

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A mixed tone was witnessed in Sugar physical markets today in India. Sugar prices were steady in Delhi by Rs.05-10 at Rs. 3250/q. Prices were firm in Kolhapur at Rs. 3100/q.

Sugarcane dues reaches above Rs. 21,000 crore. Sugarcane arrears till May 2021 have reached Rs. 21,321 crore, highest in Uttar Pradesh. The total cane dues of Rs. 18,820 crore is from the current cane crushing season and Rs. 2,501 crore from previous season. For the 2020-21 seasons, around 63 percent of the cane dues are from Uttar Pradesh and rest are from Maharashtra, Karnataka and other states. As per the market the sugar mills said, that the low sugar sales have affected their business and therefore they failed to accumulate the capital and hence affecting the cane dues settlement.

Sugar Industry waits for hike in Minimum Selling Price of Sugar. Domestic sugar prices have been depressed in the wake of surplus sugar production for sugar season 2019-20 and 2020-21. Millers have been liquid-strapped given the depressed ex-mill prices along with harming the capability of paying cane dues in the given time. As per the latest reports, the cane dues for the ongoing season 2020-21 are around ₹18820 crores. The sugar industry has been seeking a hike in the MSP of sugar that would help in covering the cost of production, including interest and maintenance costs. The sugar prices have not been increased from last 2 seasons.

Weather Forecast:

Thunderstorm accompanied with lightening & gusty winds very likely at isolated places over Bihar, Jharkhand, Sub- Himalayana West Bengal & Sikkim, and Andaman & Nicobar Islands, Rayalaseema, Coastal Andhra Pradesh & Yanam, and Telangana. Heavy to very heavy rainfall at isolated places over Konkan & Goa, and heavy rainfall at isolated places over Ghat areas of Madhya Pradesh, Chhattisgarh, Vidarbha, Odisha, Coastal Andhra Pradesh, & Yanam, Coastal & South Interior Karnataka, and Heavy rainfalls at isolated places over Uttarakhand, Uttar Pradesh, Jharkhand, Gangetic West Bengal, Nagaland, Gujarat region, Marathwada, Rayalaseema, North Interior Karnataka, Tamil Nadu, Pondicherry, Karaikal and Kerala & Mahe.

Previous Updates:

Philippines sugar production reached at 2.13 million metric tonnes. According to the Sugar Regulatory Administration (SRA), Sugar output in Phillippines has reached 2.137 million metric tonnes in the first week of July which is slightly lower around 2.14 million MT during the same period last year. However, despite the decline, the sugar output in the country has already exceeded its set target. According to the SRA, the sugar production for the current season has surpassed the government's full-year target. The sugar crop year starts in September and ends in August.

Thailand sugar millers predicts sugar production around 6.6 million tonnes in 2020-21 season. According to the Thai Sugar Millers Corporation, the domestic sugar production for the 2020-21 is around 6.6 million tonnes, which is lowest in the decade. Thailand had received less rainfall this year during the rainy season and also drought in the previous year which has impacted the sugar production. Many farmers are shifting to cassava which is drought resistant.

ISMA has estimated Sugar Production for 2020-21 seasons at 309 lakh tonnes. According to ISMA, opening balance is estimated at 107 lakh tonnes, whereas sugar production for the current sugar season 2020-21 is estimated around 309 lakh tonnes, expected domestic sales of around 260 lakh tonnes and exports are estimated at around 70 lakh tonnes. The opening balance of about 87 lakh tons on 1st Oct. 2021, will be about 20 lakh tonnes less than the opening stock as on 1st Oct 2020.

According to ISMA, sugar mills have produced 307 lakh tonnes of sugar till 14th July 2021: Around 502 sugar mills were operating in the current season as compared to 457 sugar mills in the previous season. Sugar mills have produced around 307 lakh tonnes of sugar till 14th July '2021. Another around 2 lakh tonnes is expected to be produced in the special season till September 2021 in Tamil Nadu and Karnataka, taking the total sugar production in 2020-21 sugar seasons to 309 lakh tonnes.

