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European Association of Sugar Traders

Situation and prospects for the world market for EU sugar exports

Civil Dialogue Group Arable Crops

« SUGAR »

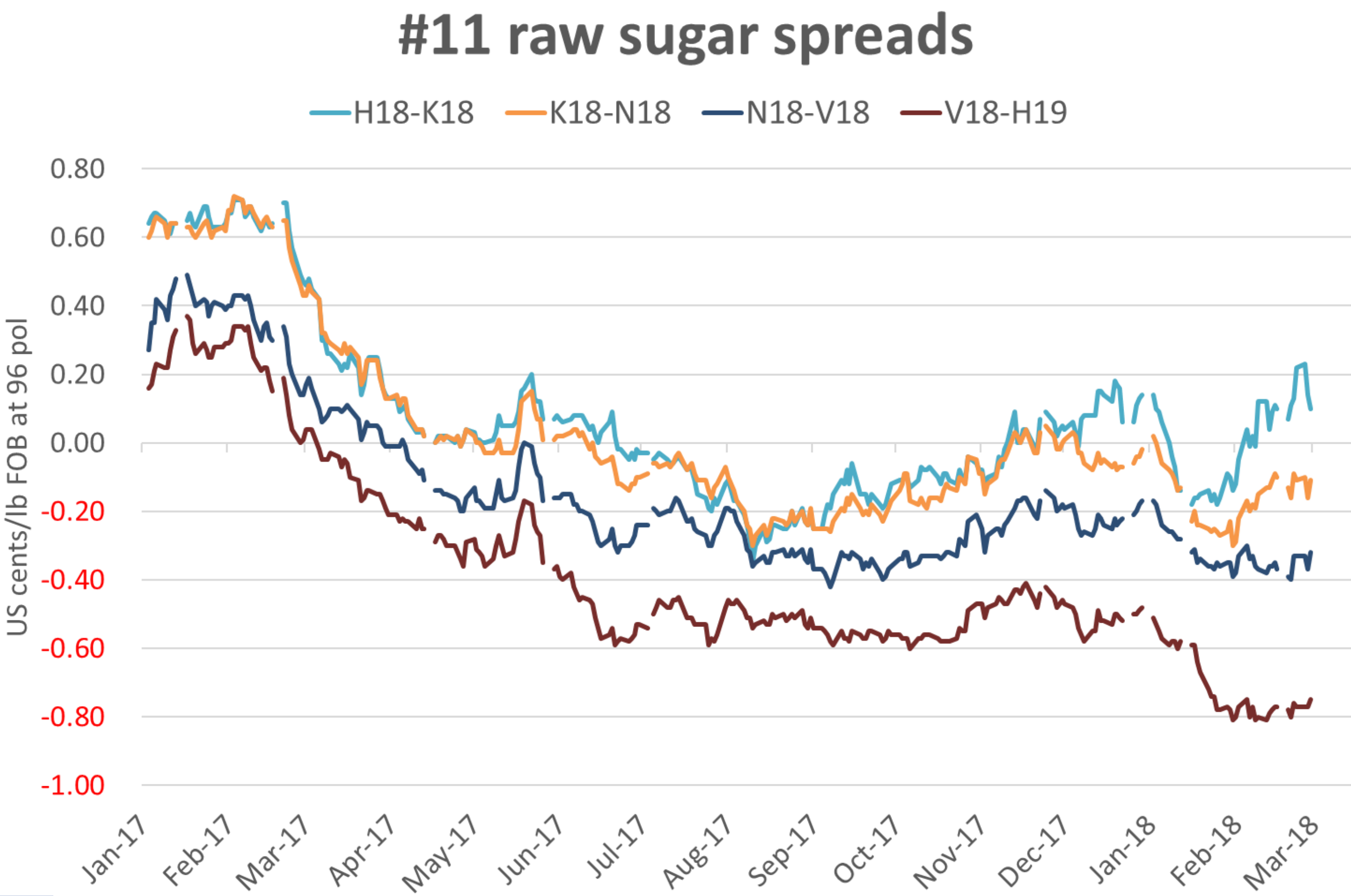
Friday 16th March 2018

New York No.11 Raw Sugar Futures

New York No 11
(15/03/2018)

