

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 corona virus cases all across the country and lockdown restrictions in some states. Sugar prices were higher in Delhi at Rs. 3220/q. Prices were lower in Kolhapur at Rs. 3100/q.

Maharashtra sugar recovery rate has fallen from the previous season. Maharashtra has registered a lower sugar recovery rate in the 2020-21 season as compared to previous season 2019-20. Sugar recovery rate is recorded at 10.50 percent against 11.30 percent during the previous season, although the production has increased in this season and is at 106.28 lakh tonnes of sugar.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttarakhand, Punjab, Haryana, Chandigarh, Delhi, West Uttar Pradesh, East Rajasthan, Vidarbha, Gangetic West Bengal, Madhya Maharashtra, Marathwada, Telangana, Kerala & Mahe, and with lightning at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan, & Muzzafarabad, Himachal Pradesh, East Uttar Pradesh, East Madhya Pradesh, Chhattisgarh, Jharkhand, Sub- Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Konkan & Goa, Coastal Andhra Pradesh, Rayalaseema, Karnataka, Tamil Nadu, Pondicherry & Karaikal and Lakshadweep. Heavy rainfall very likely at isolated places over Arunachal Pradesh, Assam & Meghalaya, Coastal Andhra Pradesh & Yanam, and Kerala & Mahe. Thunderstorm is likely at isolated places over West Rajasthan.

Previous Updates:

Sugar Season ends in Maharashtra with production of around 106.3 LMT of sugar. The 2020-21 sugar seasons in Maharashtra has ended this week. Around 190 sugar mills have participated in the current 2020-21 sugar season against the 147 sugar mills which operated in the previous season. The total sugarcane crushed was 1012 LMT compared to 545 LMT in the previous season and the production was around 106.3 LMT of sugar which is 72.54 percent higher than the previous season that is 61.61 LMT. The average recovery percentage was around 10.5%.

Sugar Production in Uttar Pradesh has reached 110 lakh tonnes so far. As sugar season in Uttar Pradesh is towards closure, around 120 sugar mills have operated in the current season have produced around 110 lakh tonnes, which is approximately 12 percent less than last year's production of 126 lakh tonnes. About 10 sugar mills are currently operating and are likely to close by the end of the month or in early June.

Sugar Exports may reach 6.5 million tonnes. Sugar exports may rise by 14 percent in 2020-21 season compared to previous season as Indian mills have started signing sugar export contracts without the assistance from government. Sugar exports may rise if the global price rise above 18 cents, currently the global prices are higher than the domestic price.

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.

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 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

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Friday, May 28th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210528	17.20	17.69	17.20	17.36	+0.24	47,476	382,250	-3,847
Oct-21	210528	17.15	17.72	17.15	17.39	+0.17	35,575	251,453	+1,502
Mar-22	210528	17.38	17.77	17.38	17.49	+0.14	21,065	130,966	-750
May-22	210528	16.52	16.86	16.52	16.56	+0.08	6,327	73,784	+419
Jul-22	210528	16.00	16.23	15.85	15.88	Unch	3,090	75,341	+670
Oct-22	210528	15.63	15.88	15.45	15.48	-0.07	2,806	52,135	+597
Mar-23	210528	15.75	15.99	15.58	15.58	-0.11	420	21,674	+197
May-23	210528	15.08	15.24	14.88	14.88	-0.13	84	9,559	+33
Total Volume and Open Interest							116,956	1,020,150	-1,150

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday, May 28th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210528	460.70	468.00	458.50	459.60	+2.10	3,601	43,901	-94
Oct-21	210528	461.80	469.10	460.50	461.50	+2.70	844	15,444	+225
Dec-21	210528	462.80	469.90	461.60	464.20	+4.20	228	7,808	-56
Mar-22	210528	464.50	471.00	464.50	466.00	+4.40	237	6,700	+132
May-22	210528	455.00	462.30	455.00	456.70	+4.40	163	4,172	+52
Total Volume and Open Interest							5,092	80,966	+261

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-May-21	28-May-21	
Delhi	Delhi	M-Grade	3240	3240	Unch
	Delhi	S-Grade	3220	3220	Unch
Uttar Pradesh	Khatauli	M-Grade	3250	3250	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3225	3225	Unch
	Dhampur	S-Grade Ex-Mill	3205	3205	Unch
	Dhampur	L-Grade Ex-Mill	3275	3275	Unch
Maharashtra	Mumbai	M-Grade	3332	3332	Unch
	Mumbai	S-Grade	3216	3216	Unch
	Nagpur	M-Grade	3225	3200	25
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3075	25
	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)			29-May-21	28-May-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3400	3313	88

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	2500	1500	1000
	Muzaffarnagar	Khurpa (Fresh)	3063	3150	-88
	Muzaffarnagar	Laddoo (Fresh)	3250	3250	Unch
	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)	3600	3600	Unch

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