

White Sugar Gains to 3-Month High Before Delivery; Coffee Rises  
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By Isis Almeida

June 25 (Bloomberg) -- White, or refined, sugar climbed to a three-month high in London on speculation about limited supplies that can be delivered to NYSE Liffe when the August contract expires next month. Coffee advanced.

The premium white sugar for August delivery commands over the October futures more than doubled over the past week to \$27.50 a metric ton, data compiled by Bloomberg show. That market structure, in which earlier contracts are priced higher than later ones, is known as backwardation and may signal limited supplies. The August contract expires on July 16.

"There are some concerns about deliverable supplies,"

Arthur Liming, a futures specialist at Citigroup Inc. in Chicago, said in a report e-mailed yesterday. There are "concerns that deliveries from Thailand and Mexico will be lighter than expected."

White sugar for August delivery jumped 1.3 percent to \$517.50 a ton by 10:55 a.m. on NYSE Liffe in London, after earlier today climbing to \$518.50 a ton, the highest since March 26. Raw sugar for delivery in October gained 0.8 percent to 17.28 cents a pound on ICE Futures U.S. in New York.

The premium for white sugar over the raw variety gained to \$136.30 a ton, the highest for the most active contracts since July 2. A week ago, the premium was \$113.30 a ton. The white premium and the structure of the white sugar market "persuades us that white sugar is in deficit," Robin Shaw, an analyst at London-based broker Marex Spectron Group, wrote in a report yesterday.

#### Price Gap

In New York, the price gap between raw sugar for July delivery and the October contract widened after narrowing in the past week. July futures were 0.17 cent a pound cheaper than October futures compared with 0.13 cent a pound yesterday and 0.3 cent a pound a week earlier. The July futures expire on June 28.

Sugar cane growing areas in Brazil, the world's largest producer, will get harvest-disrupting rain this week, Sao Paulo-based Somar Meteorologia said in a report e-mailed yesterday. A cold front will bring plentiful rain from Rio Grande do Sul to Mato Grosso do Sul and Sao Paulo, complicating field work this week, the weather forecaster said.

Robusta coffee for delivery in September gained 0.1 percent

to \$1,763 a ton on NYSE Liffe. Arabica coffee for delivery in September gained 0.7 percent to \$1.21 a pound on ICE. Cocoa for September delivery was unchanged at 1,428 pounds (\$2,204) a ton in London. Cocoa for September delivery was up 0.3 percent to \$2,155 a ton in New York.

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--Editors: Claudia Carpenter, John Deane

To contact the reporter on this story:

Isis Almeida in London at +44-20-3216-4647 or

[ialmeida3@bloomberg.net](mailto:ialmeida3@bloomberg.net)

To contact the editor responsible for this story:

Claudia Carpenter at [+44-20-7330-7304](tel:+44-20-7330-7304)

[Ccarpenter2@bloomberg.net](mailto:Ccarpenter2@bloomberg.net).