

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Delhi at Rs. 3230/q and in Khatuli at Rs. 3215/q. Prices were lower in Kolhapur at Rs. 3100/q.

Sugar Consumption in India is expected to fall in 2021-22 season. Due to the Covid-19 pandemic sugar consumption has fallen down by around 1.2 million tonnes, According the market experts, sugar consumption for 2020-21 was estimated to be 26.63 million tonnes but the actual consumption was down by 1.2 million tonnes at 25.4 million tonnes. In the coming season 2021-22 sugar consumption is expected to be 27.16 million tonnes but the actual demand is likely to be around 25.8 million tonnes down by 1.4 million tonnes. Thus, the cumulative fall in sugar consumption during 2020-21 and 2021-22 is expected to be 2.6 million tonnes against the cumulative expected sale of 53.79 million tonnes down by 4.83 percent.

Global Sugar Consumption is expected to decline marginally. International sugar organization has changed the earlier estimates of sugar deficit for 2020-21 season owing to the reduction in consumption across the world. The ISO, in a quarterly update has lowered the forecast of a global deficit from 4.8 million tonnes to 3.1 million tonnes in the ongoing season 2020-21. The ISO expects that the global sugar consumption will be down from 173.8 million tonnes to 172.4 million tonnes. The increases in the covid-19 cases in India and Brazil and various restrictions have led to the decline in sugar consumption.

Weather Forecast:

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

Previous Updates:

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.

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 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 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.

International Sugar Futures ICE(US Cent/lb)

| Daily Futures Price Listing Wednesday, June 09th, 2021 | | | | | | | | | |
|--|--------|-------|-------|-------|-------|--------|--------------|-----------|---------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| Sugar #11(ICE) | | | | | | | | | |
| Jul-21 | 210609 | 17.71 | 17.90 | 17.56 | 17.73 | +0.02 | 62,694 | 324,872 | -18,947 |
| Oct-21 | 210609 | 17.77 | 17.91 | 17.59 | 17.75 | Unch | 45,683 | 289,082 | +13,508 |
| Mar-22 | 210609 | 17.93 | 18.04 | 17.77 | 17.92 | -0.01 | 20,198 | 147,402 | +3,030 |
| May-22 | 210609 | 17.01 | 17.12 | 16.88 | 17.02 | -0.01 | 5,465 | 77,567 | +781 |
| Jul-22 | 210609 | 16.33 | 16.41 | 16.19 | 16.32 | -0.02 | 3,052 | 76,848 | -504 |
| Oct-22 | 210609 | 15.86 | 15.98 | 15.80 | 15.91 | -0.02 | 1,714 | 54,028 | +171 |
| Mar-23 | 210609 | 15.91 | 16.06 | 15.91 | 16.00 | -0.04 | 253 | 22,699 | +27 |
| May-23 | 210609 | 15.26 | 15.33 | 15.25 | 15.28 | -0.05 | 53 | 9,678 | +1 |
| Total Volume and Open Interest | | | | | | | 139,191 | 1,025,563 | -1,916 |

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

| Daily Futures Price Listing Wednesday, June 09th, 2021 | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------------|----------|--------|
| Most Recent Information | | | | | | | Previous Day | | |
| Mth | Date | Open | High | Low | Close | Change | Volume | Open Int | Change |
| London Sugar(LCE) | | | | | | | | | |
| Aug-21 | 210609 | 464.00 | 467.90 | 461.40 | 463.30 | -2.20 | 3,287 | 43,066 | -494 |
| Oct-21 | 210609 | 467.40 | 471.80 | 465.40 | 468.30 | -0.40 | 1,219 | 15,649 | +151 |
| Dec-21 | 210609 | 470.10 | 474.80 | 469.40 | 471.00 | -1.50 | 309 | 8,229 | +89 |
| Mar-22 | 210609 | 473.60 | 477.60 | 472.00 | 473.80 | -1.20 | 246 | 6,999 | +6 |
| May-22 | 210609 | 464.30 | 469.20 | 464.30 | 465.40 | -0.50 | 99 | 4,637 | +48 |
| Total Volume and Open Interest | | | | | | | 5,319 | 82,429 | -104 |

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

| Sugar Prices at Key Spot Markets: | | | | | |
|-----------------------------------|------------|------------------------|-----------------|-----------|--------|
| Commodity | Centre | Variety | Prices (Rs/Qtl) | | Change |
| Sugar | | | 10-Jun-21 | 09-Jun-21 | |
| Delhi | Delhi | M-Grade | 3250 | 3230 | 20 |
| | Delhi | S-Grade | 3230 | 3210 | 20 |
| Uttar Pradesh | Khatauli | M-Grade | 3215 | 3200 | 15 |
| | Ramala | M-Grade | NA | NA | - |
| | Dhampur | M-Grade Ex-Mill | 3100 | 3100 | Unch |
| | Dhampur | S-Grade Ex-Mill | 3080 | 3080 | Unch |
| | Dhampur | L-Grade Ex-Mill | 3150 | 3150 | 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 | 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) | | | 10-Jun-21 | 09-Jun-21 | |

| | | | | | |
|----------------|--------------------|--------------------------|------|------|------|
| Uttar Pradesh | Muzaffarnagar | Chaku Fresh | 3200 | 3200 | Unch |
| | Muzaffarnagar | Chaku(Arrival)(40kg Bag) | 1500 | 1000 | 500 |
| | 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 | 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) | NA | NA | - |

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