Symbol	Last	Chg	Vol
May '18	12.74	-0.02	48999
Jul '18	12.95	-0.02	18975
Oct '18	13.33	0	10958
Mar '19	14.25	0.02	6479
May '19	14.4	0.02	1433

#11 raw sugar "spreads"



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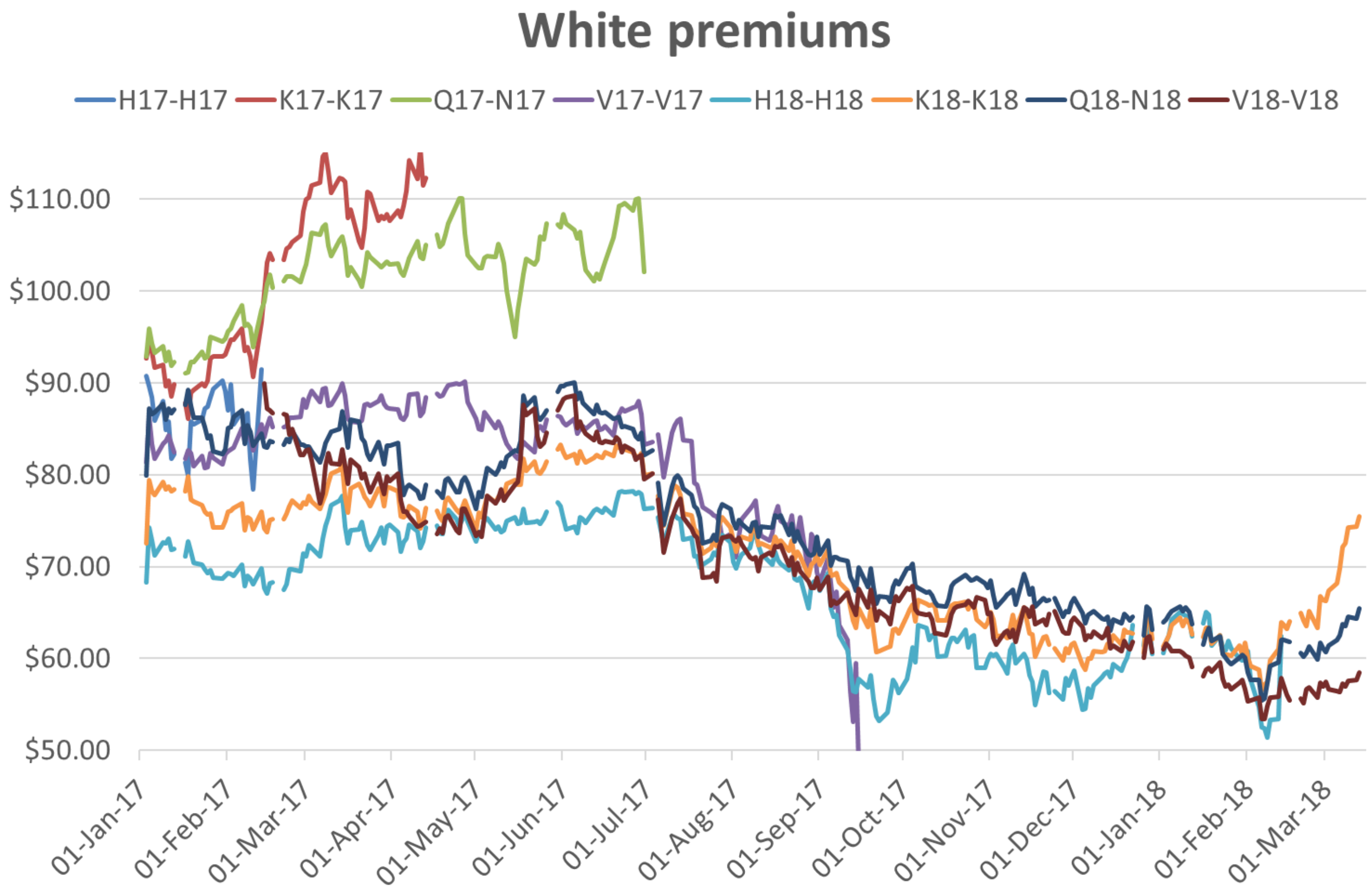
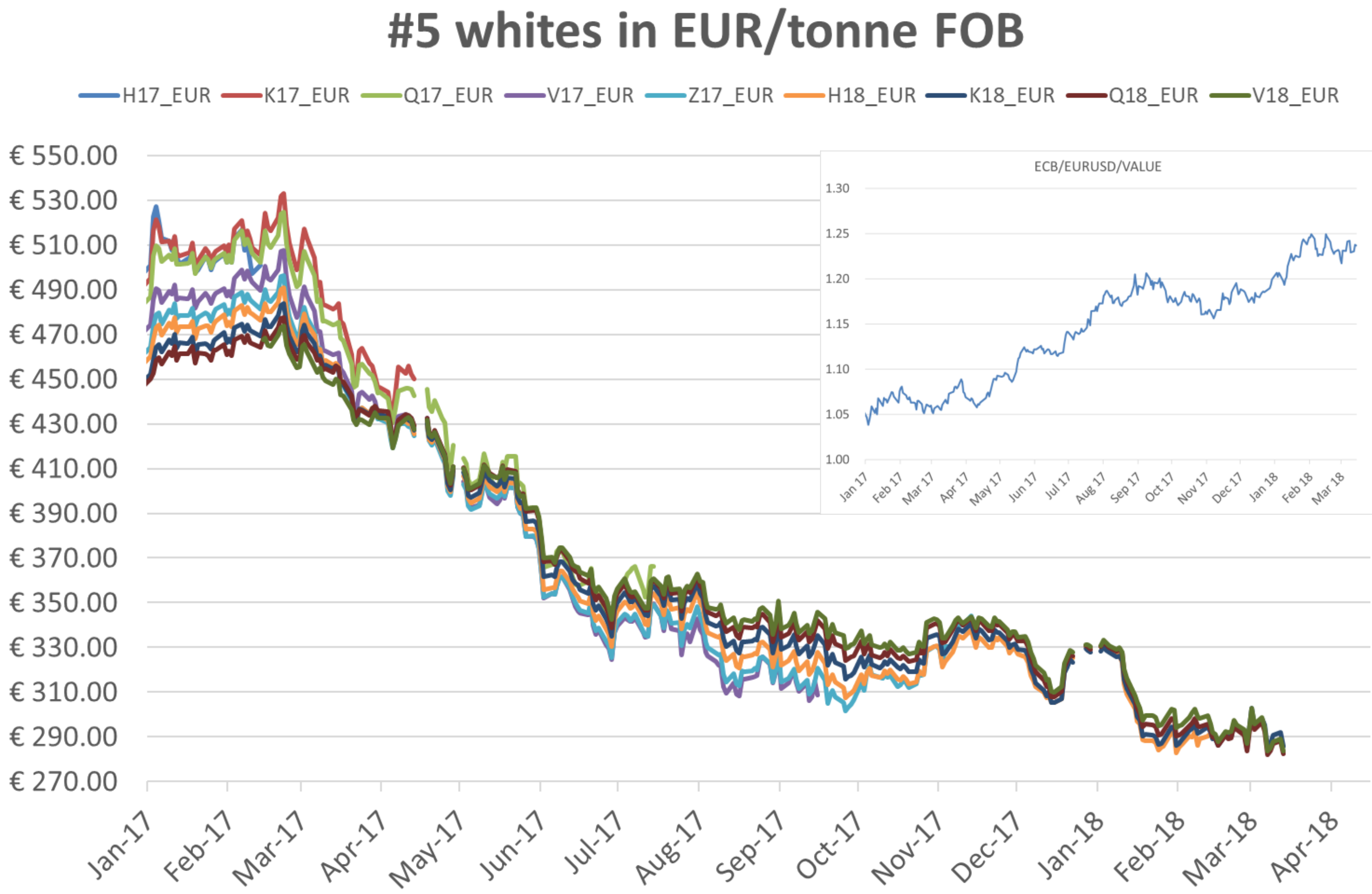
White premiums = White prices less raws prices



