

Sugar & Gur Domestic & International Fundamentals**Recent Update:**

Steady to firm tone were witnessed in Sugar & gur physical markets today in India. Sugar prices closed lower in Delhi, Khatauli by Rs. 20 to Rs. 3280/q. Prices are steady at Rs. 3150/q in Kolhapur and other markets.

The sugarcane farmers in Karnataka have demanded for a hike in sugarcane State advisory price (SAP) for 2020–21. The Fair and Remunerative Price (FRP) for sugarcane was increased by the government to Rs.2850 per tonne and the Karnataka farmers have demanded hike to Rs.3300 per tonne as the FRP is sufficient. As the farmers have been agitating and that could lead to problems in supply of sugarcane to the sugar mills in the state.

Weather Forecast:

Heavy rainfall very likely at isolated places over Kerala & Mahe and Tamilnadu, Puducherry & Karaikal. Thunderstorm with lightning very likely at isolated places over Nagaland, Manipur, Mizoram & Tripura, Rayalseema, Coastal & South Interior Karnataka, Kerala & Mahe and Tamilnadu, Puducherry & Karaikal.

Previous Updates:

The government is trying to promote ethanol production in the country, therefore, the cabinet has revised the ethanol prices for the supply to Oil Marketing Companies (OMCs). The price of ethanol from sugarcane juice or sugar and sugar syrup has been increased from Rs 59.48 to Rs.62.65 per litre. An increase in the price of ethanol from C heavy molasses also approved by the cabinet from Rs 43.75 to R.45.69 per litre and price of ethanol from B heavy molasses route from Rs 54.27 to Rs 57.61 per litre. This would help the sugar mills for the clearing of cane arrears for the sugarcane farmers.

Dry weather in Brazil could impact the sugarcane crop in the coming season (2021-22). According to the Brazil data, Centre-South cane crop expected to reach 575 MMT in the season starting from April 2021 to March 2022 as against 596 MMT in the current crop season amid adverse dry climatic conditions.

The sugarcane harvesting in Uttar Pradesh in few areas have been started and likely to commence crushing in the first week of November. The rainfall impact in Maharashtra has delayed cane crushing in the state. So far by the end of 3rd week of October, the sugar commissioner's office has issued 128 licenses while 71 are still pending for approval to the sugar mills. The festive season is likely to support the market for few days and the sugar traders are waiting for the next month's sugar sales quota to be released by the government by the end of October.

The Maharashtra State Cooperative Sugar factories Federation Ltd. has requested the government to approve the sugar mills to use alcohol produced from B- heavy molasses for selling and shall help in completely avoid producing C- heavy molasses. Also, the sugar mills should be allowed to sell alcohol, rectified spirit, extra neutral alcohol and denatured spirit from B-heavy molasses. This will reduce the problem of separate storage for B and C- heavy molasses. Currently, the central government has allowed alcohol produced from B-heavy molasses to be used only for production of ethanol. Sugar mills can make and sell alcohol and spirit made by using C-heavy molasses.

The retreating monsoon rains have damaged kharif crops in few districts of South Maharashtra and Karnataka (Belagavi). According to the preliminary reports, there is no significant damage to the sugarcane

crop so far. Standing crops including sugarcane from Pune, Sangli, Satara, Kolhapur and other parts of Maharashtra have been under water since last 4-5 days that could affect the sugar recovery in the state. Maharashtra this year is likely to be dependent on harvesting machines due to the shortage of labour.

The Maharashtra government is taking serious action against the sugar mills that have failed to clear the pending cane arrears. Around 190 sugar mills had applied for crushing licenses for season 2020-21. The government has granted licenses to only 90 sugar mills that have cleared the cane dues of the farmers. And 20 sugar factories had paid the cane dues in the past week after their licenses were put on hold.

The heavy rainfall in Maharashtra is expected to delay the crushing operations for 2020-21 sugar season. Karnataka is also facing difficulty to harvest cane due to the wet fields. Therefore, the crushing is likely to start by the end of 1st week of November in both the states while the mills in Uttar Pradesh expects crushing to start from 25th Oct'20.

After the introduction of the new Farm Bill, the farmers in Muzzafarnagar are able to sell jaggery anywhere out of the mandi without any tax. Now, a farmer does not have to pay tax where a tax of 2.5% was applicable if sold in mandi. Whereas, the mandi officials are in distress and appealing the government to remove mandi tax, if not they will be in huge loss as farmers would prefer selling without tax.

