

*ISO – World Sugar Market*

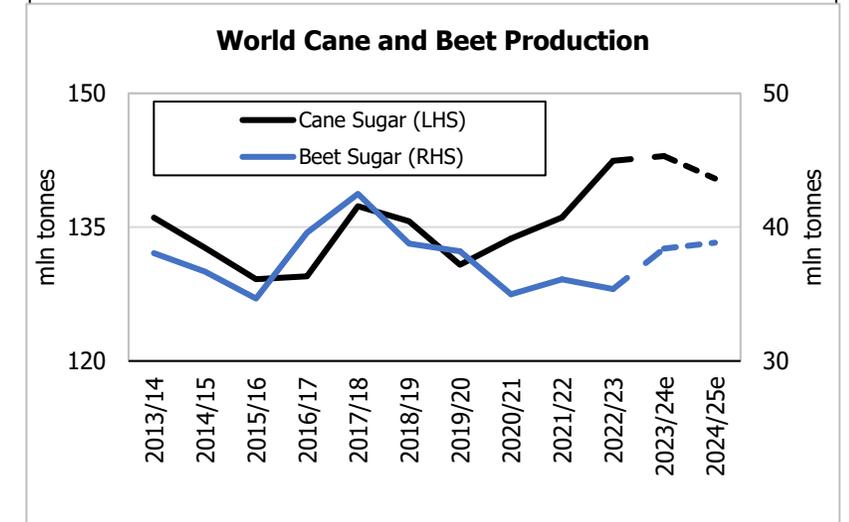
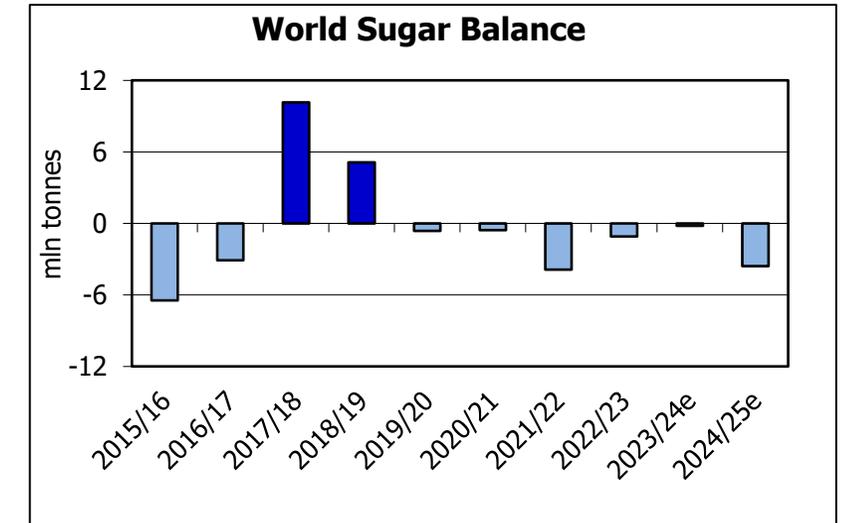
*EU Market Observatory*

