COMPARATIVE PERFORMANCE OF THE SUGAR INDUSTRY DURING THE QUARTER APRIL - JUNE OF 2014 AND 2013

I. INTRODUCTION

The sugar industry recorded 7% increase in sugar production during the period April - June 2014 compared to the same quarter last year.

Total sales for the quarter were 153,225 tonnes against 118,481 tonnes in the same period of 2013, an increase of 29%. The quarter ended with closing stock of 20,202 tonnes against 19,205 tonnes in the same period last year.

II. AGRICULTURE PERFORMANCE*

a) Area Under Cane

Total area under cane as at the end of June 2014 was 216,463 hectares compared to 208,529 hectares in the same period last year, an increase of 3.8%. For more details, refer to Figure I and Tables 3-14.

b) Area Harvested and Cane Delivered

A total of 19,632 hectares were harvested in April - June 2014 compared to 18,257 hectares in the same period of 2013, an increase of 7.5%. For more details, refer to Figure II and Tables 3-14.

During the period under review, cane deliveries increased by 3% to 1,479,321 tonnes from 1,441,876 tonnes in the same quarter in 2013. Cane deliveries were constituted as follows; the Nucleus Estates 7%, Outgrowers' farms 55% and Non-Contracted farms 38%. Refer to Figure III and Tables 3-14 for more details.

Excludes data on area harvested in the West Kenya sugar zone.

c) Cane Yields

Average cane yield for the quarter was 47.09 tonnes per hectare compared to 54.08 tonnes per hectare in the same period in 2013, a decrease of 13%. The best cane yield was realized in the Transmara Sugar zone with an average of 93.02 tonnes per hectare while the lowest sugar cane yield was in Mumias sugar zone with 34.66 tonnes per hectare. For more details refer to Table B.

III. SUGAR YIELDS*

Sugar yield for the industry in the period April - June 2014 was 4.18 tonnes per hectare compared to 4.74 tonnes per hectare realized in the same quarter last year, a decrease of 12%.

Transmara sugar zone recorded the best sugar yield with 9.65 tonnes per hectare followed by Nzoia sugar zone with 8.04 tonnes per hectare, while Mumias sugar zone recorded the lowest at 2.94 tonnes per hectare. For more details refer to Figure IV and Table C.

Excludes data on area harvested and cane/sugar yields for the West Kenya sugar zone

IV. FACTORY PERFORMANCE

a) Time Account

Overall, total actual grinding time for the review period was 12,525 hours against the available time of 24,024 hours, giving an overall time efficiency of 72.04% against the expected of 82% compared to the overall time efficiency of 66.68% recorded in the same quarter of 2013.

Transmara sugar factory recorded the highest overall time efficiency of 97.92%, while Soin sugar factory had the lowest with 37.42%.

Overall, total unscheduled stoppage due to cane shortage was 2,027 hours compared to 2,703 hours caused by factory breakdowns. For more details refer to Tables 31-42.

b) Cane Crushed, Sugar Made and Rendement

During the period April - June 2014, total cane crushed was 1,533,090 tonnes to make 135,468 tonnes of sugar at an average sugar rendement of 8.84% (TC/TS 11.32) compared to 1,479,009 tonnes of cane crushed to make 127,674 tonnes of sugar at a rendement of 8.63% (TC/TS 11.58) in the same period last year.

During the review period Sukari Sugar Company recorded the best sugar rendement with 10.51% (TC/TS 9.51) while Soin sugar factory had the lowest with 5.50% (TC/TS 18.19). *Soin sugar factory is operating an open pan sulphitation system which has low extraction efficiency. For more details refer to Tables A and 15-26.*

b) Sugar Production

During the period under review, a total of 134,238 tonnes of sugar were bagged compared to 125,185 tonnes realized in the same period last year, an increase of 7%.

c) Sugar Sales and Closing Stocks

A total of 153,225 tonnes of sugar were sold locally during the quarter, compared to 118,481 tonnes sold in same period last year, an increase of 29%.

The quarter ended with a closing stock of 20,202 tonnes against 19,205 tonnes in the same quarter last year giving a decrease of 5%. Refer to Tables 1, 15 - 26 for more details.

V. LOCAL MARKET

a) Cane Prices

In the review period, sugar cane prices ranged between Kshs. 2,900 and 3,400 with quarterly average of kshs. 3,085 per tonne compared to kshs. 3,751 in the same period of 2013, a price decrease of 18%. *For more details refer to Table 44.*

b) Ex-Factory Molasses Prices

Ex-factory molasses prices for the period April - June 2014 ranged between kshs. 4,050 and 8,000 with quarterly average of kshs. 5,953 per tonne compared to kshs. 5,257 per tonne realized in the same quarter last year, a price increase of 13%. *For more details refer to Table 45.*

c) Ex-Factory Sugar Prices

Ex-factory sugar prices traded in the range of kshs. 2,900 and 3,700 with a quarterly average price of kshs. 3,489 per 50 kg-bag (kshs. 69,780 per tonne). During the same period last year, the prices ranged between kshs. 4,300 and kshs. 6,100 with quarterly average of kshs. 4,938 per 50 kg-bag (kshs. 98,760 per tonne), a price decrease of 29%. *For more details refer to Tables D and 46.*

d) Wholesale Sugar Prices

Wholesale sugar prices traded in the range of kshs. 3,200 and kshs. 4,000 with a quarterly average of kshs. 3,713 per 50-kg bag compared to a range of kshs. 4,600 and 5,800 with quarterly average of kshs. 5,050 per 50-kg bag observed in the same period last year, a decrease of 26.5%. *For more details refer Tables D and 47.*

d) Retail Sugar Prices

During the quarter, retail sugar prices traded in the range of kshs. 70 and kshs. 135 with a quarterly average of kshs. 107 per kg compared to a range of kshs. 100 to kshs. 150 and a quarterly average of kshs. 126 per kg observed in the same period last year, a price decrease of 15%. *For more details, refer to Tables D and 48.*

VI. FOREIGN TRADE

a) Sugar Imports

Total Sugar imports during the quarter were 28,891 tonnes compared to 61,260 tonnes observed in the same period of 2013, a 52.84% decrease.

COMESA FTA countries supplied Kenya with 100 tonnes of sugar being 0.35% of the total imports. *For more details refer to Tables E (i), (ii), (iii) and 1.*

CIF Mombasa landed price of imported Sugar opened the quarter (April – June 2014) at a monthly average of kshs. 49,402 per tonne and took an upward trend to close the month of June at kshs. 53,321 per tonne.

b) Sugar Exports

Total sugar exports during the quarter April - June 2014 were 89.52 tonnes compared to 25 tonnes in the same period last year, giving a 258% increase in exports. *For more details, refer to Tables F and 1.*

VII. WORLD SUGAR MARKET HIGHLIGHTS

During the review period the London Daily Price (LDP) for raw sugar traded in the range of US$ 380.38 to US$ 415.80 with quarterly average of US$ 396.44 per tonne compared to a range of US$ 369.17 to US$ 403.77 and quarterly average of US$ 385.77 per tonne realized in the same period last year, an increase of 3%.

The London Daily Price (LDP) for white sugar traded in the range of US$ 468.19 to US$ 495.00 with a quarterly average of US$ 474.15 per tonne compared to a range of US$ 468.4 to US$ 512.05 with a quarterly average of US$ 488.70 per tonne realized in the same period last year, a price decrease of 3%. *For more details, refer to Table 49.*