

## Sugar & Gur Domestic & International Fundamentals

### Recent Update:

**A mixed tone was witnessed in Sugar physical markets today in India.** Sugar prices were higher in Delhi at Rs. 3255/q and in Khatuli at Rs. 3225/q. Prices were firm in Kolhapur at Rs. 3100/q.

**Sugar Exports are likely to increase in the ongoing sugar season 2020-21.** With favorable international sugar prices, India is likely to export more this season. India has already made 58 lakh tonnes of export contract against MAEQ of 60 lakh tonnes of sugar for the 2020-21 seasons. Indian sugar Mills expects at least 1 million tonnes of export more than the export quota for this season.

### Weather Forecast:

Thunderstorm with lightning & gusty winds is very likely at isolated places over Uttarakhand, Punjab, Haryana, Chandigarh & Delhi, Uttar Pradesh, East Rajasthan, Bihar, Jharkhand, Telanagan, Kerala & Mahe and with lightening at isolated places over Jammu & Kahmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Madhya Pradesh, Vidarbha, Chattisgarh, Sub- Himalayan West Bengal & Sikkim, Assam & Meghalaya and Coastal Andhra Pradesh & Yanam and Karnataka. Heavy rainfall very likely at isolated places over Chhattisgarh, Konkan, Goa & Odisha and heavy rainfall at isolated places over Odissa, Telangana, Uttarakhand, Uttar Pradesh, Madhya Pradesh, Vidarbha, Bihar, Jharkhand, Madhya Maharashtra, Coastal Andhra Pradesh & Yanam, Coastal Karnataka, Kerala & Mahe, Jammu & Kahmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Punjab, Haryana, Chandigarh, Delhi, Bihar, Jharkhand, West-Bengal & Sikkim, Coastal Andhra Pradesh, & Yanam, South interior Karnataka, Kerala & Mahe.

### Previous Updates:

**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.

**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.

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

Daily Futures Price Listing Thursday, June 10th, 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>	210610	17.66	17.84	17.58	17.66	-0.07	74,049	295,806	-29,066
<a href="#">Oct-21</a>	210610	17.74	17.87	17.63	17.73	-0.02	64,942	307,848	+18,766
<a href="#">Mar-22</a>	210610	17.89	18.07	17.81	17.94	+0.02	21,383	150,526	+3,124
<a href="#">May-22</a>	210610	16.99	17.14	16.92	17.04	+0.02	5,098	77,333	-234
<a href="#">Jul-22</a>	210610	16.29	16.45	16.22	16.40	+0.08	3,661	77,375	+527
<a href="#">Oct-22</a>	210610	15.91	16.10	15.83	16.06	+0.15	10,139	53,254	-774
<a href="#">Mar-23</a>	210610	15.93	16.21	15.93	16.19	+0.19	323	22,627	-72
<a href="#">May-23</a>	210610	15.31	15.45	15.31	15.45	+0.17	185	9,709	+31
Total Volume and Open Interest							180,073	1,017,887	-7,676

Source: MRCI

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

Daily Futures Price Listing Thursday, June 10th, 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>	210610	463.30	463.50	454.30	454.70	-8.60	3,752	42,615	-451
<a href="#">Oct-21</a>	210610	468.80	468.90	461.50	462.20	-6.10	1,441	15,858	+209
<a href="#">Dec-21</a>	210610	472.30	472.40	467.60	469.00	-2.00	328	8,467	+238
<a href="#">Mar-22</a>	210610	475.10	475.20	470.90	473.50	-0.30	64	7,041	+42
<a href="#">May-22</a>	210610	466.90	468.60	468.30	466.60	+1.20	32	4,650	+13
Total Volume and Open Interest							5,646	82,493	+64

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			11-Jun-21	10-Jun-21	
Delhi	Delhi	M-Grade	3275	3250	25
	Delhi	S-Grade	3255	3230	25
Uttar Pradesh	Khatauli	M-Grade	3225	3215	10
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3110	3100	10
	Dhampur	S-Grade Ex-Mill	3090	3080	10
	Dhampur	L-Grade Ex-Mill	3160	3150	10
Maharashtra	Mumbai	M-Grade	3312	3312	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3125	3150	-25
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3000	3025	-25
Assam	Guhawati	S-Grade	3309	3334	-25
Meghalaya	Shillong	S-Grade	3320	3345	-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)	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)			11-Jun-21	10-Jun-21	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3250	3200	50
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1500	-500
	Muzaffarnagar	Khurpa (Fresh)	3263	3150	113
	Muzaffarnagar	Laddoo (Fresh)	3518	3438	80
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaursa	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)	3560	3500	60
	Mandya	Kurikatu (Medium)	3350	3400	-50
	Mandya	Other (Medium)	3300	3200	100
	Mandya	Yellow (Medium)	3450	3480	-30
	Shimoga/Shivamogga	Achhu (Average)	NA	3600	-

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