

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

European Union's sugar production is likely to rise in the season 2021-22. According to the European Commission short-term outlook report, Sugar output in EU is estimated to increase in 2021-22 season. Sugar production in the previous season was 14.5 million tonnes, whereas in the 2021-22 seasons it is forecasted to increase 15.5 million tonnes.

Weather Forecast:

Thunderstorm with lightning & gusty winds very likely at isolated places over Andaman & Nicobar Islands and with gusty winds at isolated places over Punjab, Haryana, Chandigarh, Delhi, East Rajasthan, and with lightening at isolated places over Himachal Pradesh, Uttarakhand, Uttar Pradesh, Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Jharkhand and Gangetic West Bengal, Odisha, Coastal Andhra Pradesh & Yanam, Telangana, Rayalaseema, Tamil Nadu, Puducherry & Karikal. Heavy to very heavy rainfalls at isolated places over Konkan & Goa, Coastal & South Interior Karnataka, Kerala & Mahe, and heavy rainfalls at isolated places over Uttarakhand, East Madhya Pradesh, Vidarbha, Chhattisgarh, Bihar, Odisha, Andaman & Nicobar Islands, Assam & Meghalaya, Nagaland, Manipur, & Tripura, Madhya Maharashtra, Marathwada, Telangana, North Interior Karnataka, Tamil Nadu, Pondicherry and Karikal.

Previous Updates:

Sri Lanka is planning to import sugar from India. Sri Lanka government is planning to import sugar from India to cool down the rising commodity prices in the country. Currently, the sugar imports are under license and require prior consent from the Controller of Imports and Exports. On recommendation of the trade ministry cabinet has allowed importing 2,500 tonnes of sugar per month.

Pakistan trade deficit widens by 32.9 percent in 2021. With high inflation, rising food prices, raised electricity charges, Pakistan trade deficit widen by 32.9 percent. The deficit was caused by lower export proceeds and higher than expected imports since December 2020. The annual import bill went up by 25.8 percent or USD 11.517 billion to USD 56.091 billion.

Haryana Government is taking steps to ensure sugar mills clear the pending cane dues. The Haryana government has released a loan amount of Rs 315 crore to 10 cooperative sugar mills for clearing pending sugarcane payments. Earlier, during the ongoing crushing season 2020-2021, the cooperative sugar mills have procured 429.35 lakh quintals of sugarcane, which amounts to a total amount of Rs 1500.83 crore, out of which Rs 1082.16 crore has been given to the sugarcane farmers and the remaining amount will be given by July 10.

Brazil's Copersucar, sugar sales have increased to 5.4 million tonnes from 3.7 million tonnes in the last harvest. The sugar export of the company has increased to 3.4 million tonnes compared to 1.9 million tonnes in the previous harvest. Earlier the ethanol sales were impacted due to pandemic and it was dropped to 11.1 billion litres in 2020-21 compared to 14.2 billion litres in the previous season. The company sold 4.6 billion litres of ethanol directly while sales by the U.S. subsidiary Eco-Energy totalled 6.5 billion litres.

Government has fixed 22 lakh MT as the monthly sugar sales quota for July 2021: The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for July 2021 which is 1 lakh MT higher than that of July 2020. In the previous month, June 2021 the government had released a 22 lakh MT sugar sales quota.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday, July 07 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210707	17.89	18.11	17.45	17.75	-0.12	49,059	448,751	+3,993
Oct-21	210707	18.23	18.44	17.80	18.02	-0.18	17,514	184,469	+3,016
Mar-22	210707	17.40	17.57	16.99	17.18	-0.18	7,532	91,780	+1,670
May-22	210707	16.63	16.80	16.27	16.43	-0.20	5,899	80,485	-290
Jul-22	210707	16.19	16.36	15.88	16.03	-0.16	1,649	55,084	+348
Oct-22	210707	16.21	16.37	16.01	16.12	-0.13	889	24,424	+82
Mar-23	210707	15.26	15.41	15.15	15.20	-0.12	320	10,814	+117
May-23	210707	14.71	14.71	14.48	14.53	-0.14	146	13,645	-25
Total Volume and Open Interest							83,079	920,196	+8,918

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday, July 07 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210707	447.10	451.10	430.40	438.70	-5.30	2,332	21,038	-1,152
Oct-21	210707	473.00	474.40	460.00	466.00	-3.20	2,122	28,695	+908
Dec-21	210707	480.60	481.50	468.80	473.60	-3.50	332	9,560	+180
Mar-22	210707	482.40	482.40	471.70	476.40	-3.00	139	8,815	+69
May-22	210707	474.60	474.60	465.30	467.80	-4.00	202	6,311	-69
Total Volume and Open Interest							5,260	80,520	-157

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-Jul-21	07-Jul-21	
Delhi	Delhi	M-Grade	3275	3275	Unch
	Delhi	S-Grade	3255	3255	Unch
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	3350	3350	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	3225	3225	Unch
	Nagpur	S-Grade	3150	3150	Unch
	Kolhapur	M-Grade	3100	3100	Unch
	Kolhapur	S-Grade	3025	3025	Unch
Assam	Guhawati	S-Grade	3334	3334	Unch
Meghalaya	Shillong	S-Grade	3345	3345	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3520	3520	Unch
	Vijayawada	S-Grade (With Duty)	3520	3520	Unch
West Bengal	Kolkata	M-Grade	3520	3520	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3550	3550	Unch
	Dindigul	M-Grade (DCA)	3560	3560	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)			08-Jul-21	07-Jul-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)	4600	4600	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)	3130	3150	-20
	Mandya	Kurikatu (Medium)	3150	3000	150
	Mandya	Other (Medium)	2950	2870	80
	Mandya	Yellow (Medium)	3100	3080	20
	Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch

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