

INDIAN SUGAR SECTOR

Sugar production estimates revised upwards for SY2024

March 2024



Agenda











Highlights



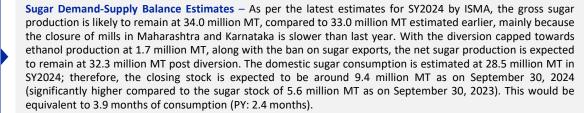


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ISMA has asked for additional diversion towards ethanol production in ESY2024, since the sugar closing stock is expected to remain sufficient.

Some moderation was seen in domestic prices to around Rs. 37-38/kg in December 2023-March 2024 due to the ongoing crushing season. International prices of raw sugar improved slightly in February 2024, while the prices of white sugar moderated in February 2024.







Sugar Production – Domestic sugar production stood at 25.5 million MT till February 29, 2024, for SY2024, 1% lower than the previous season in the same period. The dip is much lower compared to an earlier estimation mainly because in the current season the rate of closure of mills in Maharashtra and Karnataka is slower than last season, indicating longer season tail.



Domestic Sugar Prices – Domestic sugar prices (UP) remained firmed up at Rs. 39/kg in October-November 2023 on the back of lower sugar production expected for SY2024 and on account of the festive season. Some moderation was seen in domestic prices to around Rs. 37-38/kg in December 2023-March 2024 due to the ongoing crushing season.



International Sugar Prices – International prices of raw sugar improved slightly to \$515/MT in February 2024 compared to \$498/MT in January 2024, while prices of white sugar declined to \$635/MT in February 2024 compared to \$640/MT in January 2024. The premium between white and raw sugar stood at \$120/MT in February 2024, lower compared to \$142/MT in January 2024.



Ethanol – For ESY2024, around 267-crore litre of ethanol has been contracted of which 148-crore litre has been supplied till February 18, 2024 (i.e., ~55% of contracted quantity). Considering the feedstock-wise contribution, the share of sugarcane juice and B-heavy molasses, together, stood at 44% of the contracted and 61% of the receipts during the period.



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