

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.

Bijnor district leads in sugar production in Uttar Pradesh. Around 60 percent is the total cultivable land is under sugarcane cultivation, but the district used to record lower cane yield every year because the sugarcane crop in Uttar Pradesh mainly gets affected due to infection of red rot. This year the cane yield has increased making the district top in cane production. The sugar mills have crushed around 11.20 crore quintals of cane so far.

Sugarcane production is estimated at 392.8 million tonnes. According to the Third Advance Estimate released by the government on production of Oilseed & Commercial crops, Sugarcane production is estimated at 392.80 million tonnes higher by 30.73 million tonnes than the average sugarcane production of 362.07 million tonnes.

Weather Forecast:

Thunderstorm with lightning & squall is very likely at isolated places over East Uttar Pradesh and with lightning & gusty winds at isolated places over Andaman & Nicobar Islands, With lightening & gusty winds at isolated places over East Rajasthan, Chhattisgarh, Kerala & Mahe and with lightening at isolated places over East Madhya Pradesh, West Bengal & Sikkim, Telangana, Coastal & South Interior Karnataka, Pondicherry & Karaikal and Lakshadweep. Heavy to very heavy rainfall at isolated places very likely over Bihar, Jharkhand, and heavy rainfall very likely at isolated places over East Uttar Pradesh, Chhattisgarh, West Bengal & Sikkim, North Interior Odisha, Andaman & Nicobar Islands, Tamil Nadu, Pondicherry & Karaikal, Kerala & Mahe.

Previous Updates:

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.

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 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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, May 25th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210525	16.88	17.27	16.86	17.04	+0.21	51,840	396,413	-3,270
Oct-21	210525	17.03	17.41	17.01	17.18	+0.20	27,843	249,198	+3,230
Mar-22	210525	17.09	17.45	17.07	17.24	+0.20	11,981	130,559	-565
May-22	210525	16.22	16.55	16.22	16.34	+0.18	2,646	73,673	-26
Jul-22	210525	15.67	15.96	15.66	15.76	+0.14	1,462	73,591	-73
Oct-22	210525	15.40	15.69	15.36	15.47	+0.11	1,493	51,935	-395
Mar-23	210525	15.68	15.75	15.52	15.60	+0.12	265	21,297	+54
May-23	210525	14.95	14.98	14.83	14.90	+0.14	89	9,403	-15
Total Volume and Open Interest							97,740	1,028,871	-1,049

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, May 25th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210525	453.20	459.90	452.00	455.90	+6.50	3,071	44,496	-476
Oct-21	210525	455.50	460.90	453.90	456.80	+5.60	741	15,454	-161
Dec-21	210525	457.30	462.20	455.40	457.90	+4.90	276	7,809	+34
Mar-22	210525	459.10	464.80	458.00	460.30	+4.70	226	6,257	+123
May-22	210525	451.40	453.90	449.00	451.10	+5.00	6	4,037	+1
Total Volume and Open Interest							4,322	80,886	-478

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			26-May-21	25-May-21	
Delhi	Delhi	M-Grade	3300	3300	Unch
	Delhi	S-Grade	3280	3280	Unch
Uttar Pradesh	Khatauli	M-Grade	3270	3280	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3230	3220	10
	Dhampur	S-Grade Ex-Mill	3210	3200	10
	Dhampur	L-Grade Ex-Mill	3280	3270	10
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)			26-May-21	25-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3113	3103	10

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1000	Unch
	Muzaffarnagar	Khurpa (Fresh)	2913	2900	13
	Muzaffarnagar	Laddoo (Fresh)	2988	2975	13
	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)	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	3600	Unch

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