

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. 3200/q. Prices were firm in Kolhapur at Rs. 3100/q.

Maharashtra Sugar Commissionerate releases estimation for 2021-22 sugar seasons. Maharashtra has released estimates of sugar and sugarcane production for the 2021-22 seasons. The estimated sugarcane production is 1194 LMT, sugar production at 122 LMT (Including sugar diverted to ethanol production). It is expected that around 192 sugar mills will participate in the upcoming crushing season. Around 190 sugar mills including 95 cooperative mills and 95 mills in the private sector were operating during the ongoing season. These mills have crushed 1,012 lakh tonne sugarcane this season as against 545 lakh tonne sugarcane last season. Sugar mills in the state have produced 106.28 lakh tonne sugar this season which is more than the sugar produced during the previous season.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over East Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and Gangetic West Bengal, Odisha, Coastal Andhra Pradesh & Yanam, Telangana and Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfalls at isolated places over Assam & Meghalaya, and heavy to very heavy rainfall at isolated places over Sub-Himalayna West Bengal & Sikkim and heavy rainfall at isolated places over Arunachal Pradesh, and Nagaland, Manipur, Mizoram & Tripura and heavy rainfall at isolated places over Bihar, Gangetic West Bengal and Telangana.

Previous Updates:

Sugar mills have closed their crushing operation in Uttar Pradesh. Sugar mills have concluded the crushing season in the Meerut region of Uttar Pradesh. Sugar mills have reported an increase in sugarcane crushing in the current season, whereas sugar production dipped as compared to the previous season. The region has also recorded a decline in sugar recovery. Around 1,617.84 lakh quintal sugarcane was crushed during the 2019-20 season whereas, during the 2020-21, the sugar mills have crushed 1664.59 quintal sugarcane, which is 46.75 lakh quintal more than the previous season. In terms of sugar production, the mills had produced 183.33 lakh quintal sugar during the 2019-20 season whereas the sugar output in the 2020-21 season was 180.83 lakh quintal.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday, June 28 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210628	16.98	17.26	16.80	17.23	+0.33	28,704	45,436	-13,096
Oct-21	210628	17.40	17.64	17.16	17.61	+0.30	45,702	420,641	+2,932
Mar-22	210628	17.67	17.89	17.45	17.45	+0.28	14,088	176,093	+793
May-22	210628	16.81	17.04	16.64	17.03	+0.27	5,530	80,494	+262
Jul-22	210628	16.20	16.35	16.02	16.35	+0.20	2,993	80,750	-754
Oct-22	210628	15.87	15.99	15.72	15.99	+0.17	1,180	52,472	-20
Mar-23	210628	15.96	16.17	15.96	16.17	+0.15	562	23,334	+181
May-23	210628	15.39	15.48	15.35	15.48	+0.13	232	10,194	+151
Total Volume and Open Interest							99,292	913,353	-9,364

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday, June 28 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210628	429.00	434.90	423.70	433.30	+5.50	5,260	29,319	-873
Oct-21	210628	448.60	454.90	444.30	454.20	+7.00	2,620	22,220	-301
Dec-21	210628	455.00	460.40	452.30	459.80	+6.20	892	8,974	-22
Mar-22	210628	462.00	466.00	459.70	465.70	+4.90	256	8,011	+80
May-22	210628	459.80	463.00	457.70	462.50	+4.00	112	5,450	-41
Total Volume and Open Interest							9,345	79,345	-1,125

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			29-Jun-21	28-Jun-21	
Delhi	Delhi	M-Grade	3220	3210	10
	Delhi	S-Grade	3200	3190	10
Uttar Pradesh	Khatauli	M-Grade	NR	NR	-
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	NR	NR	-
	Dhampur	S-Grade Ex-Mill	NR	NR	-
	Dhampur	L-Grade Ex-Mill	NR	NR	-
Maharashtra	Mumbai	M-Grade	3316	3316	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3200	3200	Unch
	Nagpur	S-Grade	3125	3125	Unch
	Kolhapur	M-Grade	3075	3075	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)	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)			29-Jun-21	28-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	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4600	-
	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	3192	-
	Mandya	Achhu (Medium)	3200	3200	Unch
	Mandya	Kurikatu (Medium)	3150	3200	-50
	Mandya	Other (Medium)	3000	3200	-200
	Mandya	Yellow (Medium)	3050	3150	-100
Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch	

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