The Indian government on 14th July 2021 has permitted exports of specified quantities of sugar and other commodities to the Maldives for the financial year 2021-24 under a bilateral trade agreement. The directorate general of foreign trade (DGFT) has issued a notification stating that the exports will be exempted from any existing or future restrictions. Sugar quantity allowed to export for the financial year 2021-22 is 61,423.17 MT, 2022-23 is 61,423.17 MT, and 2023-24 is 61,423.17 MT.

Brazil has witnessed higher sugar output in second half of June month, in the Center-South region. According to data released by trade association UNICA Sugar production in the center-south region of Brazil has recovered from the poor performance in the first half of June 2021 with production around 2.19 million tonnes to 2.89 million tonnes production in second half of June'2021. UNICA stated that the Brazil's CS sugar output late in June was also 5.6 percent better than in the same period last year. The sugar mills in the region have crushed 45 million tonnes of cane which is 4.4 percent more than the last year.

Uttar Pradesh Farmers are demanding hike in Sugarcane price. Farmers have started urging the government to increase the sugarcane price to Rs. 400 per quintal, they are also demanding to release the pending cane dues and take actions against the default cane payments. Farmers are pressing their demand by staging a protest and meeting the concerned officials.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, July 20 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Jul-21	210720	17.20	17.53	17.20	17.41	+0.34	45,802	419,754	-3,824
Oct-21	210720	17.65	17.95	17.65	17.86	+0.34	16,184	205,989	+929
Mar-22	210720	16.88	17.12	16.86	16.20	+0.30	6,657	96,411	+265
May-22	210720	16.22	16.44	16.20	15.87	+0.25	3,326	82,304	+354
Jul-22	210720	15.87	16.09	15.87	16.00	+0.22	1,529	55,982	+242
Oct-22	210720	16.03	16.18	16.00	16.13	+0.17	605	25,062	+69
Mar-23	210720	15.09	15.22	15.08	15.15	+0.09	523	11,114	+203
May-23	210720	14.45	14.50	14.39	14.45	+0.06	352	14,114	+61
Total Volume and Open Interest							75,538	923,304	-1,303

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, July 20 th , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210720	450.10	453.30	447.00	449.30	+5.50	5,246	38,029	-601
Oct-21	210720	461.30	462.50	456.80	459.10	+5.80	1,694	11,396	+134
Dec-21	210720	465.40	469.00	464.50	466.50	+6.70	529	9,487	-87
Mar-22	210720	461.60	464.70	460.30	462.50	+6.40	424	6,357	-42
May-22	210720	452.50	454.80	451.20	453.10	+5.50	421	4,407	-58
Total Volume and Open Interest							8,466	72,979	-2,106

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			21-Jul-21	20-Jul-21	
Delhi	Delhi	M-Grade	3270	3270	Unch
	Delhi	S-Grade	3250	3250	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	3390	3390	Unch
	Mumbai	S-Grade	3206	3206	Unch
	Nagpur	M-Grade	Closed	3200	-
	Nagpur	S-Grade	Closed	3125	-
	Kolhapur	M-Grade	Closed	3075	-
	Kolhapur	S-Grade	Closed	3000	-
Assam	Guhawati	S-Grade	Closed	3309	-
Meghalaya	Shillong	S-Grade	Closed	3320	-
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	Closed	3570	-
	Vijayawada	S-Grade (With Duty)	Closed	3520	-
West Bengal	Kolkata	M-Grade	3480	3480	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3500	3500	Unch
	Dindigul	M-Grade (DCA)	3520	3520	Unch
	Coimbatore	M-Grade (DCA)	3620	3620	Unch
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

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)			21-Jul-21	20-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	Chaursa	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	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	NA	-
	Mandya	Achhu (Medium)	NA	3150	-
	Mandya	Kurikatu (Medium)	NA	3100	-
	Mandya	Other (Medium)	NA	3050	-
	Mandya	Yellow (Medium)	NA	3150	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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 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 dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.