

## 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 lower in Delhi at Rs. 3210/q. Prices were lower in Kolhapur at Rs. 3100/q.

**Sugar Stock rallied after government the government has advanced the deadline for 20 percent ethanol blending to 2023.** According to the market sources, rising ethanol demand and aggressive ethanol capacity addition would drive a compounded earnings growth of 15-20 percent over FY 21-24. Also, after the government's decision a sizeable amount of sugarcane can divert to ethanol production and this would eventually benefit the sugar industry as the situation of a supply glut will automatically get addressed and will support pricing discipline in the long run. Most of sugar company stocks are rallied between 20% and 40% in the past month and are currently trading at a premium to their five-year average price-earnings (PE). The tight supply situation in the global market has pushed sugar prices to a four-year high. As per the market experts, global prices may stay firm for the next 3-4 months unless output from other major sugar exporters starts coming in for the next season in 2021-22. With the 20% increase in global sugar prices, India's sugar industry has been able to complete 90% of the 6 million tonnes exports in the current season.

### Weather Forecast:

Thunderstorm with lightning & squall is very likely at isolated places over Andaman & Nicobar Islands with lightening and & gusty winds at isolated places over East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar and, Jharkhand and with lightening at isolated places over West Madhya Pradesh, Gangetic West Bengal, Odisha, Kerala & Mahe and Lakshadweep, Telangana, , Assam & Meghalaya and Coastal Andhra Pradesh & Yanam and Coastal & South Interior Karnataka. Heavy rainfall very likely at isolated places over Sub-Himalayan West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Telangana, Assam & Meghalaya.

### Previous Updates:

**Government has advanced ethanol blending up to 20 percent to 2023.** The Union government has advanced the ethanol blending of 20 percent to 2023, earlier the government has set the deadline for 20 percent ethanol- blending to 2030 which has now bought forward to 2023. The sugar companies will now be using more sugarcane juice for directly making ethanol and B- heavy molasses. Around 10 states across India have reached 10 percent of the blending rate.

**Mawana sugar mill has cleared 56 percent of the cane dues.** Mawana sugar mill administration has starting clearing the cane dues for the current season and had cleared 56 percent of the pending cane dues. The mill has cleared around Rs 359.22 crore cane dues of the farmers that sold their cane. The mill will clear the remaining cane dues soon.

**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 24<sup>th</sup> 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 31<sup>st</sup> May 2021:** Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 31<sup>st</sup> 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 31<sup>st</sup> 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%.

## International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday, June 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
<a href="#">Jul-21</a>	210607	17.73	17.83	17.32	17.38	-0.33	45,751	355,170	-9,497
<a href="#">Oct-21</a>	210607	17.80	17.88	17.41	17.47	-0.30	29,554	266,552	+1,343
<a href="#">Mar-22</a>	210607	17.85	17.98	17.57	17.64	-0.26	14,138	144,021	+2,028
<a href="#">May-22</a>	210607	16.99	17.04	16.65	16.74	-0.20	4,158	76,568	+833
<a href="#">Jul-22</a>	210607	16.31	16.33	15.96	16.05	-0.19	3,089	77,040	+463
<a href="#">Oct-22</a>	210607	15.86	15.88	15.53	15.62	-0.17	3,178	53,808	-228
<a href="#">Mar-23</a>	210607	15.86	15.88	15.65	15.73	-0.15	337	22,640	+127
<a href="#">May-23</a>	210607	15.18	15.18	14.98	15.06	-0.19	51	9,664	+5
Total Volume and Open Interest							100,344	1,028,849	-4,918

Source: MRCI

## International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday, June 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
<a href="#">Aug-21</a>	210607	468.00	468.90	457.60	459.30	-7.20	3,426	43,900	-281
<a href="#">Oct-21</a>	210607	470.60	470.90	461.20	463.20	-5.80	934	15,496	-31
<a href="#">Dec-21</a>	210607	473.20	473.90	465.40	466.90	-5.50	190	7,958	+26
<a href="#">Mar-22</a>	210607	475.10	475.50	468.00	469.50	-5.10	125	6,874	+33
<a href="#">May-22</a>	210607	464.00	464.00	458.80	460.10	-4.40	59	4,461	+20
Total Volume and Open Interest							5,013	82,161	-68

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-Jun-21	07-Jun-21	
Delhi	Delhi	M-Grade	3230	3240	-10
	Delhi	S-Grade	3210	3220	-10
Uttar Pradesh	Khatauli	M-Grade	3210	3210	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3125	3125	Unch
	Dhampur	S-Grade Ex-Mill	3105	3105	Unch
	Dhampur	L-Grade Ex-Mill	3175	3175	Unch
Maharashtra	Mumbai	M-Grade	3312	3312	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3150	3150	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3025	3025	Unch
Assam	Guhawati	S-Grade	3334	3334	Unch
Meghalaya	Shillong	S-Grade	3345	3345	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)	3600	3600	Unch
	Dindigul	M-Grade (DCA)	3580	NA	-
	Coimbatore	M-Grade (DCA)	3620	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)			08-Jun-21	07-Jun-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	3125	75

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	500	500
	Muzaffarnagar	Khurpa (Fresh)	3150	3175	-25
	Muzaffarnagar	Laddoo (Fresh)	3438	2950	488
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	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)	3369	3361	8
	Mandya	Achhu (Medium)	3500	3500	Unch
	Mandya	Kurikatu (Medium)	3400	3410	-10
	Mandya	Other (Medium)	3200	3400	-200
	Mandya	Yellow (Medium)	3450	3440	10
	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 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.