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Sugar Advances as Thai Repurchase Adds to Demand Speculation
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By M. Shankar

July 13 (Bloomberg) -- Sugar rose for a second day in London as Thailand repurchased the sweetener for the first time in more than 30 years, fueling speculation that demand will stay strong as buyers add to stockpiles.

Thailand bought back 74,350 metric tons of domestic-origin sugar from traders today to meet local demand. Global inventories probably will be 33 percent of consumption, equal to 119 days, in the year to Sept. 30, down from 139 days last year and 170 days the year before, said Stefan Uhlenbrock, an analyst at researcher F.O. Licht.

"Global stocks have run down to the lowest level in two decades," he said in an interview. "This is a major cause for the firm sugar price."

White, or refined, sugar for October delivery advanced as much as \$9.40, or 1.8 percent, to \$528 a ton on the Liffe exchange and was at \$526.20 at 10:59 a.m. local time. The August contract is at a premium of \$90.50 to October-delivery sugar, a so-called backwardation that may signal limited supplies.

Raw sugar for October delivery climbed 0.4 percent to 17.16 cents a pound on ICE Futures U.S. in New York.

Thailand is the world's second-biggest exporter of sugar after Brazil.

Cocoa for September delivery gained 8 pounds, or 0.3 percent, to 2,394 pounds (\$3,615) a ton on Liffe, the third increase in a row. Robusta coffee for September delivery advanced \$15, or 0.9 percent, to \$1,720 a ton.

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--With assistance from in Supunnabul Sunwaankikj in Bangkok.

Editors: Dan Weeks, Claudia Carpenter.

To contact the reporter on this story:

M. Shankar in London at +44-20-7073-3487 or mshankar@bloomberg.net.

To contact the editor responsible for this story:

Claudia Carpenter at +44-20-7330-7304 or ccarpenter2@bloomberg.net.