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Brazil sugar output seen lower after rain curbs yields

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Sugar output in Brazil's centre south, the biggest global producers' main growing region, will be lower than previously forecast after rains in May and June reduced yields, according to Usina Alta Mogiana SA.

Production will total 33.7 million tonnes in the 2013-14 season has begun there in April, the Sao Joaquim da Barra-based miller said in a recent report. That's down from a June forecast of 34.2 million tonnes.

Output will be smaller than the 34.1 million tonnes produced in the previous season, data from industry group Unica showed.

While millers will process 580 million tonnes of sugar cane, unchanged from the June estimate, yields will be 2.5 per

cent lower than anticipated, according to the report.

Producers will make 134.1 kg sugar for every tonne of cane crushed, Alta Mogiana estimated, against June's 137.5-kg projection.

Rains in May and June alongside a higher degree of harvest mechanisation are keeping sucrose content lower than previously forecast, Alta Mogiana said.

With only 30 per cent of the harvest still to be completed, it will be very hard to see sucrose content rise above last cycles, when it reached 135.6 kg a tonne.

Falling ethanol prices in the Brazilian market compared with sugar means local millers will direct 45.3 per cent of all cane crushed to making the sweetener at the expense of the biofuel, according to the report.

That's higher than the previous forecast of 44.8 per cent.

SUGAR FUTURES

The price of hydrous ethanol, used in flex-fuel cars, fell 9.8 per cent in Sao Paulo from this year's peak on April 19, according to data published by Cepea, a University of Sao Paulo research group.

Raw-sugar futures traded in New York gained 8.6 per cent over the past month on speculation of a smaller surplus.

Millers in centre south will make 24.8 billion litres ethanol in 2013-14, down from June's 25.7 billion-litre projection, according to the millers report.

Hydrous-ethanol output will be 14.2 billion litres and production of the anhydrous variety, blended into gasoline, will amount to 10.6 billion litres, Alta Mogiana forecasts.

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