



The European Association of Sugar Traders

Meeting of the Expert Group on Sugar Market Observatory

9 FEBRUARY 2021



MARKET DEVELOPMENTS

SUGAR PRICES REGAINED GROUND

March'21 (LDN#5:472USD/TO, NY#11: 16.3 C/LB)

- oil prices reached pre-pandemic levels,
- lower production in some key producing countries
- strong demand from ASIA
- long term futures on commodities

BRAZIL

- sugar/ethanol ratio: 46% / 54% (last year: 34.48%)
- CS production: 38.2 million tons (+44%)
- rains below normal levels – exp. low yields in 2021/22
- ethanol prices may divert sugar cane from sugar
- weak REAL push up export volumes

INDIA

- sugar production: 30.2 million tons (slightly lower)
- late export subsidies: 35 million rupees (475 mill. USD)
- export: 6 million tons (2.5 million contracted)
- delivery issues – containers' availability
- strong demand from ASIA's markets (Indonesia, China)
- production increase in 2021/22: 36.5 million tons (?)
- ethanol prices may divert sugar cane from sugar

THAILAND

- lowest output in decade: 7 million tons
- good premises for next crop: + 30 MMT of cane
- higher cane prices => higher acreage in view

WORLD MARKET DRIVERS

- ✓ IMPROVED VACCINATION RATE
- ✓ CONSUMPTION'S RECOVERY
- ✓ INVESTORS LONG SALES ON COMODITIES
- ✓ BRENT QUOTATIONS
- ✓ ETHANOL DEMAND
- ✓ TRANSPORT AVAILABILITIES
- ✓ PRODUCTION NEGATIVELY IMPACTED BY WEATHER/PEST
- ✓ SUGAR CONSUMPTION
- ✓ ASIA'S DEMAND
- ✓ THIRD OR FOURTH COVID'S WAVES
- ✓ NEW MUTATIONS OF VIRUS
- ✓ SEVERE CONTAINMENT AND QUARANTINE
- ✓ REVIVAL OF THAILAND'S OUTPUT
- ✓ INCREASE OF SUPPLY IN INDIA
- ✓ SPECULATIVE FUNDS DUMP LONG POSITION
- ✓ WEAK REAL/STRONG USD
- ✓ MILD "LA NINA"



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