

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. 3260/q. Prices were lower in Kolhapur at Rs. 3100/q.

India has advanced the target of 20 percent ethanol blending in petrol to 2023. The Union government has set the target achieving 20 percent ethanol- blending with petrol by 2023. The Central Government has directed the oil companies to sell ethanol-blended petrol with a percentage of ethanol up to 20 per cent as per the Bureau of Indian Standards specifications, in the whole of the States and union territories across India. This notification shall come into force with effect from the 1st April 2023.

Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over East Rajasthan with lightening and & gusty winds at isolated places over West Rajasthan, Jharkhand, Telangana and with lightening at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Konkan & Goa, Madhya Maharashtra, Marathwada, Odisha, Gujarat State, Rayalaseema, Karnataka, Tamil Nadu, Pondicherry & Karaikal. Heavy rainfall very likely at isolated places over Arunachal Pradesh, Konkan & Goa, Madhya Maharashtra, Telangana, & Yanam, Rayalaseema, Coastal & South Interior Karnataka, Assam & Meghalaya, Tamil Nadu, Pondicherry & Karaikal and Kerala & Mahe.

Previous Updates:

Sugar mills from India have contracted to supply 321.18 crore liters of ethanol to Oil Marketing Companies. According to the Indian Sugar Mills Association, Letters of Intent (LOI) have been issued by Oil Marketing Companies for 346.52 crore liters of ethanol for the Ethanol supply year 2020-21. Of this, 321.18 crore liters have been contracted and 145.38 crore liters of ethanol have been supplied till 24th May '2021. Out of the total, about 77 percent comprises ethanol made from sugarcane juice / B-heavy molasses. The average ethanol blending rate in India has reached 7.56 percent in this season, whereas major ethanol-producing states across the country such as Uttar Pradesh, Maharashtra, Karnataka, Uttarakhand, Bihar, Haryana, Punjab, Delhi, Goa, Gujarat, and Himachal Pradesh have reached 10 percent blending rate.

According to ISMA, sugar mills have produced 305.68 lakh tonne of sugar till 31st May 2021: Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 31st May 2021, only 7 sugar mills were crushing sugarcane, compared to 18 sugar mills operating same time previous season. Sugar mills have produced around 305.68 lakh tonnes of sugar till 31st May'2021, as compared to 270.05 lakh tonnes produced during the same period last year.

Government has fixed 22 lakh MT as the monthly sugar sales quota for June 2021: The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for June 2021 which is 3.5 lakh MT higher than that of June 2020. In the previous month, May 2021 the government had released 22 lakh MT sugar sales quota which was 18.2 percent higher than that of June 2020.

The sugarcane farmers from Shamli are still waiting for their pending cane dues. Sugarcane crushing season is in the final phase in Uttar Pradesh. Sugar mills in the Shamli district owe arrears of around Rs 800 crore to the cane farmers. Sugarcane farmers claim that they are reeling under financial stress to meet their daily needs as the mills are not clearing their pending cane dues. According to the market sources, farmer's leader Rajan Jawala has urged the government to take action against the sugar mills that have failed to abide by the rule of clearing cane bills within 14 days of crushing their cane.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday, June 02nd, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210602	17.77	17.93	17.49	17.68	-0.01	63,269	371,409	-710
Oct-21	210602	17.73	17.94	17.55	17.73	+0.02	39,054	250,249	+2,823
Mar-22	210602	17.88	18.03	17.69	17.87	+0.03	13,646	134,362	+916
May-22	210602	16.94	17.10	16.75	16.94	+0.03	4,525	74,936	-337
Jul-22	210602	16.20	16.39	16.05	16.25	+0.02	4,648	75,991	+362
Oct-22	210602	15.87	15.96	15.62	15.83	+0.01	4,567	53,758	+1,182
Mar-23	210602	15.95	16.00	15.72	15.92	+0.02	1,422	22,207	+378
May-23	210602	15.21	15.24	15.01	15.20	+0.03	296	9,578	-1
Total Volume and Open Interest							131,750	1,015,612	+4,751

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday, June 02nd, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210602	466.50	470.00	462.90	464.50	-0.40	3,878	44,669	+201
Oct-21	210602	468.10	471.80	464.80	466.50	+0.30	1,438	15,645	+58
Dec-21	210602	470.40	474.00	467.30	469.00	+0.50	599	7,796	+28
Mar-22	210602	473.00	476.10	470.40	472.10	+0.90	169	6,723	+37
May-22	210602	464.00	466.60	461.40	463.20	+1.40	101	4,219	+39
Total Volume and Open Interest							6,418	82,148	+507

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			03-Jun-21	02-Jun-21	
Delhi	Delhi	M-Grade	3280	3250	30
	Delhi	S-Grade	3260	3230	30
Uttar Pradesh	Khatauli	M-Grade	3200	3200	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3150	3150	Unch
	Dhampur	S-Grade Ex-Mill	3130	3130	Unch
	Dhampur	L-Grade Ex-Mill	3200	3200	Unch
Maharashtra	Mumbai	M-Grade	3312	3322	-10
	Mumbai	S-Grade	3210	3210	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3150	3125	25
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3025	3000	25
Assam	Guhawati	S-Grade	3334	3309	25
Meghalaya	Shillong	S-Grade	3345	3320	25
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)	3600	3600	Unch
	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)			03-Jun-	02-Jun-	

			21	21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3250	3350	-100
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	800	1500	-700
	Muzaffarnagar	Khurpa (Fresh)	3000	3000	Unch
	Muzaffarnagar	Laddoo (Fresh)	3050	3250	-200
	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)	3406	3327	79
	Mandya	Achhu (Medium)	NA	3630	-
	Mandya	Kurikatu (Medium)	NA	3550	-
	Mandya	Other (Medium)	NA	3580	-
	Mandya	Yellow (Medium)	NA	3410	-
	Shimoga/Shivamogga	Achhu (Average)	3600	NA	-

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