

Sugar & Gur Domestic & International Fundamentals

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi by Rs.10-50 at Rs. 3200/q. Prices were firm in Kolhapur at Rs. 3075/q.

Bijnor sugar mill will focus on ethanol production. Around five sugar mills in the district have accelerated ethanol production. The mills have produced around 9,60,40,000 litres of ethanol, out of which 8,86,94,000 litres of ethanol have been sold, mills have paid 55 per cent of the money earned by selling ethanol to sugarcane farmers. The mills from the district have sold ethanol worth Rs 504.72 crore. Currently, for the coming season 2021-22 ethanol output is likely to increase as the government has emphasized its production.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhand, Uttar Pradesh, West Rajasthan, and Telangana. Heavy to very heavy rainfall at isolated places over West Madhya Pradesh, Gujarat region, Konkan & Goa and Heavy rainfalls at isolated places over West Uttar Pradesh, East Rajasthan, East Madhya Pradesh, Odisha, Saurashtra & Kutch, Ghat areas of Madhya Maharashtra, Telangana, Coastal & South Interior Karnataka, and Kerala & Mahe.

Previous Updates:

India's production is forecasted to reach 35.6 million tonnes by 2030. According to FAO Agricultural Outlook Report, World Sugarcane production is projected to grow by 1 percent per annum and reach 1,960 million tonnes by 2030 with Brazil and India anticipated to contribute 65 percent of the change in global output. Brazil Sugar production is projected to increase to 41.0 ml t, production in India is forecasted to reach 35.6 ml t by 2030.

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.

Philippines sugar production reached at 2.13 million metric tonnes. According to the Sugar Regulatory Administration (SRA), Sugar output in Philippines 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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Thursday, July 22 nd , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-21	210722	17.70	17.74	17.47	17.62	-0.05	40,680	416,286	+940
Mar-22	210722	18.10	18.15	17.89	18.08	-0.01	14,335	205,767	+194
May-22	210722	17.30	17.32	17.09	17.26	Unch	5,618	95,600	+239
Jul-22	210722	16.53	16.61	16.41	16.54	+0.01	3,706	83,363	+930
Oct-22	210722	16.08	16.23	16.07	16.17	+0.01	849	56,498	+147
Mar-23	210722	16.26	16.30	16.19	16.25	Unch	344	25,179	-14
May-23	210722	15.25	15.30	15.23	15.27	+0.04	271	11,841	+62
Jul-23	210722	14.49	14.56	14.49	14.52	+0.04	262	14,068	+9
Total Volume and Open Interest							66,429	920,665	+2,618

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Thursday, July 22 nd , 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210722	449.70	451.40	445.60	447.00	-3.40	3,344	38,049	-310
Oct-21	210722	461.30	464.70	460.60	461.60	-1.50	1,408	11,739	+280
Dec-21	210722	469.90	472.60	469.10	470.50	-0.50	538	9,692	+168
Mar-22	210722	465.10	468.70	464.40	466.50	+0.50	293	6,284	-68
May-22	210722	455.40	458.70	454.90	456.90	+0.60	148	4,474	+38
Total Volume and Open Interest							5,860	73,647	+204

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			23-Jul-21	22-Jul-21	
Delhi	Delhi	M-Grade	3200	3265	-65
	Delhi	S-Grade	3180	3245	-65
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	3200	3200	Unch
	Nagpur	S-Grade	3150	3150	Unch
	Kolhapur	M-Grade	3075	3075	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)	3570	3570	Unch
	Vijayawada	S-Grade (With Duty)	3520	3520	Unch
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)			23-Jul-21	22-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)	NA	3200	-
	Mandya	Kurikatu (Medium)	NA	3000	-
	Mandya	Other (Medium)	NA	3100	-
	Mandya	Yellow (Medium)	NA	3230	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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