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COMMODITIES

ISO^{B6} predicts bigger global sugar surplus

LONDON: The global sugar surplus will be 5.1% bigger than previously forecast as output expands in India, the world's second-biggest producer, according to the London-based International Sugar Organisation.

"Production will exceed consumption by 4.73 million metric tonnes in the 12 months started on Oct 1," the ISO said in a report e-mailed yesterday.

That compares with an August estimate of 4.5 million tonnes.

"Output in India will rise by 1.5 million tonnes to 26.5 million tonnes because of a good monsoon," said Leonardo Bichara Rocha, a senior economist at the ISO.

"We've increased production in India and Thailand and reduced it in Brazil and the European Union, but the most significant increase was in India," he said by phone from London. "Production will be bigger with the good monsoon."

"Global sugar production will be 181.5 million tonnes, up from an August forecast of 180.8 million tonnes and 1.2% lower than last year," the ISO said.

That's the first decline in output since the 2008-09 season.

"Consumption will be 176.75 million tonnes, up 0.2% from the August forecast and 2.2% higher than a year earlier," the report showed.

"While sugar output in the European Union will drop 5.3% from the August forecast to 16.19 million tonnes, millers in Thailand, the second-biggest exporter, will produce a record 11 million tonnes, 2.8% more than previously forecast," the group estimates. "Producers in top-grower Brazil will make 41.1 million tonnes compared with 41.4 million tonnes."

"The fourth consecutive global surplus is falling from a record 10.6 million tonnes in 2012-13 and there are indications that the excess phase will end in 2014-15," the ISO said.

Prices, which dropped for five consecutive quarters through June, rebounded 7.2% in the three months ended Sept. 30.

"In the next season world sugar production may decline again by as much as two to three million tonnes, heralding the end of the surplus phase in the world sugar cycle," the ISO said. BLOOMBERG