-Grade Ex-Mill	3270	3270	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)	3580	3580	Unch
	Vijayawada	S-Grade (With Duty)	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	Closed	Closed	-
	Dindigul	M-Grade (DCA)	NA	NA	-
	Coimbatore	M-Grade (DCA)	NA	NA	-
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)			25-May-21	24-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3103	3075	28

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2900	NA	-
	Muzaffarnagar	Laddoo (Fresh)	2975	3150	-175
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaursa	NA	Closed	-
	Hapur	Balti	NA	Closed	-
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	3800	-
	Mandya	Kurikatu (Medium)	NA	3500	-
	Mandya	Other (Medium)	NA	3500	-
	Mandya	Yellow (Medium)	NA	3700	-
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

Disclaimer

information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.