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Sugar Drops to Three-Month Low in N.Y. on Signs of Supply Gains
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By Debarati Roy

March 2 (Bloomberg) -- Raw sugar slid to a three-month low in New York, extending a slump from a 29-year high last month, as output increased in Brazil and India, the top producers.

India's sugar output rose 5.5 percent in the five months ended Feb. 28 as late rains improved cane yields in the state of Maharashtra, the Asian nation's biggest producer of the sweetener, Vinay Kumar, the managing director of National Federation of Cooperative Sugar Factories Ltd., said today.

"It's basically becoming clearer that the supply situation is improving in India and also in Brazil," said Hank King, the managing director of Trendphonic Futures Trading LLC in Chicago.

"People buy on rumors and sell on facts."

Raw-sugar futures for May delivery declined 0.37 cent, or 1.7 percent, to 21.89 cents a pound at 9:50 a.m. on ICE Futures U.S. in New York, after earlier touching 21.51 cents, the lowest price for a most-active contract since Nov. 27.

Before today, sugar declined 27 percent from a 29-year high of 30.4 cents reached on Feb. 1. The commodity more than doubled last year as adverse weather curbed output in India and Brazil.

Output in Brazil's Center South region, the most productive in the world for sugar, more than doubled in the first half of February, compared with a year earlier, industry group Unica said last week.

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