*September 12th, 2024*



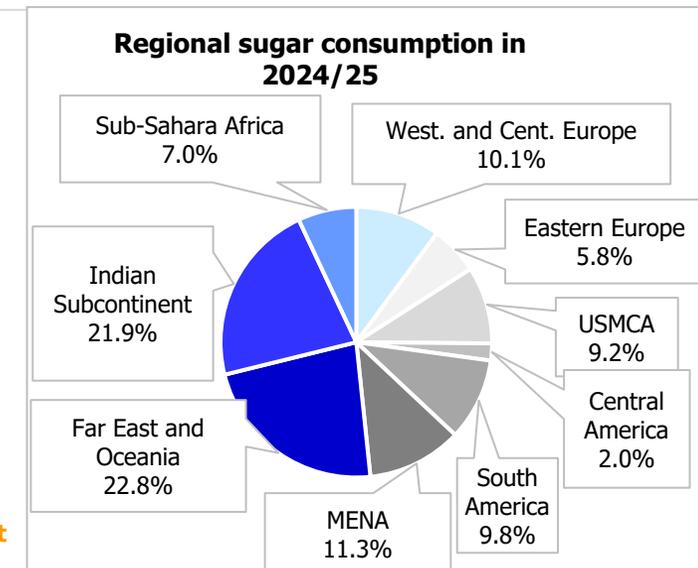
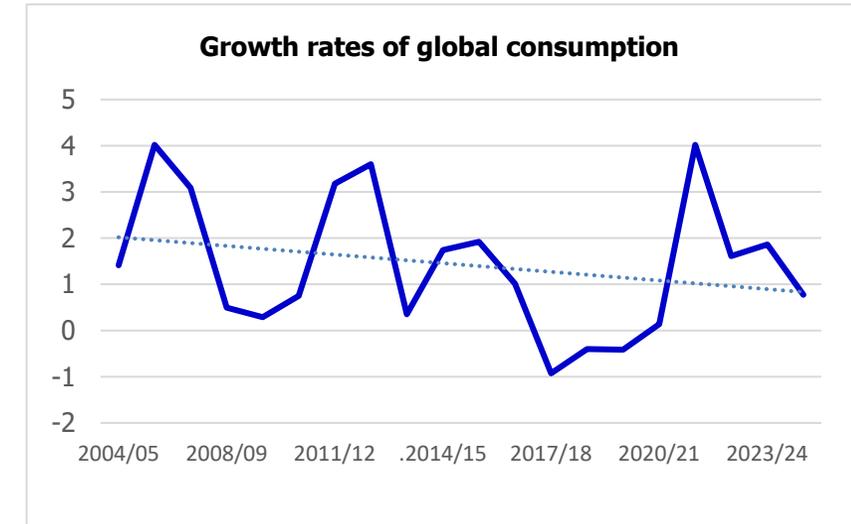
# In at the deep end !

- Production – short term
  - CS Brazil crop is smaller (615 vs 654 mmt of cane) and earlier (-/+)
  - South Africa Sugar Association expects early finish to harvest (-)
  - Australian cane industry faces strikes and weather (-)
- Production – medium term
  - EU crop expectations on an upward trajectory (-/+)
  - Russia / Ukraine harvest impacted by drought and heat (-)
  - India crop estimate at 33.3 mln tonnes; higher ethanol diversion (-/+)
  - Thailand cane total estimate unchanged (+)
- Production – long term
  - Deficit in 2024/25 challenges producers
  - Grains industry focus on ethanol, not isoglucose
  - ISO in process of reducing stock totals for refinery destinations
  - Price path will sour symbiotic (processor/grower) relationship



# Consumption deep dive

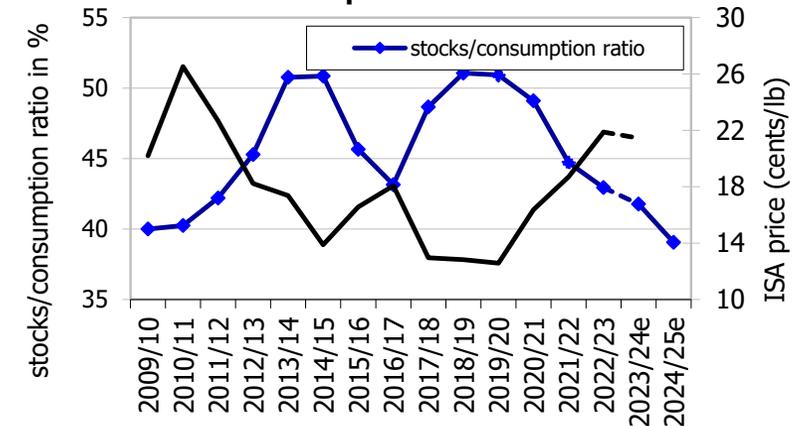
- Consumption will reach a new record of 182.867 mln tonnes
- Season on season rise is modest at 0.77%
- Regional consumption growth varies significantly
  - High growth – South Asia (1.78%), USMCA (1.65%), Sub-Saharan Africa (1.09%)
  - Modest growth – Central America (0.94%), Far East Asia (0.59%), MENA (0.43%), EAEU/Balkans (0.58%), W. Europe (0.06%)
  - Negative growth – South America (-0.64%)
- Viewpoints around sugar consumption growth
  - Post-pandemic reassessment
  - Urban shopping experience in rural setting
  - Shift in grains marketing strategy
  - Population growth



