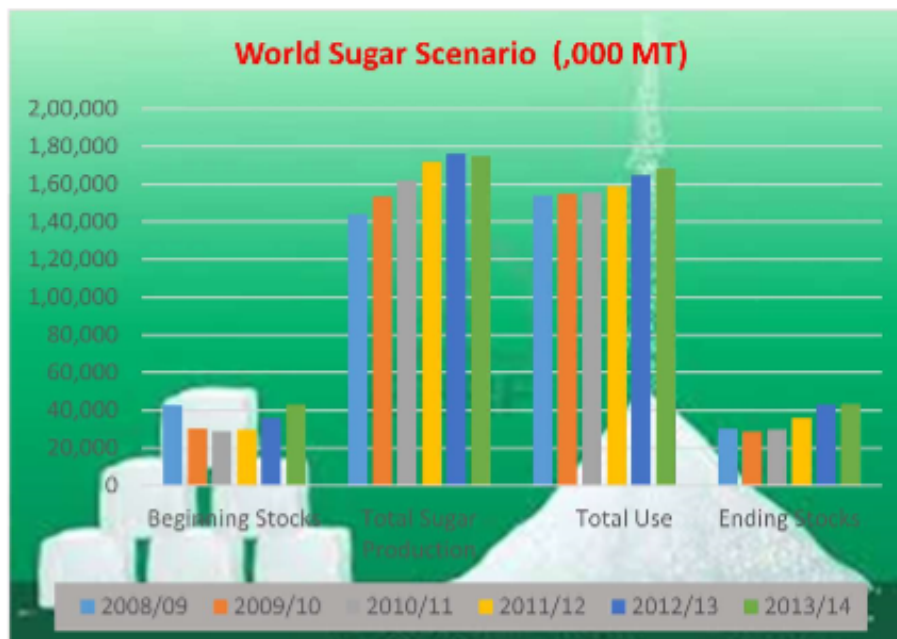


Sugar outlook 2014

Sugar prices fell in 2013 for a third successive year, undermined by a third successive season of production exceeding consumption, and the prospect of a fourth. However, the pace of price decline at least slowed, a little. Prices might have fallen further had Brazilian mills not turned more of their bumper cane crop into ethanol, leaving sugar output in the key Centre South region flat on that a year before. Furthermore, consumption has proved more resilient than many expected, prompting some downgrades later in the year of estimates for the production surplus in 2013-14.

Thailand, the world's second-biggest sugar exporter, may produce less sweetener this year than forecast as dry weather shrinks yields. Output may total 11 million metric tons in the year started November, less than the 12 million tons estimated

Indian production in the current 2013-14 cane crushing season has touched around 25 million MT. During 2011-12 and 2012-13, the sugar production had stood at 28.6 million MT and 27 million MT respectively.



Disclaimer: The views above expressed are purely based on personal opinion and may differ from future market trends. Any query regarding the commodity updated in this mail or any other Agri Commodity can be reported to us via mail at the given contact details.

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Opinion

Although the 2013-14 production surplus will probably be only half the size of the previous year, the sugar market will remain very well supplied for the time being. It is expected that there should be slight increase in sugar prices in the course of 2014.

Given the outlook for a further reduction of supply in 2014-15, there could be a moderate rise in prices in the course of 2014, as sugar prices in many producing countries are currently quoting below production cost.

After four years of surplus, the best that might emerge is a balance of supply and demand. Though, there is sharp increase in stockpiles to a record level over the last years, it is not going to scare anyone.