

ISO – World Sugar Market

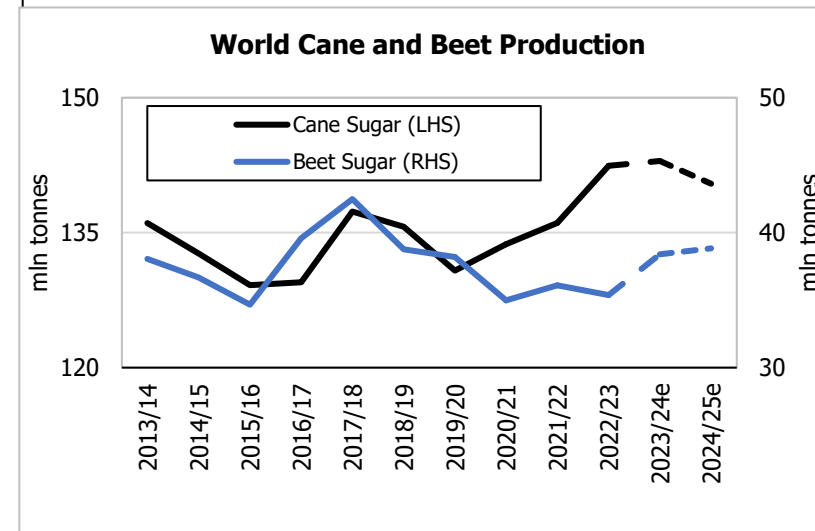
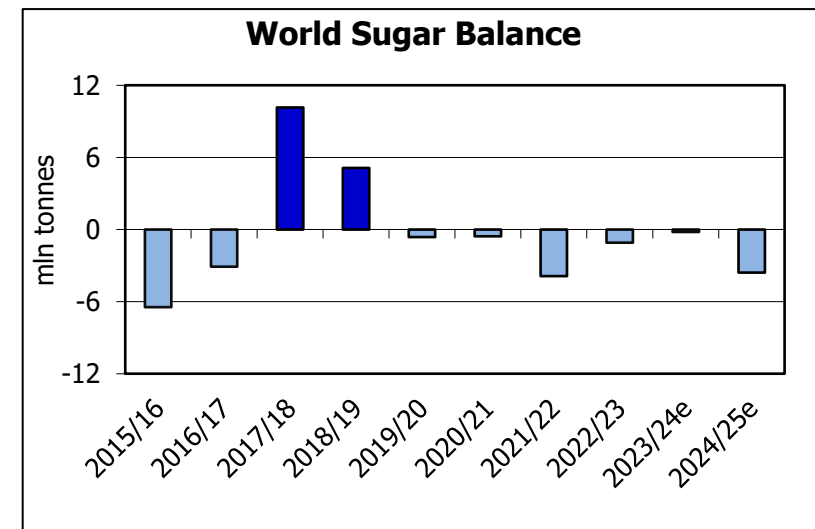
EU Market Observatory

September 12th, 2024



In at the deep end !

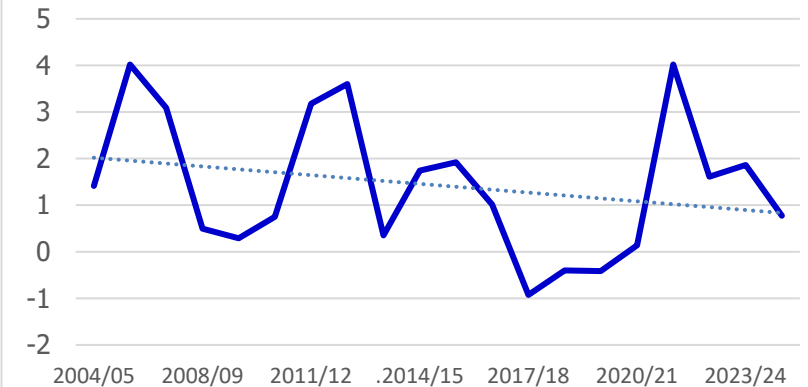
- Production – short term
 - CS Brazil crop is smaller (615 vs 654 mmt of cane) and earlier (-/+)
 - South Africa Sugar Association expects early finish to harvest (-)
 - Australian cane industry faces strikes and weather (-)
- Production – medium term
 - EU crop expectations on an upward trajectory (-/+)
 - 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



