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Sugar Falls to Seven-Month Low on Signs of Higher Indian Output 2010-03-10 10:59:22.713 GMT

By Rudy Ruitenberg

March 10 (Bloomberg) -- Sugar fell for a third day in London to the lowest level in seven months on indications that production may top expectations in India, where a deficit helped to lift prices last year.

Improved cane yields may boost Indian output to 16.8 million metric tons in the year through September, above a prior 16 million-ton estimate, Vivek Saraogi, president of the India Sugar Mills Association, said yesterday.

White, or refined, sugar for May delivery fell as much as $36, or 6.5 percent, to $519.30 a ton on NYSE Liffe in London, the lowest price since August. It was at $526 at 10:41 a.m. local time. The most-active sugar contract has dropped 27 percent this year after more than doubling in 2009.

“We’ve run out of adjectives for the punishment sugar has taken,” Scott Briggs, a strategist at Australia & New Zealand Banking Group, said in a comment. The recent slide “was driven by comments from an Indian official that production may be closer to 17 million tons than the previously expected 16 million tons.”

Raw sugar for May delivery traded on ICE Futures U.S. in New York dropped 5.5 percent to 19.20 cents a pound.

Thailand, the second-largest exporter, may harvest a record sugar crop next year after farmers boosted planting in response to climbing global prices, the Thai Sugar Millers Corp. said this week.

Cocoa for May delivery fell 0.2 percent to 2,147 pounds ($3,201) a ton on NYSE Liffe. Robusta coffee for May delivery declined 0.2 percent to $1,242 a ton.

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