



# Evolution of prices for the sugar sector in the EU and global market

S&P Global Commodity Insights

November 15 2023

Platts | CERAWEEK | Chemical Week

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**S&P Global**

Commodity Insights

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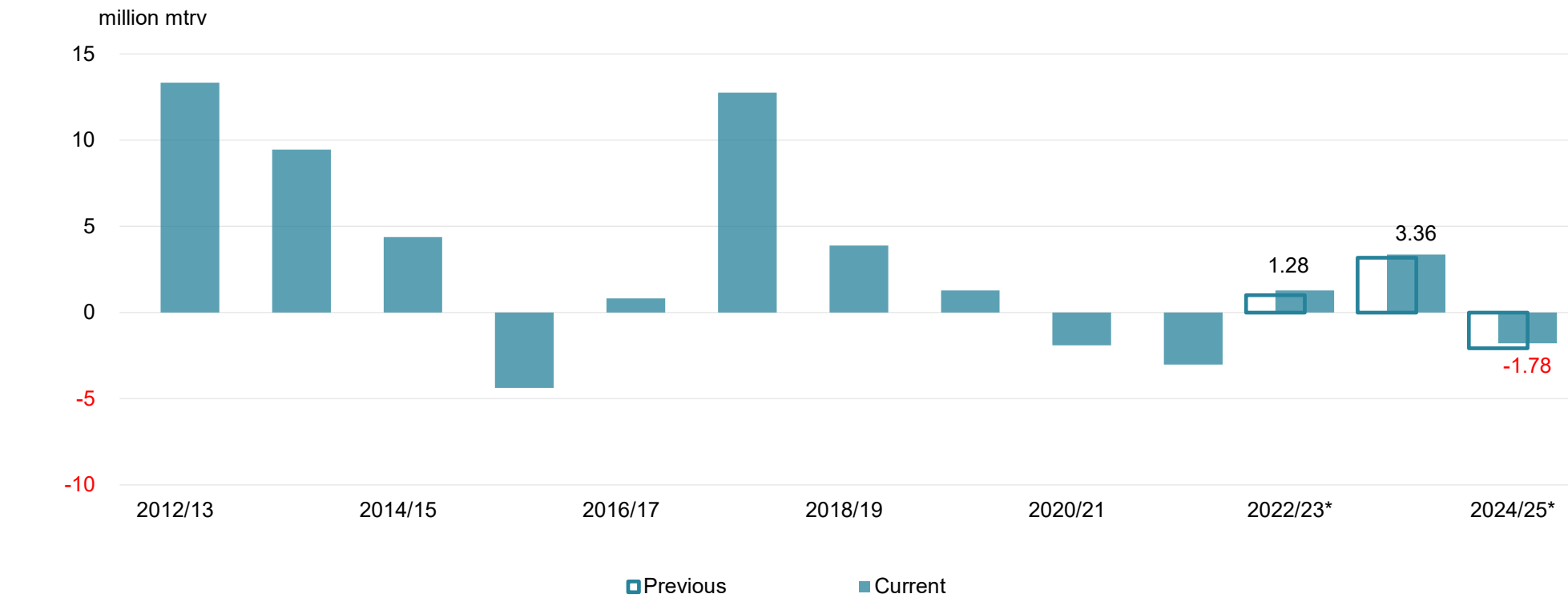
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# Global sugar balance at a surplus in 2023-24, supported on huge CS Brazil crop

