

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi at Rs. 3210/q and in Khatuli at Rs. 3200/q. Prices were lower in Kolhapur at Rs. 3100/q.

According to the market experts, Sugar mills margin may improve up to 100 basis points. With high sugar exports in the current season, coupled with increased supplies of ethanol at remunerative prices for blending with petrol will improve the operating profitability of integrated sugar mills by 75-100 basis points to 13-14 percent this fiscal year. Also, with the recent advancement of ethanol-petrol blending target of 20 percent by 2023 could help in sustaining this momentum over the medium term.

Weather Forecast:

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

Previous Updates:

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.

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 brought 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 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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, June 08th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210608	17.34	17.76	17.30	17.71	+0.33	52,720	343,819	-11,351
Oct-21	210608	17.40	17.82	17.40	17.75	+0.28	35,038	275,574	+9,022
Mar-22	210608	17.59	17.97	17.59	17.93	+0.29	11,859	144,786	+351
May-22	210608	16.69	17.08	16.69	17.03	+0.29	4,483	76,786	+218
Jul-22	210608	16.06	16.40	16.06	16.34	+0.29	2,854	77,352	+312
Oct-22	210608	15.55	15.97	15.55	15.93	+0.31	2,036	53,857	+49
Mar-23	210608	15.91	16.06	15.91	16.04	+0.31	443	22,672	+32
May-23	210608	15.30	15.40	15.30	15.33	+0.27	47	9,677	+13
Total Volume and Open Interest							109,542	1,027,479	-1,370

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, June 08th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210608	459.30	467.40	459.20	465.50	+6.20	2,843	43,560	-340
Oct-21	210608	463.00	470.60	463.00	468.70	+5.50	887	15,498	+2
Dec-21	210608	467.20	472.90	472.90	472.50	+5.60	469	8,140	+182
Mar-22	210608	471.90	475.50	475.50	475.00	+5.50	189	6,993	+119
May-22	210608	462.00	466.10	462.00	465.90	+5.80	177	4,589	+128
Total Volume and Open Interest							5,045	82,533	+372

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			09-Jun-21	08-Jun-21	
Delhi	Delhi	M-Grade	3230	3230	Unch
	Delhi	S-Grade	3210	3210	Unch
Uttar Pradesh	Khatauli	M-Grade	3200	3210	-10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3100	3125	-25
	Dhampur	S-Grade Ex-Mill	3080	3105	-25
	Dhampur	L-Grade Ex-Mill	3150	3175	-25
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	3580	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
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)			09-Jun-21	08-Jun-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3200	3200	Unch

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1000	Unch
	Muzaffarnagar	Khurpa (Fresh)	3150	3150	Unch
	Muzaffarnagar	Laddoo (Fresh)	3438	3438	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)	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	3369	-
	Mandya	Achhu (Medium)	NA	3500	-
	Mandya	Kurikatu (Medium)	NA	3400	-
	Mandya	Other (Medium)	NA	3200	-
	Mandya	Yellow (Medium)	NA	3450	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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