In Uttar Pradesh, the mills had diverted around 5LT cane to produce ethanol from B- molasses in 2019-20 season. And the mills are expected to divert around 6-10 LT this year (2020-21). One of the reasons for the increase in diversion is that the OMCs are directed to release the payment within 30 days and the central government's aid given to the distillery units for the expansion of ethanol production capacity. The state had offered 105 crore litre of ethanol to OMCs in 2019-20 season, of which 63.73 crore litre has already been supplied.

Pakistan likely to import 1.517 lakh tonnes of sugar to meet the domestic demand. According to private dealers, the sugar stocks of 0.445 million tonnes are available till 4th November'20 in Punjab and 0.565 million tonnes sugar would be available on 9th November'20 in Sindh. The sugarcane crushing in Punjab will start in the first week of November whereas the sugarcane crushing in Sindh would start by mid-November.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 20-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (DEC)	-	2989	2989	2989	2989	-	-
Spread	nt Dec(C1)						
Spot							

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume start.

Commodity	USD (\$/Tonne)	Change
Thai Sugar FOB 45 Icumsa	402.1	11.6

International Sugar Futures ICE (US Cent/lb)

Daily Futures Price Listing Mon November 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
21-Mar	201102	14.24	15.04	14.23	14.97	0.61	63,512	449,252	-11,002
21-May	201102	13.28	13.94	13.28	13.88	0.49	23,217	166,911	2,107
21-Jul	201102	12.76	13.28	12.73	13.19	0.37	16,616	132,845	90
21-Oct	201102	12.64	13.1	12.6	13.01	0.33	7,042	100,236	-45
22-Mar	201102	12.91	13.35	12.91	13.27	0.3	5,060	60,873	1,028
22-May	201102	12.55	12.86	12.49	12.79	0.25	2,777	40,158	58
22-Jul	201102	12.28	12.53	12.25	12.48	0.21	1,999	33,058	-204
22-Oct	201102	12.25	12.46	12.24	12.42	0.18	944	28,984	-40
Total Volume and Open Interest							123,604	1,032,880	-8,207

Source: MRCI

International Sugar Futures LIFFE (US \$/MT)

Daily Futures Price Listing Mon November 02, 2020									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
20-Dec	201102	389.9	403.1	387.8	402.1	11.6	5,416	29,494	-579
21-Mar	201102	390	404	389	402.8	11.7	4,246	31,442	616
21-May	201102	384.6	398.9	383.6	397.9	12.2	1,831	18,757	470
21-Aug	201102	374.6	387	373.5	386.1	9.8	350	11,220	21
21-Oct	201102	366.7	377.8	366	377.2	8.5	65	4,494	0
Total Volume and Open Interest							11,969	98,413	558

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
			3-Nov-20	2-Nov-20	
Sugar					
Delhi	Delhi	M-Grade	3280	3260	20
	Delhi	S-Grade	3260	3240	20
Uttar Pradesh	Khatauli	M-Grade	3100	3100	Unch
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3120	3120	Unch
	Dhampur	S-Grade Ex-Mill	3100	3100	Unch
	Dhampur	L-Grade Ex-Mill	3170	3170	Unch
Maharashtra	Mumbai	M-Grade	3426	3426	Unch
	Mumbai	S-Grade	3280	3280	Unch
	Nagpur	M-Grade	3275	3275	Unch
	Nagpur	S-Grade	3225	3225	Unch
	Kolhapur	M-Grade	3150	3150	Unch
	Kolhapur	S-Grade	3100	3100	Unch
Assam	Guhawati	S-Grade	3410	3410	Unch
Meghalaya	Shillong	S-Grade	3420	3420	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3600	3600	Unch
	Vijayawada	S-Grade (With Duty)	3660	3660	Unch
West Bengal	Kolkata	M-Grade	3750	3750	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3580	3580	Unch
	Dindigul	M-Grade (DCA)	3810	3810	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
			3-Nov-20	2-Nov-20	
Jaggery(Gur)					
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2875	2875	Unch
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	10000	-2000
	Muzaffarnagar	Khurpa (Fresh)	2450	2450	Unch
	Muzaffarnagar	Laddoo (Fresh)	2750	2750	Unch

	Muzaffarnagar	Rascut (Fresh)	2300	2300	Unch
	Hapur	Chaursa	2400	Closed	-
	Hapur	Balti	2450	Closed	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4400	4400	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)	3300	3350	-50
	Mandya	Kurikatu (Medium)	3200	3200	Unch
	Mandya	Other (Medium)	3150	3150	Unch
	Mandya	Yellow (Medium)	3450	3450	Unch
Shimoga/Shivamogga	Achhu (Average)	3600	3600	Unch	

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