Global sugar balance

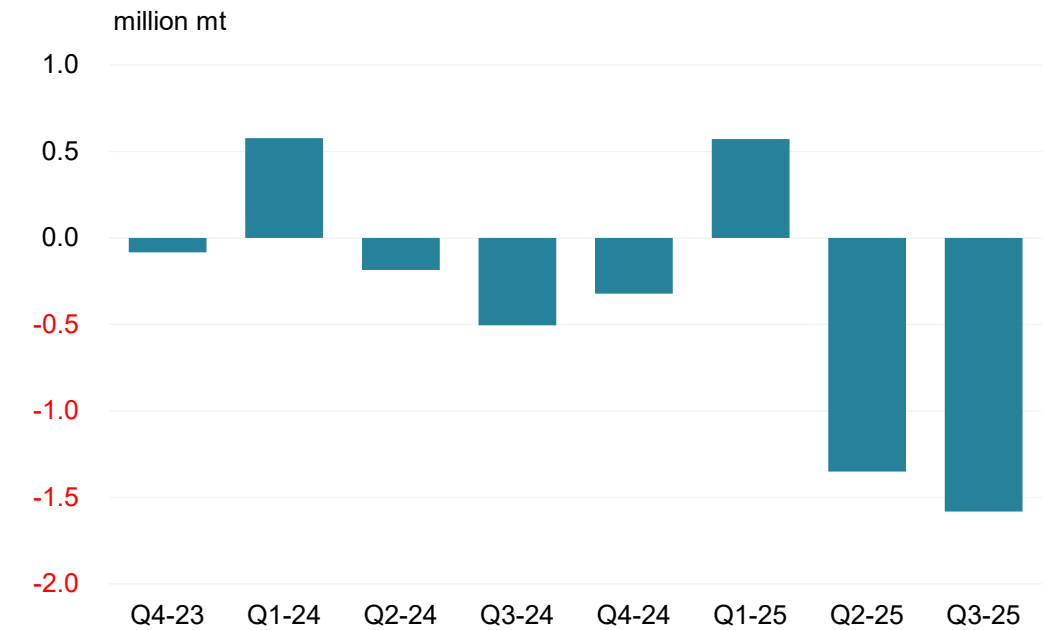


\*Forecast  
Source: S&P Global Commodity Insights

- For 2024-25 we forecast a deficit as India production is seen much lower

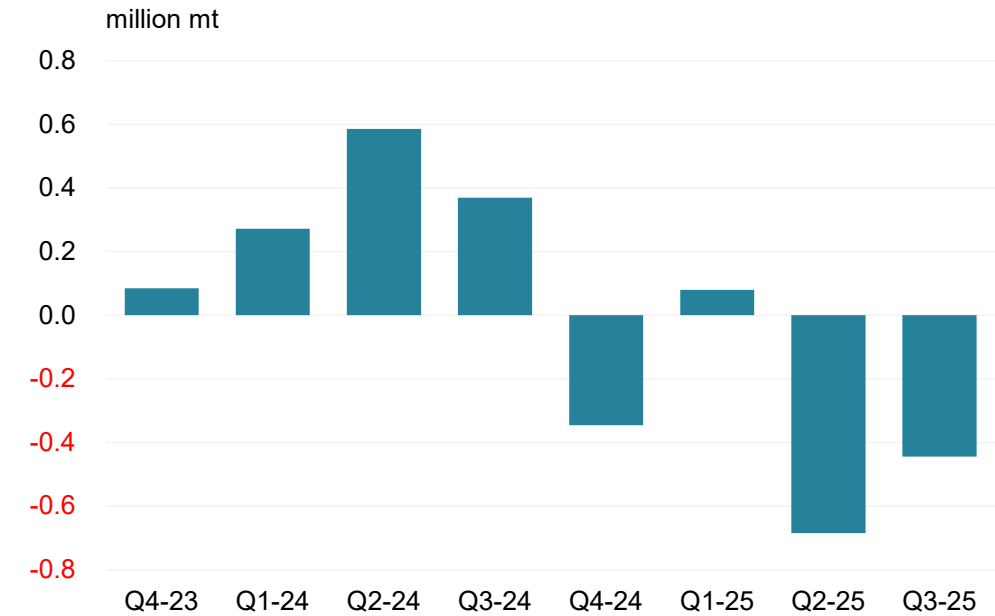
Trade flow: 2023-24 in a small surplus in white, while raw is in a deficit

