

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, and Kerala & Mahe and with lightening at isolated places over Jammu & Kashmir, Ladakh, Gilgit- Baltistan & Muzaffarabad, Himachal Pradesh, Madhya Pradesh, Vidarbha, Chattisgarh, Jharkhand, Sub- Himalayan West Bengal & Sikkim, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Karnataka, Tamil Nadu, Puducherry and Karaikal. Thunderstorm with gusty winds at isolated places over West Rajasthan. Heavy to very heavy rainfalls at a few places with extremely heavy falls at isolated places over Konkan, Goa, , East Madhya Pradesh, Madhya Maharashtra, and heavy rainfall at isolated places over West Madhya Pradesh, Vidarbha, Chhattisgarh, Odissa, Coastal and South interior Karnataka and heavy rainfall at isolated places over Bihar, Jharkhand, West Bengal & Sikkim, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Uttarakhand, East Uttar Pradesh, West Madhya Pradesh, Kerala & Mahe, Interior Karnataka and Telangana.

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 Friday, June 11th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210611	17.66	17.69	17.36	17.54	-0.12	99,685	254,711	-41,095
Oct-21	210611	17.72	17.76	17.47	17.67	-0.06	96,593	338,956	+31,108
Mar-22	210611	17.94	17.97	17.70	17.89	-0.05	29,142	155,810	+5,284
May-22	210611	17.05	17.08	16.84	17.03	-0.01	5,798	78,402	+1,069
Jul-22	210611	16.40	16.50	16.25	16.41	+0.01	6,203	77,434	+59
Oct-22	210611	16.06	16.13	15.94	16.06	Unch	1,848	53,574	+320
Mar-23	210611	16.19	16.23	16.06	16.19	Unch	767	22,854	+227
May-23	210611	15.45	15.46	15.30	15.46	+0.01	77	9,701	-8
Total Volume and Open Interest							240,208	1,014,846	-3,041

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Friday, June 11th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210611	455.00	455.30	447.00	451.30	-3.40	5,178	42,412	-203
Oct-21	210611	463.10	463.10	455.60	459.80	-2.40	2,791	16,354	+496
Dec-21	210611	469.40	469.40	463.50	466.60	-2.40	340	8,504	+37
Mar-22	210611	473.30	473.50	468.30	471.30	-2.20	346	7,178	+137
May-22	210611	465.70	465.70	461.80	464.60	-2.00	178	4,719	+69
Total Volume and Open Interest							9,348	83,217	+724

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			12-Jun-21	11-Jun-21	
Delhi	Delhi	M-Grade	3275	3275	Unch
	Delhi	S-Grade	3255	3255	Unch
Uttar Pradesh	Khatauli	M-Grade	3225	3225	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3110	3110	Unch
	Dhampur	S-Grade Ex-Mill	3090	3090	Unch
	Dhampur	L-Grade Ex-Mill	3160	3160	Unch
Maharashtra	Mumbai	M-Grade	3312	3312	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3000	3000	Unch
Assam	Guhawati	S-Grade	3309	3309	Unch
Meghalaya	Shillong	S-Grade	3320	3320	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)			12-Jun-21	11-Jun-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	3250	3250	Unch

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	1000	1000	Unch
	Muzaffarnagar	Khurpa (Fresh)	3263	3263	Unch
	Muzaffarnagar	Laddoo (Fresh)	3518	3518	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)	NA	4350	-
	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	3560	-
	Mandya	Kurikatu (Medium)	NA	3350	-
	Mandya	Other (Medium)	NA	3300	-
	Mandya	Yellow (Medium)	NA	3450	-
	Shimoga/Shivamogga	Achhu (Average)	NA	NA	-

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