#5 white sugar prices in €/t FOB



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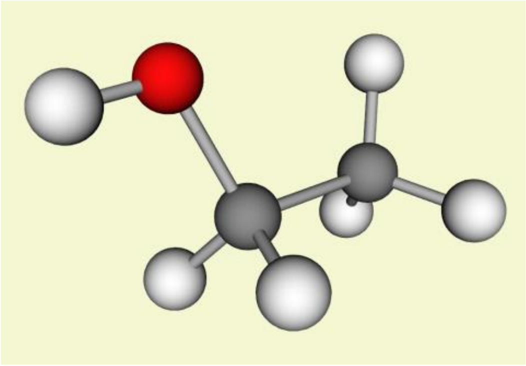
Resolving the oversupplied global market

International Sugar Organization

World Sugar Balance
(mln tonnes, tel quel)

	2017/18	2016/17	Change in mln tonnes	Change in %
Production	178.698	168.228	10.470	6.22
Consumption	173.545	170.771	2.774	1.62
Surplus/Deficit	5.153	-2.543		
Import demand	57.335	60.677	-3.342	-5.51
Export availability	60.901	60.529	0.372	0.61
End Stocks	90.527	88.940	1.587	1.78
Stocks/Consumption ratio in %	52.16	52.08		



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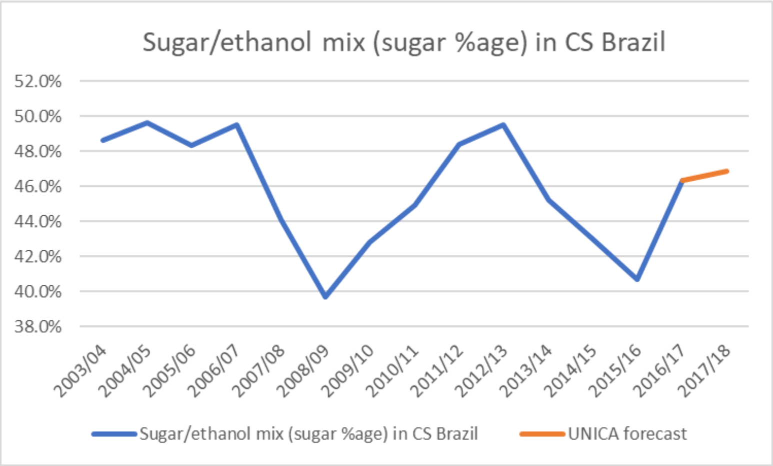
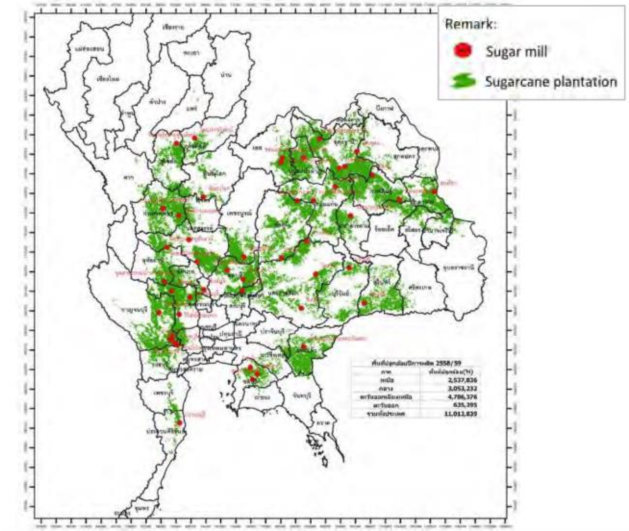
Centre-South Brazil

