

Weather and Market Discussion



Aside from all of the volatility we have seen in sugar over the last month, it is useful to take a step back and look at the larger picture into 2010. Over the course of the last several months, we have been seeing a shift from a global weather pattern dominated by La Nina conditions to one entering an El Nino scenario. Surface waters in the Pacific Ocean have been gradually transitioning from cool to warm, and as of early September, there is a pronounced warm surface water anomaly which extends across much of the equatorial Pacific. Further, the Southern Oscillation Index (SOI),

which is a measure of the pressure differential between Darwin and Tahiti, has turned negative in three of the last four months. So what does this mean for a potential rebound next year for Indian sugar? Actually, the outlook should be somewhat cautious. Typically, an El Nino event coincides with dryness for India, particularly in the primary sugarcane growing regions across Uttar Pradesh. If this is the case, the estimate for Indian sugarcane production (around 16 mmt) for the current crop year may not see much of an increase next year without the help of significantly expended plantings.

Daily Sea Surface Temperature vs Previous Year (13 SEP 2009)