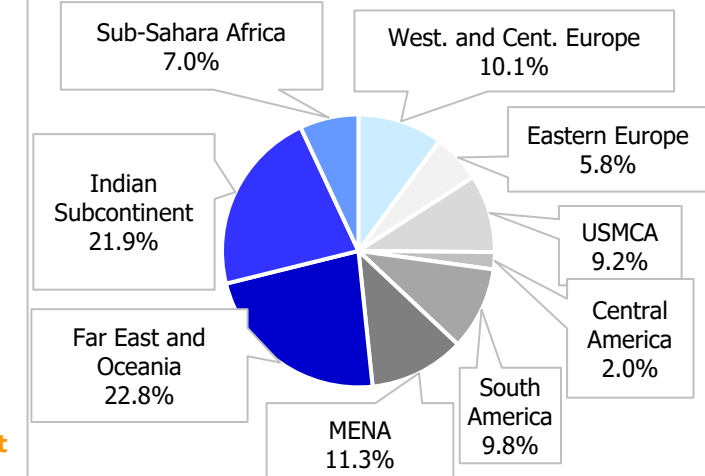
Consumption deep dive

- 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

Growth rates of global consumption

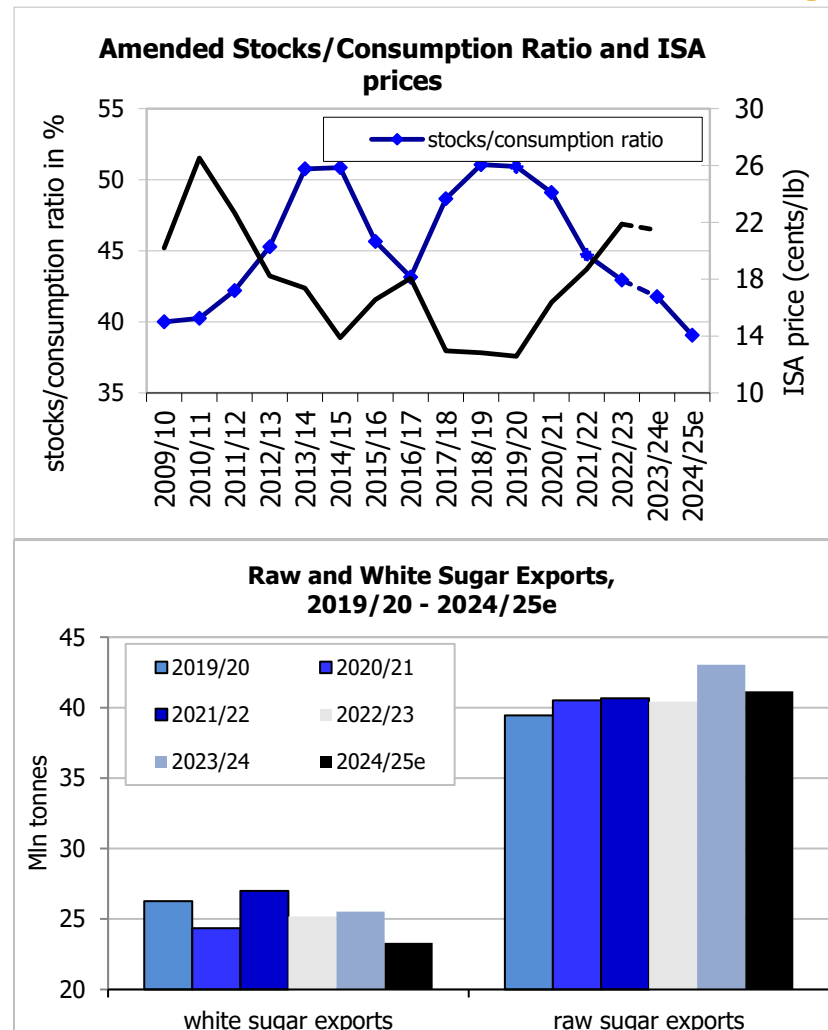


Regional sugar consumption in 2024/25



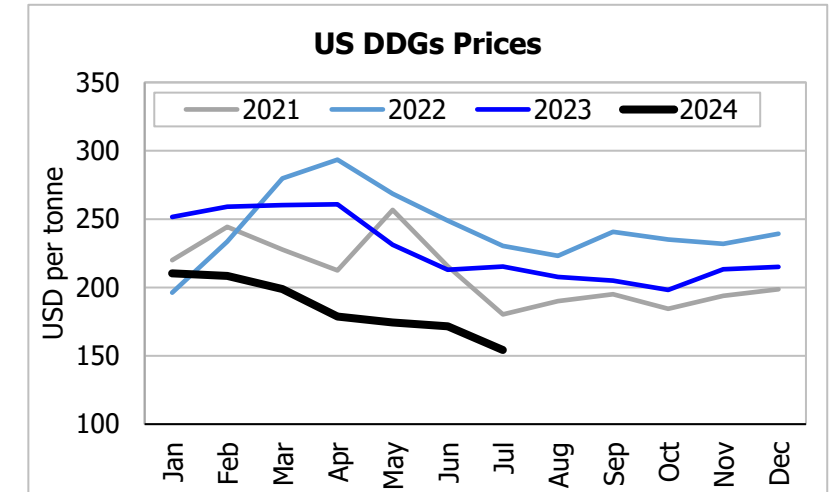
