

**:: Today's Select Headlines**

Please click on the story headline to view the full story content below:

- [:: Traders most bullish since March](#)
- [:: INDIA: Maha cane availability falls again to 60.5 million tonnes](#)
- [:: UGANDA: Kakira Sugar targets 50MW of electricity production](#)
- [:: US: Audubon Society wants review of Everglades cane](#)
- [:: SOUTH AFRICA: 2012/13 sugar production seen down at 2.18 million tonnes](#)
- [:: THAILAND: Sugar premium seen sliding](#)
- [:: ICE sugar speculators boost net long positions again](#)
- [:: KENYA: Mumias to raise US\\$400 million for new mill](#)
- [:: UKRAINE: Ministry sees 2012/13 sugar production at 2.2 million tonnes](#)
- [:: UK: Sugarbeet samples showing mineral deficiencies](#)
- [:: INDIA: Food ministry mulling curbing sugar exports](#)

## Traders most bullish since March

Sugar traders are the most bearish in three months on speculation that drier weather will accelerate harvesting in Brazil, according to Bloomberg.

Ten of 16 analysts surveyed by Bloomberg said they expect raw sugar to drop this week and three were bullish. A further three were neutral, making the proportion of bears the highest since April 13. Sugar output in Brazil's center south, the biggest producing region, rose 2% in the first half of this month, industry group Unica said July 25. Cane-growing areas will be mostly dry through the start of August, according Somar Meteorologia, a Sao Paulo-based weather forecaster.

Prices rebounded from a 21-month low last month and entered a bull market on July 9 after rain in May and June delayed Brazil's harvesting and exports. Sugar is now poised for its worst weekly performance since March as the drier weather eased concern about the crop and refocused attention on the prospects for a glut. Czarnikow Group Ltd., which traded the commodity in 90 countries last year, is forecasting a second consecutive surplus in the season that starts Oct. 1.

"The harvest in Brazil is catching up and that is a good bearish signal for the market," said Jonathan Bouchet, a trader at Boman Capital SA, a Geneva-based hedge fund. "The weather in South America at the moment is adequate to harvest and ship, which will increase supplies and keep pressure on prices."

While raw sugar rose as much as 27% since June 4 on the ICE Futures U.S. exchange, futures are still 3.4% lower for the year at 22.5 cents a pound. The Standard & Poor's GSCI gauge of 24 commodities fell 1.2% and the MSCI All-Country World Index of equities gained 3.7%. Treasuries returned 3.1%, a Bank of America Corp. index shows.

Sugar also jumped in the past several weeks as India's monsoon, which brings 70% of the country's rain, was 22% less than average in the June 1-July 23 period, according to the national weather office. The monsoon deficit will probably narrow, the India Meteorological Department's Director General L.S. Rathore said yesterday. India is the world's second-biggest sugar producer.

Rains that delayed the harvest in Australia are ending, and should allow mills in the Burdekin area, accounting for 40% of the country's sugar output, to re-open by early this week, Australia & New Zealand Banking Group Ltd. said in a report yesterday. Australia is the third-biggest exporter.

Thailand, the second-biggest exporter, had 50% to 75% of its normal precipitation this month, according to Falls Church, Virginia-based Computer Sciences Corp., which provides services including tracking weather patterns using satellite data. That may ease as tropical storm Vicente brings more rain this week, the Thai Meteorological Department said July 24.

Global sugar stockpiles will reach a four-year high of 31.6 million metric tonnes by the end of the 2011-12 season and climb another 4.7% in the following year, according to the U.S. Department of Agriculture.

The commodity slumped 38% since reaching a 30-year high of 36.08 cents in February 2011 as farmers from Thailand to Brazil planted more cane. Global output will exceed demand by 8.4 million tonnes in the 2012-13 season, according to Czarnikow, which had sales exceeding \$3 billion in physical trading last year. Production in Brazil's center south from July 1 to 15 rose to 2.64 million tonnes, Unica said.

The changing weather in Brazil has yet to be reflected in speculative wagers in U.S. futures markets. Hedge funds and other money managers increased bets on a price rally in the six weeks ended July 17, U.S. Commodity Futures Trading Commission data show. They held a net-long position of 109,518 U.S. futures and options, the most since April 3.

China, the third-biggest user after India and the European Union, imported about 2.7 million tonnes from the start of the season in October through June, from 910,000 tonnes a year earlier, customs data show. The nation will import 3.1 million tonnes in 2011-12, the International Sugar Organization estimates.