Raws Net Trade Flows Nov-23



Source: S&P Global Commodity Insights

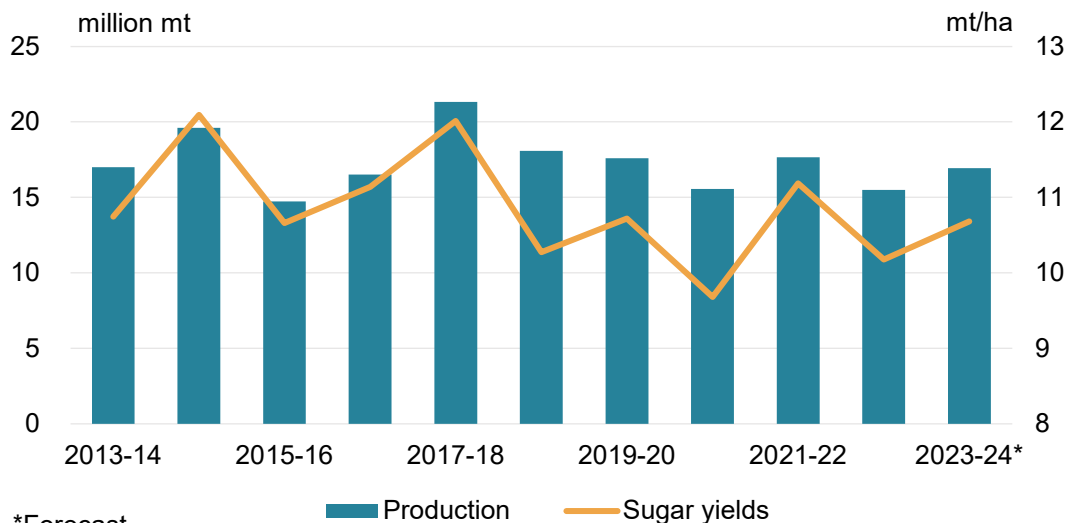
Whites Net Trade Flows Nov-23



Source: S&P Global Commodity Insights

# EU+UK 2023-24 sugar production 9% higher on year

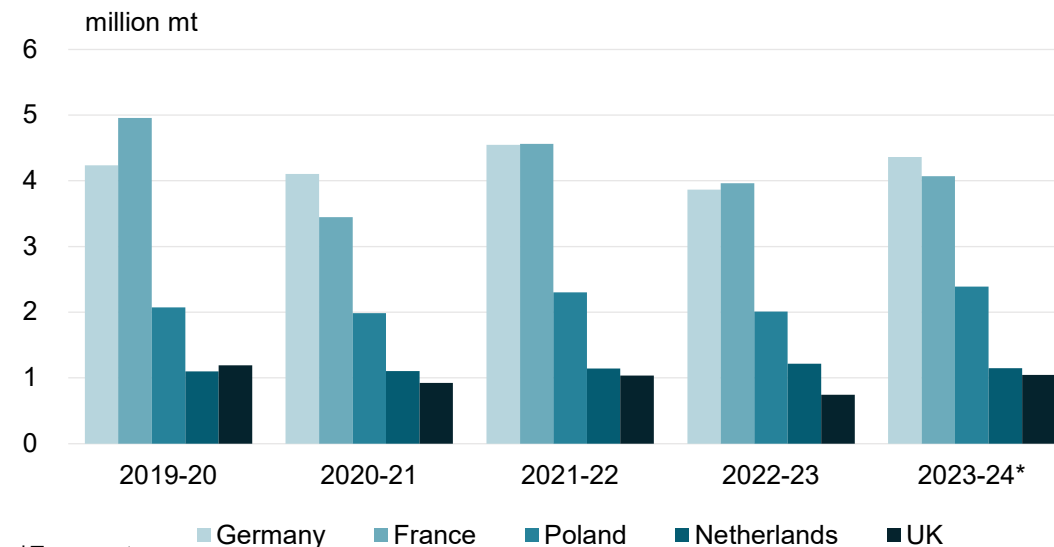
## EU+UK: Sugar production and sugar yields



