

# INDIAN SUGAR SECTOR

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Monthly Update

SEPTEMBER 2022



*India may need to export 7.5-8.0 million MT of sugar for SY2023 to maintain closing stock at SY2022 levels which will support the domestic sugar prices.*

*Domestic sugar prices (UP) are currently trending at above Rs. 35/Kg with the onset of festive season. However, international prices moderated further in August 2022.*



**Sugar Demand-Supply Balance Estimates** – As per the preliminary ISMA estimates, gross sugar production (without considering ethanol diversion) is likely to increase to 40 million MT in SY2023 in the light of ~4.5% YoY higher acreage as well as better cane yields. However, with estimated diversion of 4.5 million MT of sugar towards ethanol production, net sugar production is expected at 35.5 million MT. Considering the slight increase in sugar production, India may need to export 7.5-8.0 million MT of sugar in the next sugar year to maintain closing stocks at SY2022 levels (estimated).

**Sugar Production** – Domestic net sugar production stood at 35.37 million MT (till July 15, 2022) in the ongoing crushing season, however, special season in Karnataka and Tamil Nadu is still in progress. This is ~98% of the total expected sugar production for SY2022 as per the recent ISMA estimates.

**Domestic Sugar Prices** – Domestic sugar prices (UP) are currently trending at above Rs. 35/kg after being largely stable at Rs. 34-35/kg over March 2022- July 2022 with the onset of the festive season. The average domestic sugar prices for 11M SY2022 were around 8% YoY higher at ~Rs. 34.7/kg.

**International Sugar Prices** – International prices of raw sugar moderated slightly to US\$398/MT in August 2022 compared to US\$404- US\$435 in March – July 2022. While the prices of white sugar trended upwards during April 2022- June 2022 despite the downward trend in raw sugar prices, the former improved to US\$546/MT in August 2022 compared to US\$534/MT in July 2022, though remained lower than ~US\$562/MT (the highest in past five years) in June 2022. With the improvement in white sugar prices, the premium between white sugar and raw sugar prices increased to US\$148/MT in August 2022 compared to US\$130/MT in July 2022.

**Ethanol** – Currently, average ethanol blending as on August 28, 2022 stood at 10.04%. Further, in YTD ESY 2023, OMCs have lifted the ethanol quantity more than the full-year quantity of ESY2022.

## 1 Domestic Demand – Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending



## 4 ICRA Ratings in the Sector





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