---

## **INDIA: Maha cane availability falls again to 60.5 million tonnes**

The sugarcane availability estimate in Maharashtra has been further revised downward from 65 million metric tonnes by June-end to 60.5 million tonnes as of Friday, a decline of 4.5 million tonnes, according to India's Economic Times newspaper.

Sugar production may drop to 7 million quintals from 9 million quintals last year.

The state sugar commissionerate held a meeting of all the sugar co-operatives in the state on Wednesday to assess the cane availability. Maharashtra sugar commissioner Vijay Singhal said, "We now expect that the cane availability will be about 60.5 million tonnes. The reduction has come mainly because of absence of rainfall and diversion of cane for fodder." If the rainfall does not improve in next 15 days then the cane availability is likely to worsen further.

Maharashtra co-operation secretary Rajgopal Devara said, "Cane availability will be less this year as thousands of tonnes of sugar cane is being diverted for use as fodder. We will send our official first estimate of cane availability to the centre by the end of the current month." The co-operation department controls the sugar industry as most of the mills in the state are in co-operative sector.

Maharashtra had crushed 77.1 million tonnes sugarcane and produced about 9 million quintal sugar in 2010/11. This year, the area under cane has reduced from 1.005 million ha last year to 945,000 ha as of Friday. Maharashtra has been facing drought-like conditions from the beginning of the current year. Cane is being diverted on large scale for consumption as fodder. The industry has kept its fingers crossed and is expecting that a situation like 2003 does not come when the cattle camps had to be run through out the year.

As the dam water levels are critical and not sufficient even for drinking water purpose, dam water supply to agriculture has been stopped from over a month. As a result, the per hectare yield of the standing crop is expected to decline by 20% to 25%.

More decline in cane availability is in rain shadow districts like Solapur, Ahmednagar, Pune and Satara. KN Nibe, managing director, Shri Pandurang Sahakari Sakhar Karkhana from Solapur district said, "We expect the cane availability to decline by about 25% in Solapur district. There is negative water level in some of the major dams supplying water to our district." Cane availability in Solapur is expected to decline from 14.5 million tonnes last year to 10 million tonne as of Friday. Kolhapur, the main sugar producing district is likely to suffer less as the reservoirs have good water levels.

The sugar industry is expecting two possibilities about beginning of the crushing season. If the rainfall does not improve, then the mills have to start operations early from September because mills require water for running their boilers. If the rainfall improves, then the crushing season will begin by November-end, after Diwali gets over. Early crushing reduces sugar recovery while late crushing is good to extract maximum sugar from the cane.

---

## **UGANDA: Kakira Sugar targets 50MW of electricity production**

Kakira Sugar Works is targeting production of 50MW of electricity by June next year, Mayur Madhvani the managing director said last week, according to Uganda's New Vision newspaper.

"In December, we shall be generating 22MW meaning that we would be able to wire 10MW onto the national electricity grid," said Madhvani.

He, however, said their total electricity supply to the national grid will rise to 30MW in June, when they finish installing the new boiler machine.

Madhvani made the revelation last week while taking the energy ministry permanent secretary, Kabagambe Kaliisa, on a tour of the sugar factory.

He informed Kabagambe Kaliisa who was accompanied by officials from the Rural Electrification Agency (REA) that their electricity production currently stands at 14 megawatts.

Madhvani said the project uses bagasse (sugarcane waste) to produce the 14MW, of which 6MW is sold to the main grid.

"We started producing power from the sugarcane waste in 2005.

Over the years, we have established that this is so far the cheapest power source," he said.

According to Eng. Godfrey Werikhe, the REA boss, Kakira was one of the companies which received funds under the electrification for rural transformation to produce electricity through co-generation.

Kabagambe Kaliisa noted that the success of the cogeneration programme has been a result of the Government's efforts to support the private sector initiatives in a bid to generate power.

Kakira got a US\$3.3 million grant in 2008.

Madhvani explained that sugarcane is chopped into pieces and then moved into a series of crushing machines.

These are giant rollers which squeeze out juice.

"After production of sugar, the next consideration was how to utilise the waste fibre or bagasse.

The factory needs electricity and steam to run, both of which are generated using the fibre," said Madhvani.

Bagasse is burnt in large boilers, producing heat.

The heat is used to boil water and make high pressure steam.

The high-pressure steam is then used to drive turbines in order to make electricity and rotate the mills.

Madhvani asked for an incentive to be given out to all sugar factories that are engaged in electricity generation.

---

## **US: Audubon Society wants review of Everglades cane**

The Florida Audubon Society took on the state's largest sugar producers on Friday, challenging recently issued permits that allow the pollution control practices the companies use on 234,932 acres of farmland in the Everglades, according to the Florida's Palm Beach Post newspaper.