\*Forecast

Source: S&P Global Commodity Insights

## EU+UK: Sugar production in top 5 countries



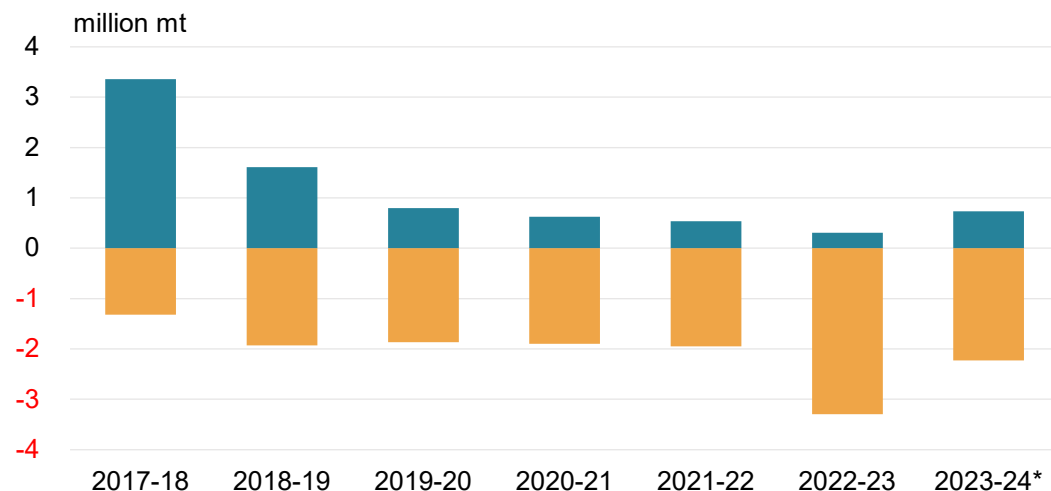
\*Forecast

Source: S&P Global Commodity Insights

- After a rainy period during peak summer, favouring beet yields to grow, September was dry and warm - except for the UK - which was beneficial for sugar content.
- Sugar yields for EU+UK are estimated 5% higher on year and beet area 4% up.
- Production for EU+UK in 2023-24 are estimated at 16.9 million mt (compared with 15.5 million in 2022-23 season).
- Processing period might be extended in some places due to current rainy period.

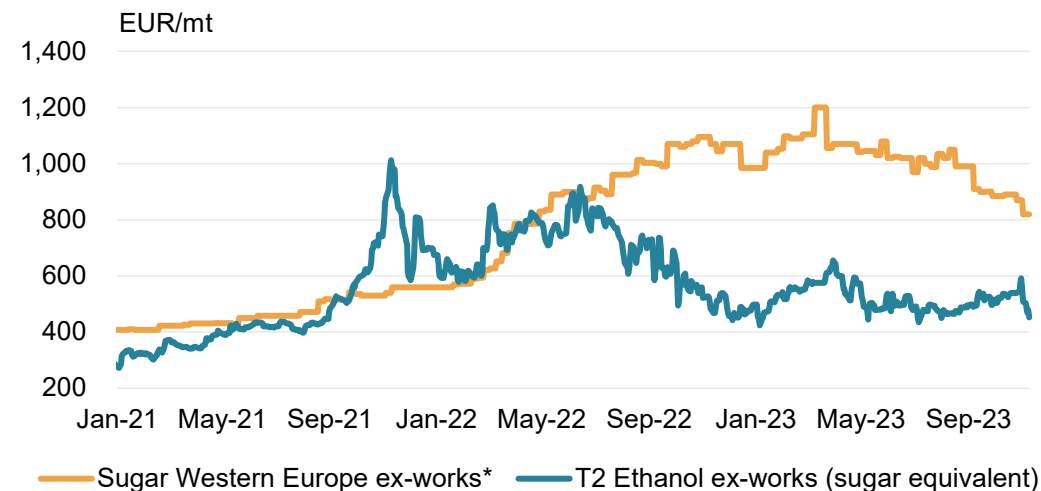
# EU+UK exports in 2023-24 forecast more than double on year

## EU+UK trade



\*Forecast  
Source: S&P Global Commodity Insights

## EU: sugar vs ethanol parity



\* Germany assessment from Jun-23  
Source: S&P Global Commodity Insights

- Following higher production on year, EU+UK sugar exports are 735,000 mt, versus 310,000 mt in 2022-23 (not including flows between EU and UK).
- Imports are forecast at 2.1 million mt which, although lower year on year, are higher than in previous years, also considering more white sugar imports from Ukraine.
- Diversion to ethanol is expected very limited as sugar price premium over T2 ethanol remains very high



# EU sugar market pricing and trends





# S&P Global Commodity Insights Sugar prices - weekly

## Raw sugar assessments

- **Thai Hi Polarization**

- Published as a premium to NY No. 11 sugar futures and as an outright price
- Minimum polarization on a wet basis of 98.5 degrees
- 12,000 mt, FOB Bangkok, Laem Chabang, Koh Si Chang and Sri Racha
- Contractual loading within the front calendar month.