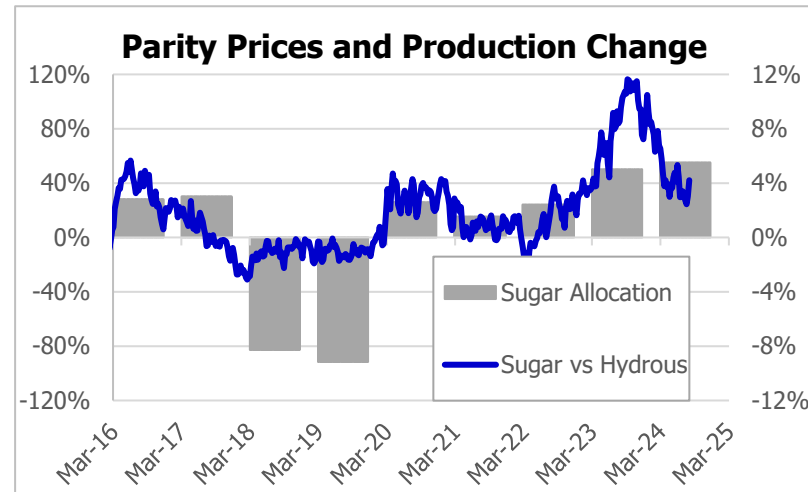
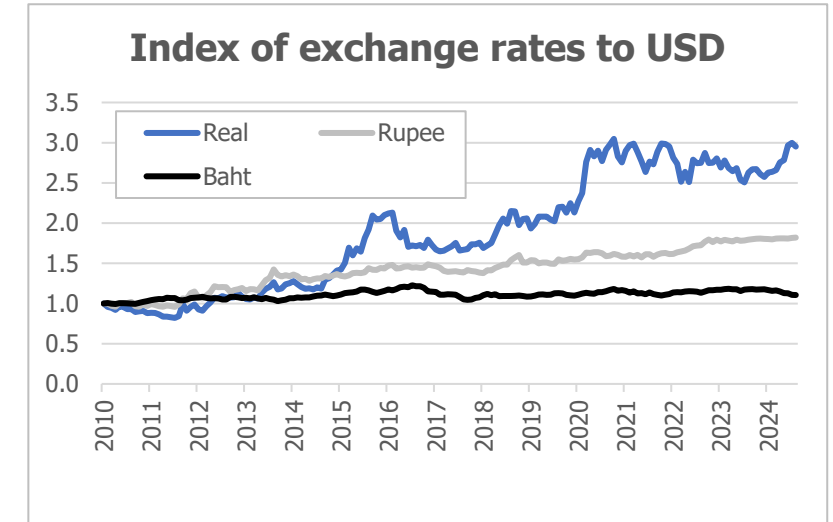
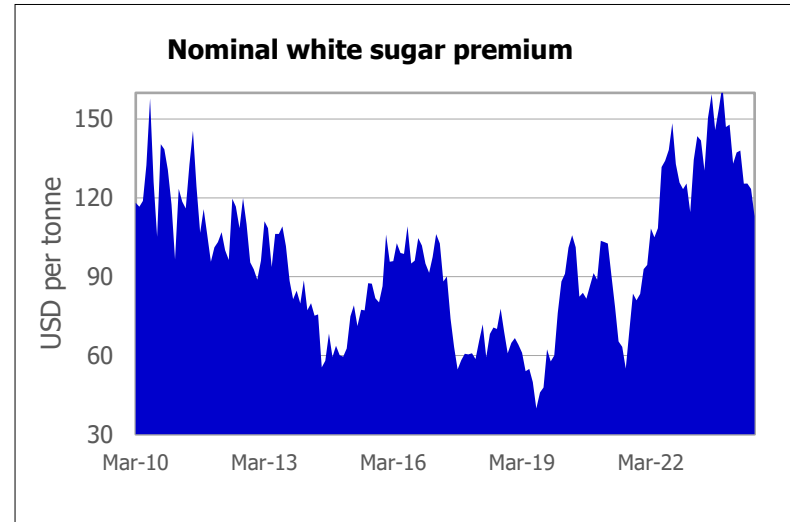
Stock write down