The permits were issued after the South Florida Water Management District approved the companies' "best management practices," procedures growers undertake to reduce pesticides, fertilizers, animal waste and other pollutants that flow off from their fields.

Audubon filed a petition with the district Friday for an administrative law judge to intervene and deny the permits. The petition will be sent to the Florida Division of Administrative Hearings to determine whether to appoint a judge.

"Everglades water quality goals can be met more quickly and at less cost to the public if the district adhered to state law and required operators of the dirtiest farms to implement additional cleanup measures," said Audubon president Eric Draper. According to Audubon, a 2007 law requires the district to impose additional management practices for farms that contribute high levels of phosphorus to local waterways.

"The district should have inventoried farms producing high levels of phosphorus and should have required these individual farms to do more," said Charles Lee, Audubon's Director of Advocacy.

Judy Sanchez, spokesperson for U.S. Sugar, said the existing practices work "extremely well" and that Audubon's accusations "sound like a broken record." Sanchez pointed to a recent report from the district that showed farmers in the 470,000-acre Everglades Agricultural Area achieved a 71% reduction in phosphorus leaving the farming region for the 2011/12 water year, almost three times better than required under Florida Everglades Forever Act.

"There are things that need to be done in the Everglades and the part that is working best is what the farmers are doing," Sanchez said. "There are so many other things that someone truly interested in the Everglades could spend their time and effort on."

The district cited also double-digit nutrient reductions during the best management practice program's 17-year-history, which has an overall average reduction of 55% - more than twice the amount required by state law.

However, Lee said the data are misleading.

"When the district trumpets a 71% reduction, you have to ask a reduction over what?" Lee said. The Everglades Forever Act requires a 25% annual reduction in phosphorus compared to baseline levels between 1978-1988 - a decade that saw very high phosphorus levels. The annual percent reduction cited by the district is an average of data collected from hundreds of farms throughout the region. Farms with high phosphorus loads are offset by farms with effective practices that put out small amounts of phosphorus, Lee said.

The goal is phosphorus levels below 10 parts per billion, he said. Some farms covered by the permit average as much as 400 parts per billion.

"For the farmers to crow about how well they're doing when individual farms are putting out 200 ppb and the standard is 10 ppb, I think that's a little disingenuous," Lee said.

---

## **SOUTH AFRICA: 2012/13 sugar production seen down at 2.18 million tonnes**

South Africa's 2012/13 sugar output is estimated at 2.18 million metric tonnes slightly down from a previous forecast of 2.188 million tonnes, according to Reuters.

Sugarcane crush was forecast at 18.728 million tonnes from 18.906 million tonnes, the South African Sugar Association said in a statement posted on its website.

---

## **THAILAND: Sugar premium seen sliding**

Green Pool Commodity Specialists says the premium buyers pay to obtain raw sugar from Thailand, the world's second-biggest exporter, slid over the past week as global demand for sweetener declines, according to Thailand's Bangkok Post.

Raw sugar from Thailand is at a premium of US\$2.60 a pound above the price on ICE Futures US in New York, the Brisbane-based researcher, said in a report e-mailed on Monday. Thai sugar was for sale at a premium of US\$3 to US\$3.20 a pound a week earlier. Raw sugar futures have climbed 7.6% so far this month in New York.

"Physical demand seemed to dissipate on the rally," Tom McNeill, a director at the company, said in the report, referring to rising futures. "Ramadan buying is over and Chinese buyers resold some center south Brazil cargoes."

Raw sugar futures climbed after above-average rainfall in May and June in Brazil, the world's largest producer, delayed the crop and shipments.

In India, the world's second-biggest producer and largest consumer, domestic sugar prices rose 1.6% over the past week to about US\$633 a tonne on concerns a lack of rainfall will hurt the crop, Green Pool said.

The monsoon, which accounts for 70% of India's annual rainfall, may be 15% to 20% below average in August, Harish Rawat, junior farm minister, said in New Delhi on Monday. The country's states have not yet declared a drought because of the poor rains, he said.

---

### **ICE sugar speculators boost net long positions again**

U.S. Commodity Futures Trading Commission data showed speculators increased their net long position on raw sugar contracts on ICE Futures U.S. to the highest level in nearly five months in the week to July 24, as the futures market jumped to a 3-1/2-month high, according to Reuters.

Noncommercial traders added 21,228 contracts, bringing their net long position in raw sugar futures and options to 83,382 contracts, the data showed, the highest level since March 4.

---

### **KENYA: Mumias to raise US\$400 million for new mill**

Kenya's biggest sugar producer, Mumias Sugar plans to raise US\$400 million for a new plant and cane plantation aimed at doubling profit in three years, according to Reuters.