- **Thai Forward physical curve**

- The weekly assessed curve includes the first two 75-day shipment windows. As the calendar year runs, these are March 1 to May 15, May 1 to July 15, July 1 to September 15, and October 1 to December 15. The assessments will roll forward in line with expiry of the ICE Sugar No. 11 Futures monthly contract

- **Center South Brazil VHP**

- Published as a differential to the London 16:30 timestamped assessment for the front-month contract of ICE Sugar No. 11 Futures as well as an outright price
- Minimum polarization of 99 degrees and maximum 99.49 degrees
- 50,000 mt, FOB Santos, Brazil. Cargoes loading from Paranagua, Brazil may be normalized back to the basis location
- Current calendar month and next calendar month forward

# S&P Global Commodity Insights Sugar prices - weekly

## White sugar assessments

- **Brazil 150 ICUMSA**

- Published as a differential to the London 16:30 timestamped assessment for the front-month contract of ICE Sugar No. 11 Futures as well as an outright price
- maximum ICUMSA of 150
- Container assessments reflect between **10 and 50** containers, **FOB Santos**, Brazil. Container cargoes loading from Paranagua, Brazil may be taken into account but normalized for assessment purposes.
- Loading within the current calendar month, rolling on the 5<sup>th</sup> of the month

- **EU country assessments**

- Delivered UK, Germany and North Italy – delivered
- maximum ICUMSA of 45 and meeting EEC No 2 quality
- Indications from 200 mt to 5,000 mt
- delivery up to two full calendar months from the day of the assessment

# Methodology update to Germany prices

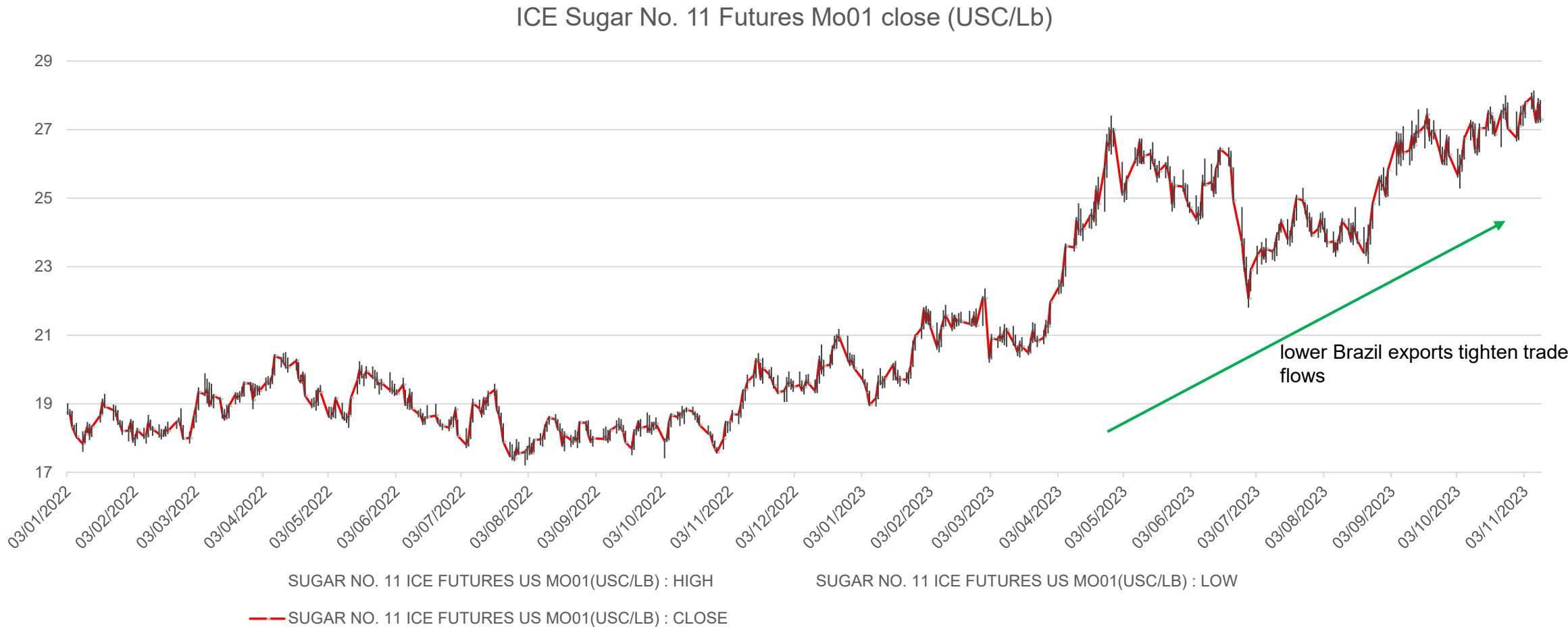
## Platts proposes amendment to DDP Germany sugar assessment

