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SOFTS-ICE arabica coffee run-up stalls, sugar edges higher

Thu Apr 23, 2015 1:02pm GMT

* Brazil currency trends remain key focus in coffee, sugar

* Cocoa weighed by demand concerns, Asia grind awaited

By Nigel Hunt

LONDON, April 23 (Reuters) - Arabica coffee futures on ICE retreated slightly on Thursday from the prior session's two-week high while raw sugar futures edged up.

Dealers said both markets had derived support recently from a slight strengthening in Brazil's real but there were concerns the respite may prove short-lived and the currency could soon resume its long-term slide.

July arabica futures on ICE were off 1.30 cents or 1.9 percent at \$1.4235 per lb by 1237 GMT. The contract rose to a two-week high of \$1.4725 on Wednesday.

"The depreciation of Brazil's real puts lots of pressure on coffee and sugar," said Romain Lathiere, head of dealing at Diapason Commodities Management in Lausanne, Switzerland.

"We could see another move down (in the real). That will maybe drive coffee and sugar as well to the downside."

A weaker real would make prices more attractive to growers in Brazil, the world's top producer of coffee and sugar, and encourage more use of cane to produce sugar rather than ethanol, a trend also encouraged by low energy prices.

July robusta coffee fell \$20 or 1.1 percent to \$1,821 a tonne.

May raw sugar was up 0.04 cent or 0.3 percent at 12.70 cents a lb.

Prices of the sweetener have recovered slightly after falling to a six-year low last month.

Jean-Luc Bohbot, group head of sugar at Wilmar, told Reuters in an interview on Thursday that he sees scope for prices to rise given indications of inclement weather and the financial challenges faced by mills in Brazil.

"In Brazil, at least 30 percent of the industry is in a critical situation, where they have no cash to pay the bills and they certainly don't pay the banks any more, close to what in America we would call a Chapter 11," he said.

August white sugar futures were up \$0.90 or 0.25 percent at \$361.30 per tonne.

Cocoa futures declined slightly with July London off 6 pounds or 0.3 percent at 1,918 pounds a tonne and July New York down \$12 at \$2,770 a tonne.

Dealers were awaiting first-quarter grind data from Asia that may be released this week to see whether it provides further evidence of weakening demand.

Europe's Q1 grind fell 1.6 percent year-on-year, while the North American grind was down 5.8 percent. (Additional reporting by Colin Packham in Sydney; Editing by Dale Hudson)

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