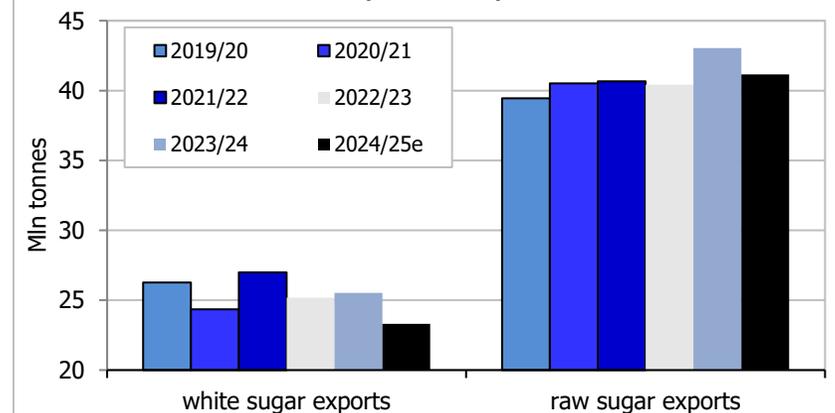
# Stock write down

- Stock methodologies vary across institutions
  - Point of measurement
  - Treatment of WIP and finished processed products
  - Seasonal or September
- ISO changed statistics in 2001 to tel quel (raw value prior to then)
- Should make allowance for losses during raw sugar refining
- At destination and within a country
