

INDIAN SUGAR SECTOR

**Slow start to the season with
delayed crushing, expected to pick
up as the season progresses**

NOVEMBER 2022



The Government has allowed an export quota of 6.0 million MT and the ISMA expects an additional 3.0 million MT in SY2023 to maintain closing stock at SY2022 levels, which will support the domestic sugar prices.

Domestic sugar prices (UP) are currently (October 2022-November 2022) trending at above Rs. 35/Kg due to the festive season. International prices of raw sugar improved slightly in October 2022.



Sugar Demand-Supply Balance Estimates – As per the preliminary ISMA estimates, gross sugar production (without considering ethanol diversion) is likely to increase to 41 million MT in SY2023 in the light of ~6% 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 36.5 million MT. Considering the slight increase in sugar production, India may need to export 9.0 million MT of sugar in SY2023 to maintain closing stocks at the SY2022 levels. The Government has allowed an export quota of 6.0 million MT and the ISMA expects an additional 3.0 million MT in SY2023.

Sugar Production – Domestic sugar production stood at 1.99 million MT till November 15, 2022, for SY2023 against 2.08 million MT during the same period in the previous season. This was mainly because several sugar mills in the western region started their operations late this season, resulting in slightly lower production till November 15, 2022.

Domestic Sugar Prices – Domestic sugar prices (UP) are currently (October 2022-November 2022) trending at above Rs. 35/kg after being largely stable at Rs. 34-35/kg over March 2022- July 2022 due to the festive season. The average domestic sugar prices for SY2022 were around 7% YoY higher at ~Rs. 34.8/kg.

International Sugar Prices – International prices of raw sugar improved slightly to \$403/MT in October 2022 compared with September 2022, though remained lower compared with \$404-435 in March – July 2022. While the prices of white sugar trended upwards during April 2022-June 2022 despite the downtrend in raw sugar prices, the former improved slightly to \$539/MT in October 2022 after the sharp decline to \$533/MT in September 2022 from \$546/MT in August 2022. With slight increase in white sugar prices, the premium between white sugar and raw sugar prices increased slightly to \$135/MT in October 2022 compared with \$132/MT in September 2022.

Ethanol – At present, average ethanol blending as on October 30, 2022, stood at 9.53%. Further, in YTD ESY2023, OMCs 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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