

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. 3160/q and in Khatuli at Rs. 3260/q. Prices were firm in Kolhapur at Rs. 3100/q.

Sugarcane farmers from Karnataka are demanding the government to increase the Fair and Remunerative Price (FRP) for sugarcane as the cost of cane cultivation has increased. According to the farmers input cost and cultivation cost per tonne of sugarcane is around Rs 3,200 to Rs 3,500 per tonne and the FRP for 2020-21 was Rs 2,850 which is less than what they spend on growing the cultivation. The state government is yet to announce the FRP for the next season, as per the local sources, the area is expected to increase to 6.68 lakh hectares in the current year but it is only possible if the government agrees to hike FRP to the input cost level.

Weather Forecast:

Thunderstorm with lightning very likely at isolated places over Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, Odisha, Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam and Telangana. Heavy to very heavy rainfalls at a few places with extremely heavy falls at isolated places over Chhattisgarh, West Bengal & Sikkim, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya.

Previous Updates:

India's sugar production is at 30.67 million tonnes (MT). According to the Indian Sugar Mills Association, Sugar mills are confident that they would be able to sell 0.8 -1 MT more in domestic market compared with last year and export 7 MT, which is 1.1 MT more than the previous season. This is expected to leave the sugar industry with 2-2.5 MT less sugar stocks at the end of the season to September 30. According to the Department of Food and Public Distribution records, closing stocks at the end of the last season was 110 MT. As on June 15, only five sugar mills are continuing with sugarcane crushing and the rest of the mills across the country have closed crushing operations already.

Philippines have achieved the sugar production target. Sugar output in the Philippines has reached the set target for the season with 2.1 million metric tonnes. The sugar crop year in the country is from September to August. According to Sugar Regulatory Administration, the sugar output has increased by 0.53% from the 2.098 million MT production registered during the same period last year.

India has made 58 lakh tonnes of export contracts against MAEQ of 60 lakh tonnes of sugar for 2020-21 fixed by the government. According to Indian Sugar Mills Association, almost 45.74 lakh tonnes of sugar have been physically exported out of the country from January 2021 to May 2021. Another 4.48 lakh tonnes of sugar was exported from October 2020 to December 2020 quarter against the MAEQ of last season. Also, around 5-6 lakh tons of sugar is in pipeline to be exported in June 2021. Also, the total sales in the current season up to May'21 are estimated around 174.96 lakh tonnes against the domestic sales quota of 169 lakh tonnes given by the government.

According to ISMA, sugar mills have produced 306.65 lakh tonne of sugar till 15th June 2021: Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Till 15th June 2021, 5 sugar mills were crushing sugarcane, which is similar to that were operating the same time

the previous season. Sugar mills have produced around 306.65 lakh tonnes of sugar till 15th June'2021, as compared to 271.11 lakh tonnes produced during the same period last year.

The Government is planning to double the ethanol distillation capacity by 2025. According to the Ministry of Consumer Affairs, Food and Public Distribution, the government is encouraging sugar mills and distillers to enhance their distillation capacities for which government is facilitating them to avail loans from banks for which interest subvention up to 6 percent is being borne by the government. As a result of various measures taken to address demand and supply side issues, it is likely that ethanol distillation capacities in the country would be more than doubled by 20 percent blending target by 2025.

World Sugar production is estimated at 170.3 million tonnes in 2020-21. According to Food and Agriculture Organization, World Sugar production is estimated at 170.3 million tonnes in 2020-21 sugar season with a decline of 1.6 million tonnes. The decline in world sugar production is mainly because of the production decline in Brazil, European Union, Russia and Thailand.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, June 22 nd , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210622	16.73	16.77	16.30	16.43	-0.35	51,143	99,826	-24,714
Oct-21	210622	17.05	17.05	16.61	16.74	-0.33	69,093	411,950	+261
Mar-22	210622	17.32	17.35	16.90	17.03	-0.33	15,102	171,437	+1,191
May-22	210622	16.48	16.52	16.11	16.21	-0.32	3,943	79,343	+590
Jul-22	210622	15.95	15.98	15.59	15.69	-0.30	1,927	82,020	+521
Oct-22	210622	15.68	15.68	15.31	15.41	-0.28	877	52,841	-325
Mar-23	210622	15.88	15.88	15.51	15.61	-0.27	176	23,034	-3
May-23	210622	15.01	15.01	14.85	14.93	-0.28	74	9,978	+28
Total Volume and Open Interest							142,476	953,979	-22,412

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, June 22 nd , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210622	425.00	426.00	416.30	418.70	-7.00	4,062	33,800	-1,627
Oct-21	210622	440.10	440.10	432.30	435.30	-4.90	2,172	21,278	+451
Dec-21	210622	448.00	448.60	441.30	443.10	-6.20	521	9,356	+61
Mar-22	210622	455.30	455.30	448.30	450.20	-5.80	339	7,717	+105
May-22	210622	451.70	451.90	446.50	447.70	-5.30	208	5,253	+35
Total Volume and Open Interest							7,407	82,207	-930

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Jun-21	22-Jun-21	
Delhi	Delhi	M-Grade	3180	3170	10
	Delhi	S-Grade	3160	3150	10
Uttar Pradesh	Khatauli	M-Grade	3260	3250	10
	Ramala	M-Grade	3190	3180	10
	Dhampur	M-Grade Ex-Mill	3110	3120	-10
	Dhampur	S-Grade Ex-Mill	3090	3100	-10
	Dhampur	L-Grade Ex-Mill	3160	3170	-10
Maharashtra	Mumbai	M-Grade	3316	3316	Unch
	Mumbai	S-Grade	3206	3202	4
	Nagpur	M-Grade	3225	3150	75
	Nagpur	S-Grade	3135	3125	10
	Kolhapur	M-Grade	3100	3025	75
	Kolhapur	S-Grade	3010	3000	10
Assam	Guhawati	S-Grade	3319	3309	10
Meghalaya	Shillong	S-Grade	3330	3320	10
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3560	3560	Unch
	Vijayawada	S-Grade (With Duty)	3560	3560	Unch
West Bengal	Kolkata	M-Grade	3600	3600	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3550	3550	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)			23-Jun-21	22-Jun-21	

Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	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)	3450	3400	50
	Mandya	Kurikatu (Medium)	3150	3200	-50
	Mandya	Other (Medium)	3250	3150	100
	Mandya	Yellow (Medium)	3200	3350	-150
	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 not 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 remove any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.