

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A mixed tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi at Rs. 3170/q and in Khatuli at Rs. 3260/q. Prices were firm in Kolhapur at Rs. 3100/q.

The sugarcane output in Thailand for the 2021-22 seasons is expected to drop below 100 million tonnes. According to Thai Sugar Millers Corporation (TSMC) Thailand will receive less rainfall this year during the wet season. The sugarcane production is likely to be 70-75 million tonnes in the new crop year. Thai sugarcane output decreased to 66.7 million tonnes in 2020-21 from 74.9 million tonnes in 2019-20. According to TSMC, sugar millers are likely to produce less than 7 million tonnes of sugar in 2021-22, compared with a record 14.7 million tonnes in 2017-18 seasons.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan & Muzaffarabad, Punjab, Haryana, Chandigarh & Delhi, West Uttar Pradesh, Andaman & Nicobar Islands and with lightening at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Gangetic West Bengal, Odisha, Assam & Meghalaya, Telangana, and Coastal Andhra Pradesh & Yanam. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, Bihar, Jharkhand, Odisha, Andaman & Nicobar Islands, Coastal Andhra Pradesh & Yanam.

Previous Updates:

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday, June 24 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210624	16.63	16.99	16.50	16.93	+0.24	41,034	65,486	-26,916
Oct-21	210624	16.95	17.29	16.79	17.24	+0.23	54,084	414,399	-2,928
Mar-22	210624	17.24	17.54	17.07	17.50	+0.21	17,273	174,401	-368
May-22	210624	16.42	16.69	16.25	16.65	+0.19	3,792	79,673	-122
Jul-22	210624	15.87	16.08	15.70	16.04	+0.14	949	81,925	-130
Oct-22	210624	15.56	15.75	15.39	15.71	+0.12	346	52,608	-160
Mar-23	210624	15.73	15.92	15.58	15.90	+0.13	94	23,086	-12
May-23	210624	15.04	15.23	14.92	15.22	+0.10	56	9,999	-17
Total Volume and Open Interest							117,893	925,321	-30,503

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday, June 24 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210624	424.50	427.30	417.50	426.80	+3.20	4,931	30,867	-1,612
Oct-21	210624	440.50	445.70	435.70	445.30	+3.30	4,095	22,516	+763
Dec-21	210624	448.50	452.70	443.60	452.30	+2.90	820	9,066	-279
Mar-22	210624	454.80	459.50	450.50	459.50	+3.30	759	7,800	-31
May-22	210624	452.00	456.90	449.20	456.90	+3.40	447	5,335	-3
Total Volume and Open Interest							11,406	80,837	-906

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			25-Jun-21	24-Jun-21	
Delhi	Delhi	M-Grade	3190	3250	-60
	Delhi	S-Grade	3170	3230	-60
Uttar Pradesh	Khatauli	M-Grade	NR	3260	-
	Ramala	M-Grade	NR	3190	-
	Dhampur	M-Grade Ex-Mill	NR	3110	-
	Dhampur	S-Grade Ex-Mill	NR	3090	-
	Dhampur	L-Grade Ex-Mill	NR	3160	-
Maharashtra	Mumbai	M-Grade	3316	3316	Unch
	Mumbai	S-Grade	3202	3206	-4
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3135	3135	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3010	3010	Unch
Assam	Guhawati	S-Grade	3319	3319	Unch
Meghalaya	Shillong	S-Grade	3330	3330	Unch
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)			25-Jun-21	24-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	3263	-
	Mandya	Achhu (Medium)	NA	3450	-
	Mandya	Kurikatu (Medium)	NA	3200	-
	Mandya	Other (Medium)	NA	3270	-
	Mandya	Yellow (Medium)	NA	3250	-
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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