- Increasing share of raw sugar in global trade but better quality raws
- Correlation with prices and lack of negative stocks, after adjustment, point to better reflection of de-facto situation

**Amended Stocks/Consumption Ratio and ISA prices**

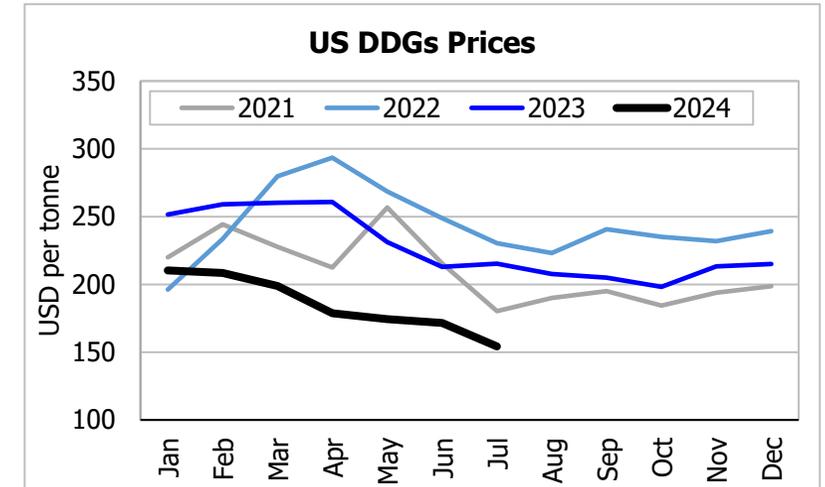
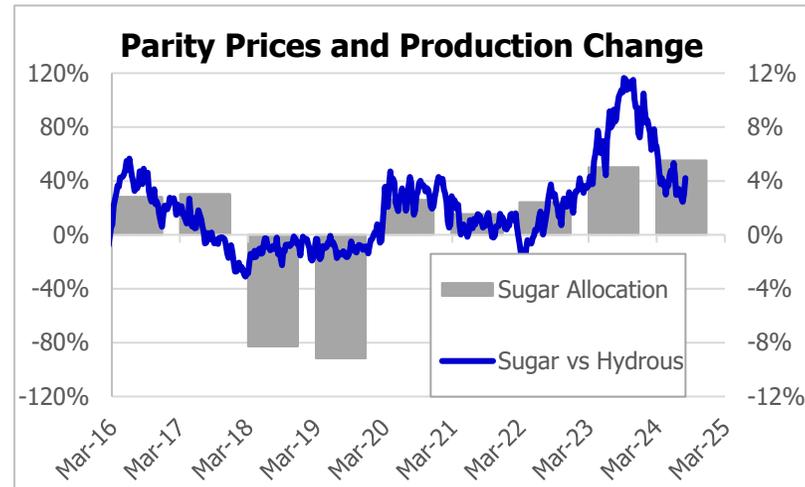
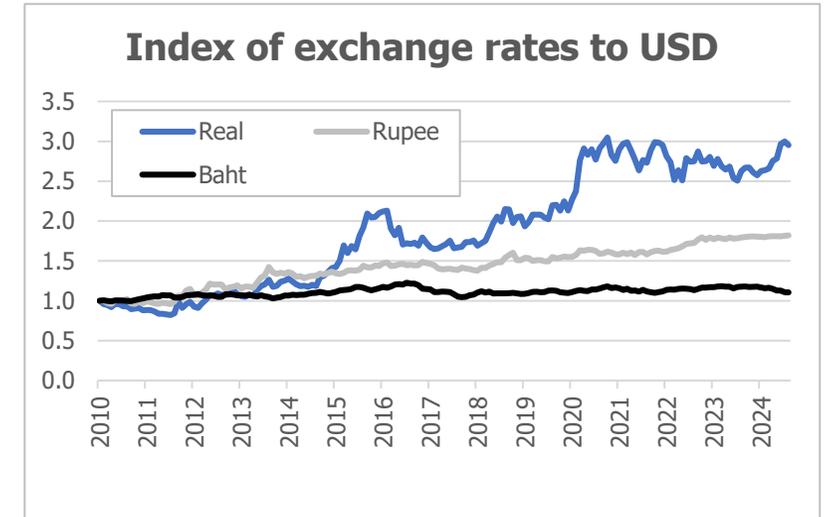
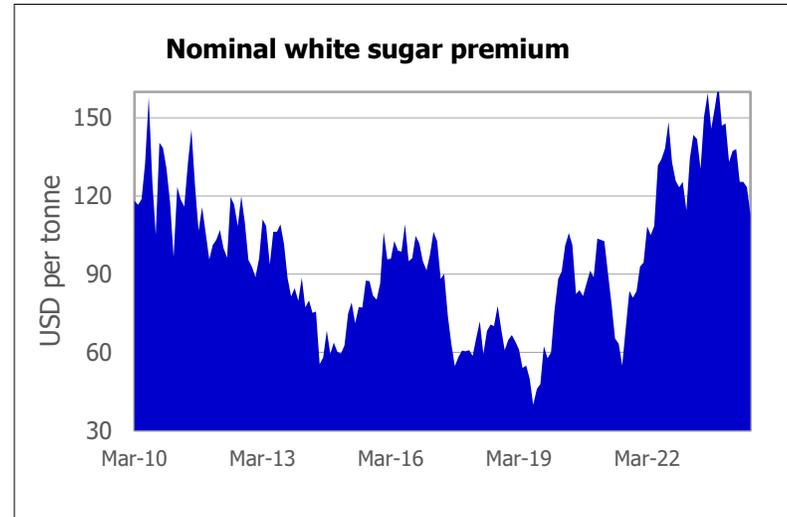