- As the new harvest begins this month, there is “no doubt”, say market commentators, that CS Brazil will test the maximum sugar/ethanol mix … 41% sugar and 59% ethanol?
  - Ethanol currently pays approx. 17.0 cents/lb compared with 12.7 cents/lb for FOB raw sugar (#11).
  - Copersucar projects 2018/19 centre-south sugar output at 31 million tonnes, 5 million tonnes less than in the previous season. It sees ethanol production at 27.5 billion litres, 1.5 billion litres more than last year.
  - Datagro estimates CS sugarcane should total 580 million tons and that sugar production is expected to reduce from 36.4 million tons 2017/18 to 32.6 million tons in 18/19.
- As President Michel Temer signs the RenovaBio program into law, the Government of Brazil does **not** mandate a compulsory increase in the ethanol blend in gasoline from 27% to 40% by 2030 … the market will decide. Currently, the gasoline blend is around 18%.
  - During the opening ceremony, Temer also said that he expects the free trade agreement between Mercosur and the European Union to be closed in about a month. Negotiations still face obstacles related to the automotive sector, but the president believes in a settlement soon. "We are almost formalizing, getting to an ending point, in the agreement between Mercosur and European Union," he said, adding that a final deal shouldn't take more than a month and a half to be signed.



Thailand – market expectations

- Market expectations are for a record 2017/18 season as farmers expanded plantings and favourable weather has improved yields after last year's El Nino-induced drought.
- Bloomberg's recent survey indicates that Thailand will produce 12.6 million tons this season.



- Output will probably rise at least 26 percent to more than 13 million tons according to TRS's Mauro Virgino.
- Favourable weather has boosted yields, especially in north and northeast areas, said Piromsak Sasunee, chief executive officer of Thai Sugar Trading Corp.
- Growers have been switching from crops like rice as sugar cane is more profitable, according to the International Sugar Organization.
- "I strongly suspect that people underestimated cane acreage," said Stephen Geldart, a senior analyst at Czarnikow Group in London. "We know it's been increasing in the last couple of years as cane took area from rice and tapioca".
- John Stansfield, at Group Sopex said "Cane is the most attractive crop and yields per hectare are responding to newer higher-yielding varieties. The key point is that the expanded acreage guarantees a big crop in 2018-19 as well."

India

- Government estimates 2017/18 sugar production at 27.2 million tonnes for the ongoing 2017/18 marketing year ending September.
- India's sugar production is likely to rise to a record 29.2 million tonnes in the 2017-18 season, up nearly 12% from a previous estimate as Maharashtra's output could more than double, according to a survey of global and local dealers.
- **Times of India** – 12 March 2018: Sugar prices dragged down by Rs 80 per quintal at the wholesale market in the national capital following bumper stocks on steady inflow of supplies amid weak demand. Marketmen said plenteous availability of ready stocks on ceaseless supplies from mills due to bumper sugar cane production, triggered by opportunistic buying by stockist and bulk consumers, mainly pulled down sugar prices. The reports of a 13 per cent increase in production, compared to previous estimates was the main reason behind price fall in sugar

Pakistan

- **Sugar exports at 1.2 million tonnes so far**
- Minister for Commerce and Textile Muhammad Pervaiz Malik on Friday said that since the start of the crushing year 2016/17 up until now, the Government of Pakistan has approved sugar export of 2.750 million metric tonnes, out of which, approximately 1.2 million tonnes of sugar has been exported and the rest of the export is ongoing, according to Pakistan's Urdu Point.
- Speaking in the National Assembly during session hour, the minister said that the above-mentioned quantity of sugar has been exported, among others, to the countries including Afghanistan, Canada, Djibouti, India, Indonesia, Madagascar, Malaysia, Myanmar, Qatar, Saudi Arabia, Singapore, Somalia, Sudan, Tajikistan, Tanzania, United Arab Emirates, Viet Nam, Yemen.

