

Raw sugar prices rebound; coffee, cocoa up

By **RECORDER REPORT** on **March 24, 2020**

Raw sugar futures on ICE were higher on Monday, regaining some ground after their recent prolonged slide, while coffee and cocoa also rose. May raw sugar was up 0.12 cents, or 1.1%, at 11.03 cents per lb by 1508 GMT. The front month fell to a 1-1/2 year low of 10.44 cents last week.

Dealers said the pressure from fund selling had abated with a long position now liquidated, and the market may consolidate in the short-term. The scope for a rebound appeared limited however, with concerns that weakness in the ethanol market may prompt Brazil mills to use more cane to make sugar rather than the biofuel.

“The main focus of the market has been the virtual certainty that fuel usage in Brazil is likely to fall substantially and, if they go into lockdown as looks likely, it will collapse,” analyst Robin Shaw of brokers Marex Spectron said.

“That has very bearish implications for ethanol and therefore for sugar.” The recent fall in sugar prices could also however reduce the amount of sugar exported by India. India is likely to export 4.5 million tonnes of sugar in 2019/20, down almost a fifth from an earlier estimate, as a drop in global prices due to the coronavirus outbreak makes overseas sales unprofitable for mills, a senior industry official said.

May white sugar fell \$2.20, or 0.6%, to \$342.20 a tonne. May arabica coffee rose 0.05 cents, or 0.04%, to \$1.1975 per lb after climbing to a 2-1/2 month high of \$1.2490. Dealers said the market was underpinned by supply chain concerns linked to the spread of the coronavirus.

A union representing about 5,000 autonomous dock workers on Friday called on its members to vote on Monday on whether to hold a strike at Santos, Brazil's biggest port for the export of coffee, over concerns about coronavirus.

May robusta coffee was up \$7, or 0.6%, at \$1,251 a tonne. May New York cocoa rose \$19, or 0.85%, to \$2,249 a tonne with the market showing signs of consolidating after its recent slide. Dealers said an improving outlook for the mid-crop in Ivory Coast remained a bearish influence. May London cocoa was up 8 pounds, or 0.4%, at 1,840 pounds a tonne.

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