

# WSO sees global sugar output dropping by 1.21% next season

**BITTERSWEET.** Market stares at a deficit of 2 million tonnes; raw sugar prices may rule firm around 25 cents/lb

**Subramani Ra Mancombu**  
Chennai

Global sugar production will likely drop by 1.21 per cent in the 2023-24 season starting October, while the market is projected to face a deficit of 2.118 million tonnes (mt), the International Sugar Organization (ISO) has estimated.

The organisation has projected sugar production in 2023-24 at 174.84 mt against 177.02 mt this season. Consumption may increase to 176.96 mt compared with 176.53 mt.

## FACTORS TO CONSIDER

This will result in a deficit of 2.118 mt against a surplus of 0.493 mt this season.

"There are a couple of factors to look into (the global scenario) such as how the rains play out in India in September and October and their impact on sugar production in the new season," said Uppal Shah, co-founder and CEO, AgriMandi.

Brazil is expecting a record crop, but again high crude prices could see higher diversion towards ethanol production.

The next couple of months are crucial, especially for India, he said.

There are reports of a cut in sugar exports but these are early days, he said, adding that January 2024 will be the ideal time to take a call for the rest of the season, Shah said.

Jose Orive, Executive



**IN DEFICIT MODE.** The organisation has projected 2023-24 sugar production at 174.84 mt against 177.02 mt this season

Director, ISO, told that raw sugar prices are expected to rule firm around 25 cents a pound (₹45,950/tonne).

On the InterContinental Exchange (ICE), New York, raw sugar prices are ruling at a 12-year high of 27.44 cents (₹50,425/tonne). A

lower Indian crop could be one of the reasons for ISO to peg global sugar production lower.

In July, the Indian Sugar Mills Association (ISMA) estimated sugar production at 31.7 mt but the Centre has said the assessment was "highly premature".

Brazil is expecting a record crop, but again rising crude prices could see higher diversion towards ethanol production. The next couple of months are crucial, especially for India

Industry sources, however, are pegging Indian sugar production for the next season at 30.4 mt with some, who have visited sugarcane regions in Maharashtra, pegging it lower than 30 mt.

This is against 32.9 mt production this season.

As regards India, with an opening stock of 5.7 mt total sugar supply is estimated at 36.1 mt (39.1 mt this season). Domestic consumption is projected to be 28.1 mt and exports seen at 1 mt, total demand could be 29.1 mt (33.5 mt including 6.2 mt exports). This will leave a carryover or ending stock of 7 mt next season.

## INDIAN SCENARIO

Praful Vithalani, Chairman, All India Sugar Traders Association (AISTA) said 2023-24 could see sugar production decline for the second consecutive year in India.

"In 2021-22, the total availability was 45.5 mt. In 2022-23, the total availability was 39.8 mt and in

2023-24, it can be 35.5-36 mt, 9 mt less in three years. Sugar production will be dropping after seven years," he said. Sugar production cycle is such that the output will fall two continuous years before recovering. "We have to see if it recovers in 2024-25," the AISTA Chairman said.

The general view is that sugar production could be 30-31 mt in 2023-24, with a 10-15 per cent error on either side, Vithalani said.

Industry sources who have their personnel on the ground report that in some parts of Maharashtra, the sugarcane crop has been affected due to deficient rainfall in August. "In some places, the plant has dried," said a source, who did not wish to be identified.