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NAFTA

- USDA estimates Mexico sugar production for 2017/18 is decreased by 50,000 metric tons (MT) to 6.05 mtrv due to lower sugarcane area.
- The projection of Mexico sugar exports to the United States is raised by 984 MT, reflecting sugar that was exported under a 2016/17 export license but recorded by the U.S. Census Bureau as imported in 2017/18. The 2017/18 Export Limit previously established by the U.S. Department of Commerce exceeds the projected Target Quantity of U.S. Sugar Needs calculated from the March 2018 WASDE.

March 2018

WASDE - 575 - 16

U.S. Sugar Supply and Use 1/

	2015/16	2016/17 Est.	2017/18 Proj. Feb	2017/18 Proj. Mar
	1,000 Short Tons,Raw Value			
Beginning Stocks	1,815	2,054	1,876	1,876
Production 2/	8,989	8,969	9,230	9,240
Beet Sugar	5,119	5,103	5,219	5,219
Cane Sugar	3,870	3,866	4,011	4,021
Florida	2,173	2,055	1,992	1,992
Hawaii	152	43	0	0
Louisiana	1,428	1,628	1,859	1,859
Texas	116	140	160	170
Imports	3,341	3,244	3,316	3,467
TRQ 3/	1,620	1,611	1,788	1,788
Other Program 4/	396	419	250	400
Other 5/	1,325	1,213	1,278	1,279
Mexico	1,309	1,201	1,268	1,269
Total Supply	14,145	14,267	14,422	14,583
Exports	74	95	100	150
Deliveries	12,051	12,258	12,480	12,480
Food 6/	11,881	12,102	12,325	12,325
Other 7/	170	156	155	155
Miscellaneous	-33	38	0	0
Total Use	12,091	12,391	12,580	12,630
Ending Stocks	2,054	1,876	1,842	1,953
Stocks to Use Ratio	17.0	15.1	14.6	15.5

1/ Fiscal years beginning Oct 1. Historical data are from FSA "Sweetener Market Data" (SMD). 2/ Production projections for 2016/17 and 2017/18 are based on Crop Production and processor projections where appropriate. 3/ For 2017/18, WTO raw sugar TRQ shortfall (183). For 2016/17, WTO raw sugar TRQ shortfall is undefined because of 13th month rollover into 2017/18. 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ For 2015/16, other high-tier (16) and other (0). For 2016/17, other high-tier (12) and other (0). For 2017/18, other high-tier (10) and other (0). 6/For 2014/15, combines SMD deliveries for domestic human food use and SMD miscellaneous uses. 7/ Transfers to sugar-containing products for reexport, and for nonedible alcohol, feed, and ethanol.

Mexico Sugar Supply and Use and High Fructose Corn Syrup Imports 1/

		Beginning Stocks	Production	Imports	Domestic 2/	Exports	Ending Stocks
Sugar		*1,000 Metric Tons, Actual Weight*					
2016/17 Est.	Feb	1,037	5,957	93	4,851	1,234	1,002
	Mar	1,037	5,957	93	4,851	1,234	1,002
2017/18 Proj.	Feb	1,002	6,100	135	4,886	1,362	989
	Mar	1,002	6,050	170	4,886	1,347	989

1/ HFCS consumption by Mexico (1,000 metric tons, dry basis): Estimated Oct-Sep 2016/17 = 1,522, projected 2017/18 = 1,608; Oct - Jan 2016/17 = 470, Oct - Jan 2017/18 = 513. Footnote source for estimate: Comite Nacional para el Desarollo Sustentable de la Cana de Azucar. 2/Includes deliveries for consumption, Mexico's products export program (IMMEX), and Other Deliveries/Ending Year Statistical Adjustments. IMMEX: 2016/17 (397 est), 2017/18 (390 proj). Other Deliveries/Ending Year Statistical Adjustments: 2015/16 (-10), 2016/17 (-61), 2017/18 (0).