Peter Kebati said Mumias had yet to structure the deal for its plan to produce 200,000 tonnes of sugar a year in Kenya's coastal region, where cane matures more quickly than in the west, where it currently produces 250,000 tonnes a year.

"We are thinking it will be something like, 50-70% debt and 30% equity," Kebati told Reuters, adding that there was interest from development finance institutions and other foreign investors.

He said raising equity would wait until after next year's election, widely seen as a possible flashpoint.

East Africa's biggest economy produces about 500,000 of the 850,000 tonnes a year of sugar that it consumes, importing most of the rest from east and southern Africa. Kebati saw demand rising to 1 million tonnes a year in 2015.

Mumias said costs would be 30% lower through larger scale production at its planned new project via the Tana and Athi River Development Authority in the coastal region, where cane matures in 10-12 months compared to 18-20 in western Kenya.

It plans a plantation of 16,000 hectares with about 4,000 large-scale outgrowers. It currently has 104,000 farmers with an average of 1 hectare each.

"That should see our bottom line go up significantly, double our profits around 2015," he said.

Favourable weather should lift profits for the year to the end of June, he said. First half profits rose by 4.5% to 1.3 billion shillings, while revenue fell 5% to just under 7 billion shillings. Its share price has gained 31% in the year to date.

Kebati said the quantity of cane crushed was seen rising 20% to 2.4 million tonnes in the 2012/2013 (July-June) financial year.

A new source of revenue from a new 22 million litres per year ethanol plant commissioned in June, is expected to account for about 10-15% of total revenues in the next year, while a 16 million litre per year water plant would add at least 5% to the bottom line, Kebati said.

---

## **UKRAINE: Ministry sees 2012/13 sugar production at 2.2 million tonnes**

Ukraine's Agriculture Minister Nikolay Prisyazhnuk said the country will produce 2.2 million metric tonnes of beet white sugar in the upcoming 2012/13 season, according to Agra-Net.

The National Association of Sugar Manufacturers (Ukrtsukor) has forecast the country to produce 2.0 million tonnes of beet white sugar in 2012/13, down 14.2% from a year ago.

---

## **UK: Sugarbeet samples showing mineral deficiencies**

The BBRO symptoms of magnesium and manganese deficiencies are showing up in sugarbeet samples sent to the Broom's Barn plant clinic, according to the UK's Farmers Guardian.

Magnesium deficiency symptoms include pale yellowing of the leaf between the veins and eventually leaf edges can blacken and disintegrate. In some cases this season, deficiency is a result of poor soil conditions or docking disorder preventing the uptake of the nutrient.

Yellowing caused by manganese deficiency can affect the whole interveinal space of the leaf. Manganese deficient crops are showing up on fen soils where planned manganese applications have not been possible because of soil conditions.

## INDIA: Food ministry mulling curbing sugar exports

Amid rising prices of sugar in the retail market, the Food Ministry is considering various options to check exports that include quantitative restriction and duty on outbound shipments, according to India's Moneycontrol.

Sugar prices have risen by INR3 (US\$0.05)/kg in the retail market here and is ruling at INR37-38 level on concern that deficient rains might affect sugarcane crop.

In May, sugar exports were freed and put under the Open General License (OGL). Before that, the government had allowed two million tonnes of exports in the 2011/12 marketing year (October-September).

"Sugar prices have risen recently. The ministry is thinking on options like putting a cap on exports at 3.5 million tonnes for this season, imposing export duty and abolishing import duty," a source said. Currently, there is 10% duty on sugar import.

The ministry does not want prices to rise further ahead of festival season, they added. The ministry had recently made an extra allocation of nearly 300,000 tonnes for sale in the open market during this quarter to check rising prices.

Sugar production of India, the world's second-largest producer, is estimated at 26 million tonnes in 2011/12 against 22 million tonnes of annual domestic demand.

The output is estimated to decline to 25 million tonnes in the next marketing year starting October 2012.

### :: Unsubscribe

If you wish to be removed from the Sugaronline Ebriefing mailing list please log in to <http://www.sugaronline.com>. Once you are logged in click 'Edit Details' on the top left hand side. Then untick the box that says 'Sugaronline Ebriefing' and you will be removed from this specific mailing list.

This data is proprietary and may not be copied, disseminated or used without the express written permission of Sugaronline.com

[ABOUT SUGARONLINE](#) | [USAGE AGREEMENT](#) | [ADVERTISING](#) | [CONTACT US](#)

Copyright © 1999-2012 Sugaronline.com. All rights reserved.