

Sugar surplus seen dropping 63%

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The sugar surplus in India, the world's second-biggest producer and largest consumer, will fall by 63 per cent in the season starting in October as dry weather cuts local output, according to Olam International Ltd.

Supplies will be 1.5 million tonnes (mt) higher than consumption in 2012-13, according to the Singapore-based company. That compares with 4 mt in the current season, it estimates.

The monsoon, which brings about 70 per cent of India's rainfall, has been 12 per cent below a 50-year average since June 1, from a deficit of 29 per cent at the end of that month, according to the India Meteorological Department. Dry weather may cut local output to 24-25 mt, according to Olam. India is unlikely to export sugar in the fourth or first quarters as shippers wait until there is more clarity on the size of the crop, Olam said. While harvesting in Uttar Pradesh, the biggest cane growing State, may start earlier because the cane is ripe, the crop may be delayed in Maharashtra as farmers allow it to mature.