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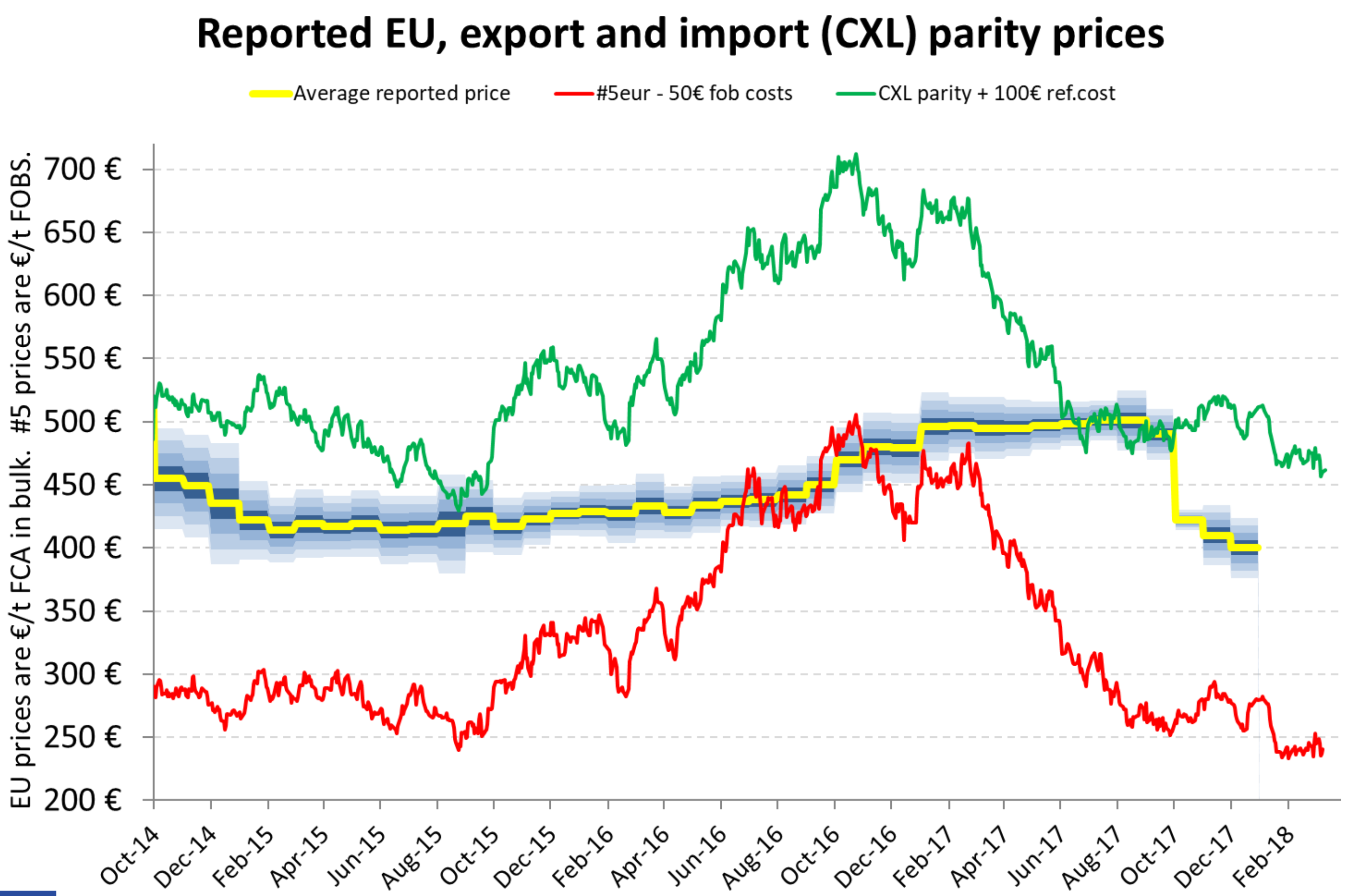
EU "playing field"



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Thank you!