**Raw and White Sugar Exports, 2019/20 - 2024/25e**



# Disrupters

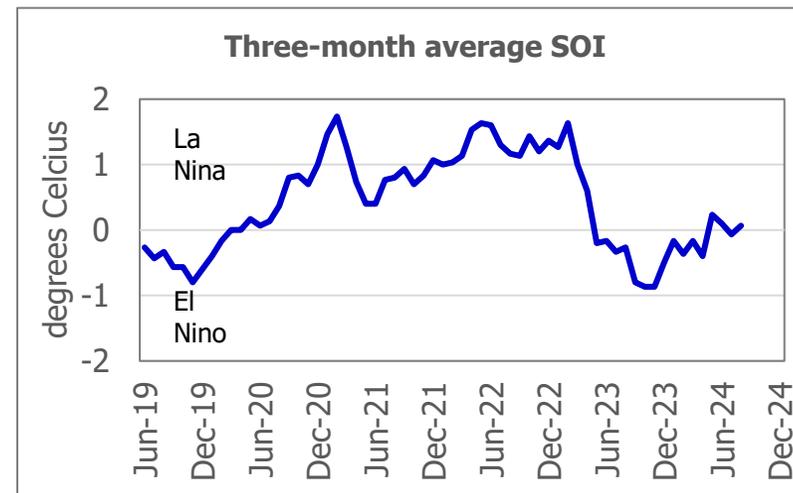
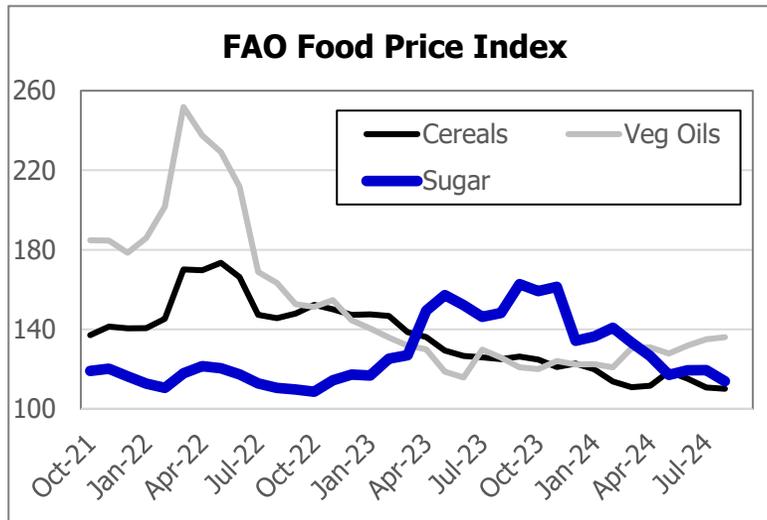
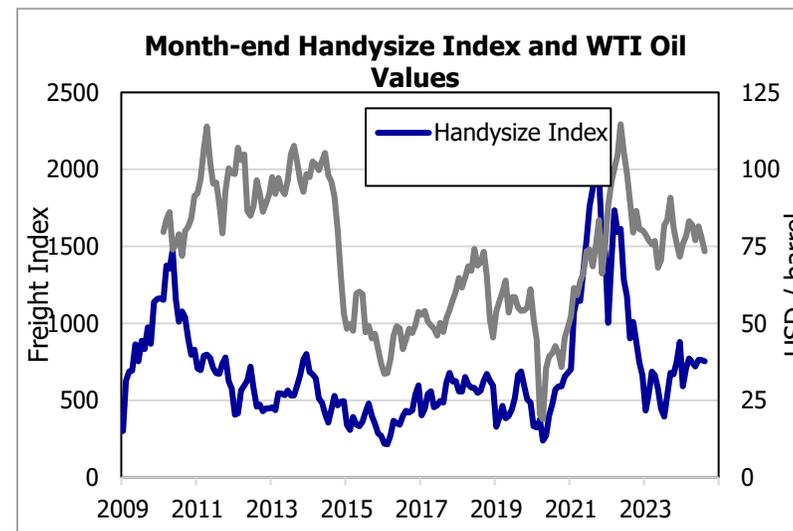
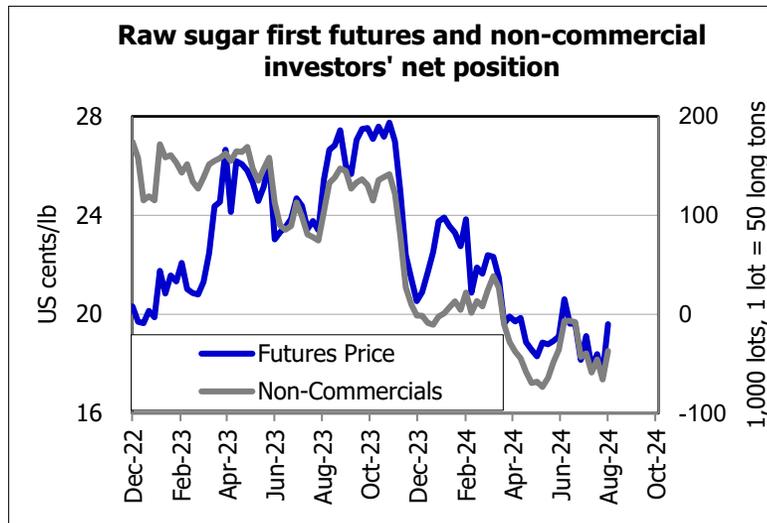
- White Premium collapse
- Exchange rates
- Ethanol parity
- Molasses squeeze





# Disrupters

- Speculators
- Freight
- FAO Prices
- Weather



## Long term

- Solution to beet disease
- Recognition of high yields & environmental and social positives
- Expansion of green cane harvesting initiatives
- Fair valuation of bagasse
  - Brazil electricity sales (not production) could support
    - 2 mln US households or
    - 10 mln electric cars (@2000kwh per annum)
    - 65 bln km of electric driving (305wh/km / 488wh/mile)
- Focusing on SAF / ATJ is not a green strategy
- Changing the thinking around beet pulp, molasses and ethanol

*Thank you*

