

Source : **BANGKOK POST****60148111**

Date : 27 APR 2017, Page : ๐๘

No :

COMMODITIES

Sugar output expected to rise in 2017/18 crop year

SAO PAULO: Global sugar production should jump by 13 million tonnes in the 2017/18 crop year as the European Union, India and Thailand increase their outputs, independent consultancy F.O. Licht forecast on Tuesday.

"World sugar output is expected to reach 190.3 million tonnes compared to 176.9 million tonnes in 2016/17, causing the global sugar market balance to turn into a surplus of 2.8 million tonnes after two years of deficits," F.O. Licht projected.

The global sugar supply deficits of the last two years elevated prices for the sweetener to the highest in five years at above 23 cents per pound later last year.

Values have been falling since as the market already priced in a likely rebound in production. Raw sugar futures were trading close to 16.2 cents per pound in New York on Tuesday.

F.O. Licht's chief analyst Stefan Uhlenbrock said he did not expect prices to crash due to the jump in global sugar output, because stocks are still at a low level following the years of deficits.

"But the potential for sugar prices to increase have diminished," he said during a presentation at an international sugar and ethanol conference in Sao Paulo.

Brazil, the world's largest sugar producer, is not adding much to the global surplus.

Uhlenbrock said the country's top cane belt would produce only 300,000 tonnes more sugar in 2017/18 than in the previous season, as mills' investments in the fields remain timid.

Brazil's centre-south should produce 35.9 million tonnes in the new crop versus 35.6 million tonnes in 2016/17.

"Large increases are expected from India and the European Union," F.O. Licht said.

India is expected to produce 24.4 million tonnes from 20.3 million tonnes in the previous crop as the country recovers from a drought last year, while the EU's output is seen at 18.4 million tonnes in 2017/18, almost 3 million tonnes more than in 2016/17.

Uhlenbrock said the end of European sugar quotas is behind the large production increase. REUTERS "