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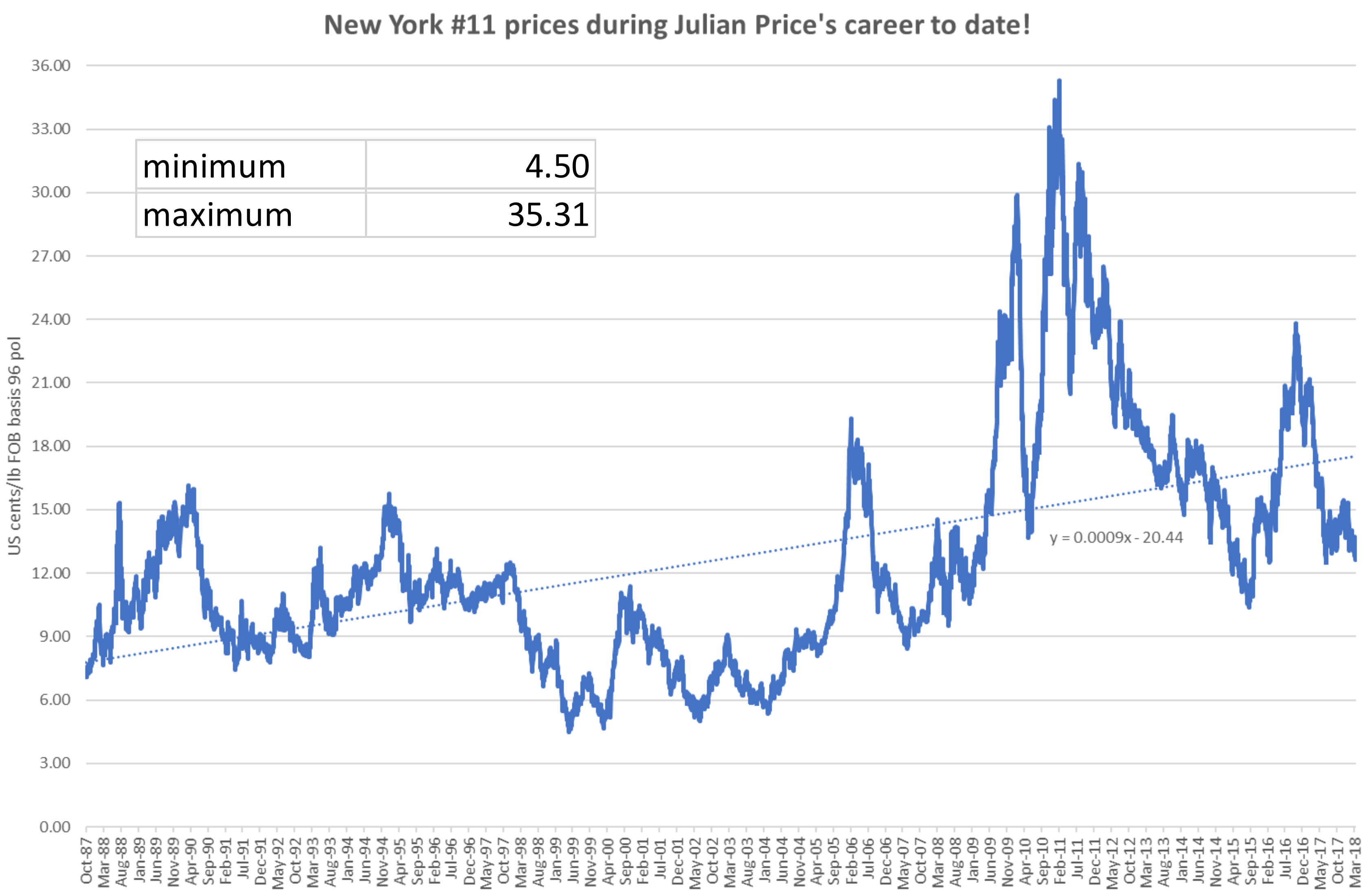
New York #11 prices during Julian Price's career to date!
minimum 4.50
maximum 35.31
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