

NATION INFORMATION CENTER		Subject Heading :
Source : BANGKOK POST		
Date : - 6 MAY 2013	Page : B3	No : 56224241

Thai sugar output to approach record

SUPUNNABUL SUWANNAKIJ and AYA TAKADA B3

BANGKOK/TOKYO: Sugar output in Thailand, the world's second-largest exporter, will surpass a previous forecast and near a record after farmers increased cane planting, according to the Office of the Cane and Sugar Board.

Production may total 10.1 million tonnes in the crushing season that started Nov 15 from an all-time high cane output of 100 million tonnes, said Somsak Suwattiga, secretary general at the board. That compares with 9 million tonnes from a cane harvest of 90 million tonnes that he estimated on Feb 8, and the record 10.2 million tonnes in 2011-2012.

Increasing Thai supplies may widen a global glut that pushed the commodity into a bear market in September. Sugar has slumped 51% in New York since reaching a three-decade high in February 2011 as production from Brazil to Thailand and China increased and a global economic slowdown curbed demand.

"Production is higher than we previously expected as rice and cassava growers shifted to plant sugar cane," Mr Somsak said on Thursday. "These farmers didn't notify us in advance."

The area under cane rose to 10 million rai this season from 9.6 million rai in 2011-2012, he said. The cane harvest totalled 99.8 million tonnes as of May 1, yielding sugar of 10 million tonnes, according to the board.

Sugar production may total 10 million tonnes from a cane harvest of at least 100 million tonnes next season, Mr Somsak said.

Raw sugar for delivery in July fell 1.6% to 17.60 cents on the ICE Futures US in New York on Thursday. Futures lost 9.8% this year, extending two years of declines. A third year of losses would be the worst run since 1992.

Meanwhile, rubber prices declined last week as the yen strengthened and data signalled a slowdown in business activity in China and the US, the world's biggest users.

The contract for October delivery lost 1.1% to settle at 259.6 yen a kilogram (\$2,664 a tonne) on the Tokyo Commodity Exchange on Wednesday. Futures fell for a third month in April and have dropped 14% this year.

But crude rubber stockpiles held at Japanese warehouses rose 2% to 15,976 tonnes on April 20, according to the Rubber Trade Association of Japan. Thai rubber free-on-board also gained 39 satang to 82.90 baht a kg on Friday.

BLOOMBERG