

THE HINDU BUSINESS LINE Business Line

Sugar continues to seek new highs

Bloomberg

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White sugar rose for a fifth day in London to the highest level in at least two decades on speculation a global supply shortfall will buoy demand and sustain prices.

The price for immediate delivery at Vashi, India's biggest wholesale market, advanced to the highest level since at least July 2005, data compiled by Bloomberg showed.

STOCK-CRUNCH

"The gains in Vashi signal one thing," Mr Amol Tilak, an analyst at Mumbai-based Kottak Commodity Services Ltd, said by phone. "There's a stock-crunch situation in India, and prices are expected to remain firm for at least one year."

White sugar for March delivery rose as much as \$7.30, or 1 per cent, to \$729 a tonne on the Liffe exchange, the highest since at least 1989.

The contract was at \$728.90 at 11:39 a.m. local time.

Prices at Vashi climbed 3.5 per cent to Rs 3,869.15 a quintal. "Sugar at the market is priced to bridge the gap between the imported price and the domestic price," Mr Tilak said.

Raw sugar for March delivery climbed 1.7 per cent to 28.09 cents a pound on ICE Futures US in New York.