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India's Oct 1 sugar opening stocks to drop 21% on year to 11.5 mil mt: ISMA

Author [Brian Ng](#) ✉ [Ratnajyoti Dutta](#) ✉

Editor [Geetha Narayanasamy](#) ✉

Commodity [Agriculture](#)

Singapore — India's opening sugar stocks for the upcoming marketing year starting Oct. 1 is forecast to drop 21% due to a decline in production over the 2019-2020 season amid low rainfall.

According to the Indian Sugar Mills Association June 2, opening sugar stocks for the season starting Oct. 1 is forecast to fall to 11.5 million mt, reflecting a 21% decline from the previous marketing year over October 2019-September 2020.

The sugar marketing year for India, the world's second biggest producer after Brazil, runs from October to September.

India's sugar production from Oct. 1, 2019 to May 31, 2020 dropped 18% year on year to 26.82 million mt, according to ISMA. It expects the country's sugar output to hit 27 million mt in the current season which ends in September.

As of May 31, production in the north Indian state of Uttar Pradesh was down 6.5% year on year at 12.6 million mt. The western state of Maharashtra produced 6.1 million mt over the same period, down 43%, reflecting

the worst impact of the dry season in 2019. Karnataka produced 3.38 million mt until May, sliding 22% year on year.

Mills in northern and southern India are still producing sugar, while mills in the western region have stopped crushing cane for sugar production, an industry official said. In the north and south, sugar cane is still available for crushing while cane stocks for processing have already been exhausted in Maharashtra.

Several trade sources noted that exports in the current season could potentially be affected as cargo movements have been slow due to labor shortage amid the nationwide lockdown, and documentation issues.

"We are seeing some shipment delays since the lockdown [in India]. Some of our cargoes for June shipment might only be shipped out in July or August," a Singapore-based trader told S&P Global Platts.

According to Platts Analytics, total exports for 2019-2020 is estimated at 4.9 million mt, up 44% from 3.4 million mt in 2018-2019.