

INDIAN SUGAR SECTOR

India achieves ethanol blending of 15.8% in July 2024, while cumulative ethanol blending at 13.3% in 8M ESY2024

August 2024



1 Domestic Demand-Supply Dynamics



2 Trend in Sugar Prices



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As per ICRA's estimate, net sugar production for SY2025 is estimated to be lower compared to the current season, mainly due to the expected higher diversion towards ethanol.

Domestic prices remained in the range of Rs. 38-39/kg, with the closure of the crushing season and are expected to remain firm till the start of the next season, mainly due to onset of the festive season.



Sugar Demand-Supply Balance Estimates – ISMA projects gross sugar production of 33.3 million MT in SY2025 against 34 million MT in SY2024. Post considering the ethanol diversion of 4 million MT, the net sugar production is likely to decline to 29.3 million MT. Since the closing sugar stock level may remain moderately high, post diversion, the clarity on the policy for allowing diversion beyond the expected level as well as allowing exports, remain the key monitorables for the sector.



Sugar Production – Net sugar production is expected to remain at 32.0 million MT, post diversion for SY2024. Domestic sugar consumption is estimated at 28.5 million MT in SY2024; therefore, closing stock is expected to be around 9.0 million MT as on September 30, 2024 (significantly higher compared to the sugar stock of 5.6 million MT as on September 30, 2023). This would be equivalent to 3.8 months of consumption (PY: 2.4 months).



Domestic Sugar Prices – Domestic sugar prices (UP) have remained in the range of Rs. 38-39/kg with the closure of the crushing season and are expected to remain firm till the start of the next season, mainly due to the onset of the festive season.



International Sugar Prices – International prices of raw sugar improved slightly to \$425/MT in July 2024 compared to \$423/MT in June 2024 while prices of white sugar declined to \$549/MT in July 2024 compared to \$560/MT in June 2024. The premium between white and raw sugar stood at \$124/MT in July 2024 lower than \$137/MT in June 2024.



Ethanol – In July 2024, India achieved an ethanol blending ratio of 15.80% and cumulative ethanol blending during November 2023-July 2024 stood at 13.3%. For ESY2024, 647 crore litre of ethanol has been contracted of which 461 crore litre has been supplied till July 2024.



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