- 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



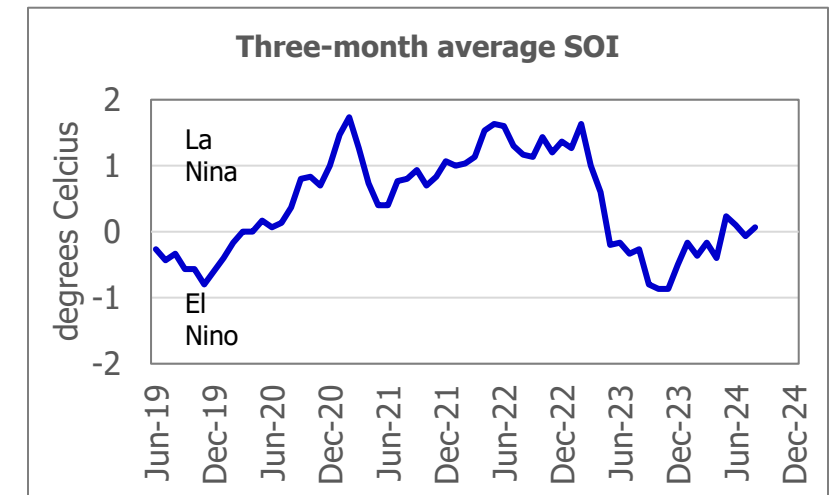
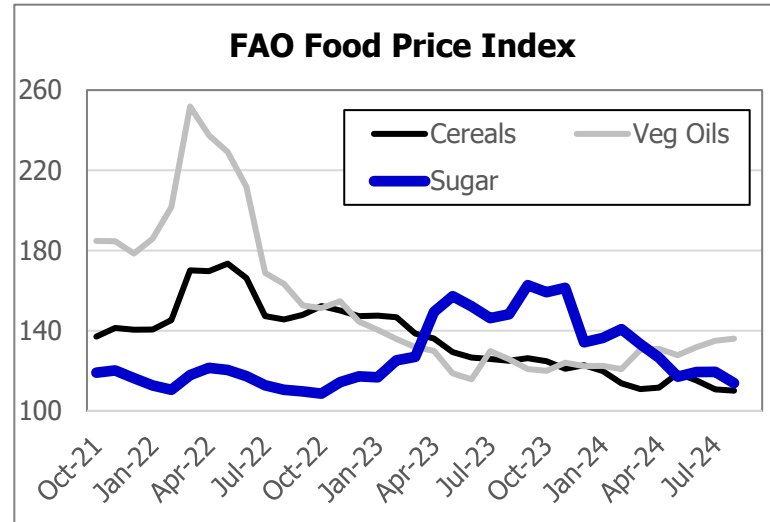
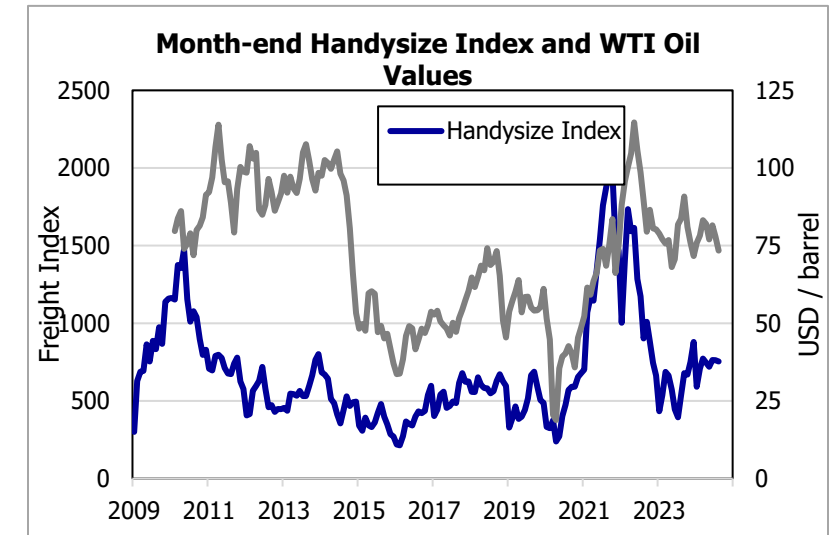
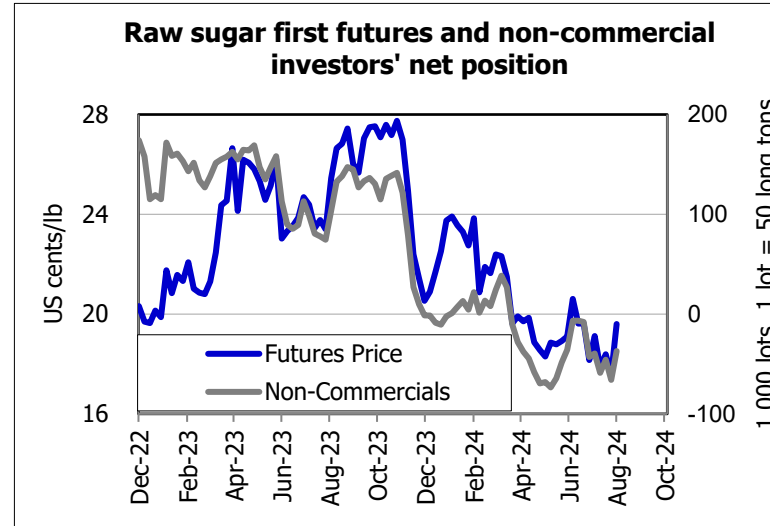
Disrupters

- 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

