



**Rabobank**

*Media Release  
September 13, 2012*

## ***Global surplus in sugar production to weigh on prices***

While the Australian sugarcane harvest has improved significantly throughout the 2012 crushing period, a surplus in global sugar production will continue to weigh on international prices for the coming months, according to Rabobank's latest **Sugar Quarterly** report.

Rabobank sugar analyst Tracey Allen says the Australian crush is currently progressing well, with cane and sugar volumes up year-on-year.

"The Australian cane crush gathered pace during August after a very wet start to begin with, and around 13 million tonnes of cane or 40 per cent of the crop had been crushed to date," Ms Allen says.

"Sugar content is rising on a weekly basis and CCS (Commercial Cane Sugar Content) is currently highest in the Central Queensland region at 13.7 per cent for the year to date, improving to 14.4 per cent on a weekly basis as of week 14."

In the Burdekin, the country's largest growing region, Ms Allen says, the CCS has been "uncharacteristically low" at 13.3 for the year-to-date as a result of the wet start to the crush."

Rabobank expects Australian raw sugar production to rise over 10 per cent year-on-year in 2012 to 4.63 million tonnes, while cane production is expected to rise 13 per cent year-on-year to 32 million tonnes.

Ms Allen says the spring climate outlook for Australian cane-growing regions is favourable, with average to below-average rainfall expected and warmer-than normal temperatures.

"Despite the favourable outlook, the warm weather may start to constrain the CCS of cane, limiting sugar production," Ms Allen says.

"If crushing continues uninterrupted during spring, the risk of standover cane will reduce."

Internationally, Rabobank has revised the projected sugar surplus upwards for 2012/13, as India's monsoon appears to have recovered somewhat, and the growing consensus suggests that cane production in Brazil's Centre/Southern region in the 2013/14 season (part of which falls in the 2012/13 international crop year) could see a significant increase over the 510 million tonnes already expected this season.

"Global stocks and the stocks-to-consumption ratio have risen, with India, China, the EU, Russia, Guatemala and Pakistan among others, contributing to an increase in global sugar production of some eight per cent from 2010/11 to 2011/12," Ms Allen says.



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“The end of the 2011/12 international crop year then sees a far more comfortable global stocks-to-consumption situation than that of the two preceding crop years. The price cycle has also followed suit – declining as supply has risen.”

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