	Current	Proposed change
Location	DDP Germany	ExWorks NWE - reflecting sugar produced from North Germany, North France, the Netherlands and Belgium, often referred to as the beet belt.
Volume	Break bulk	Bulk sugar - 1,000 to 5,000 mt
Assessed	Weekly - Friday	Weekly - Thursday

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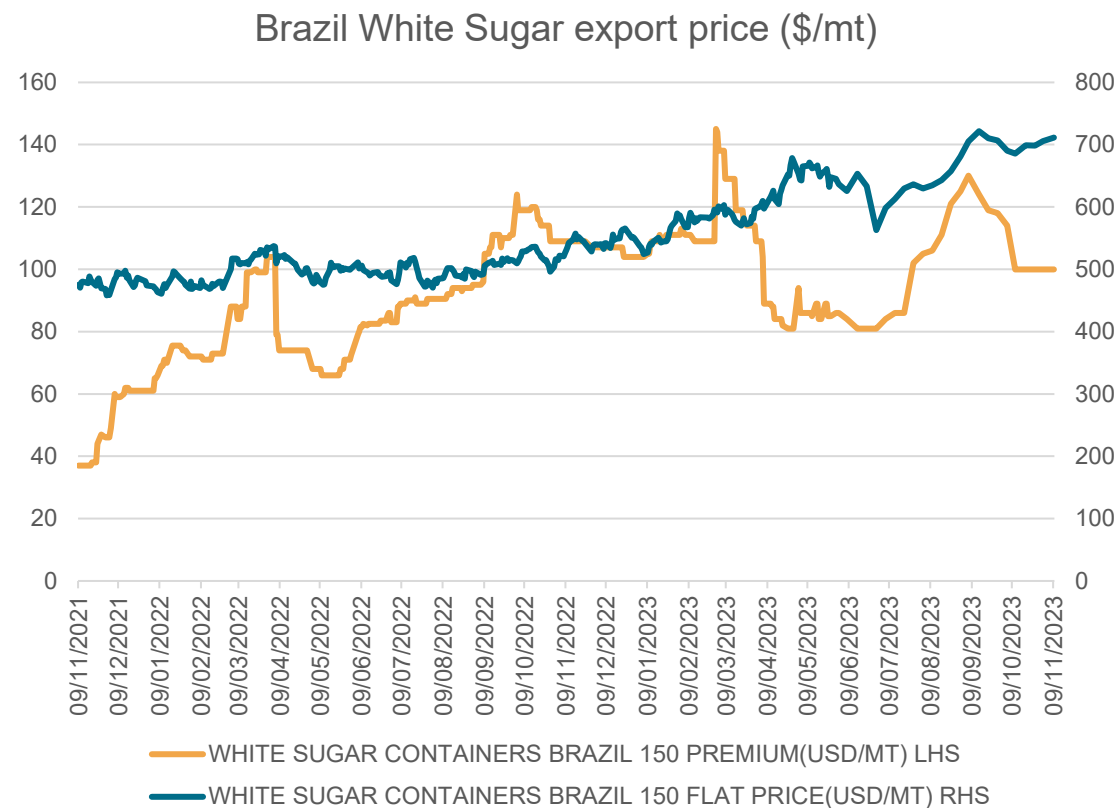
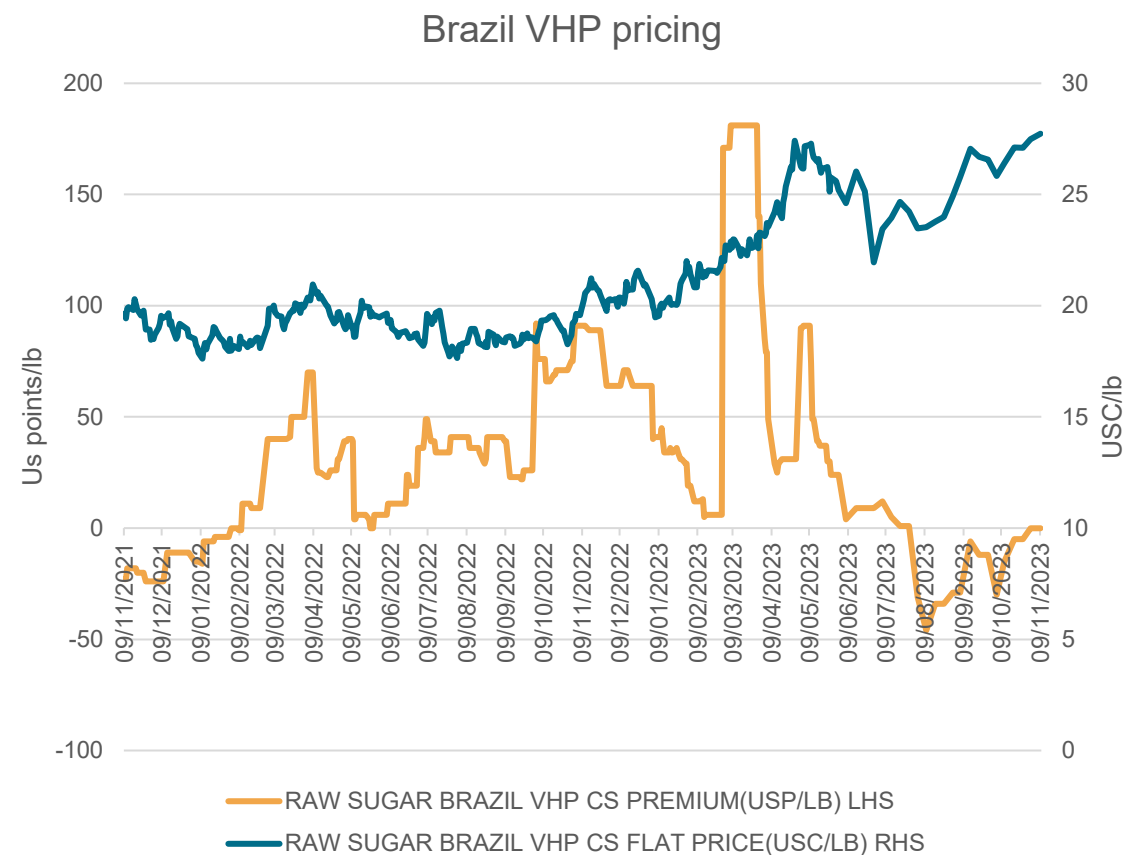
Please submit any feedback, comments, or questions to [mrts\\_biofuelsandfeedstocks@spglobal.com](mailto:mrts_biofuelsandfeedstocks@spglobal.com) and [pricegroup@spglobal.com](mailto:pricegroup@spglobal.com) by Nov. 21, 2023.  
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# NY#11 sugar prices reached 12-year highs in October, rains in CS Brazil disrupted shipments

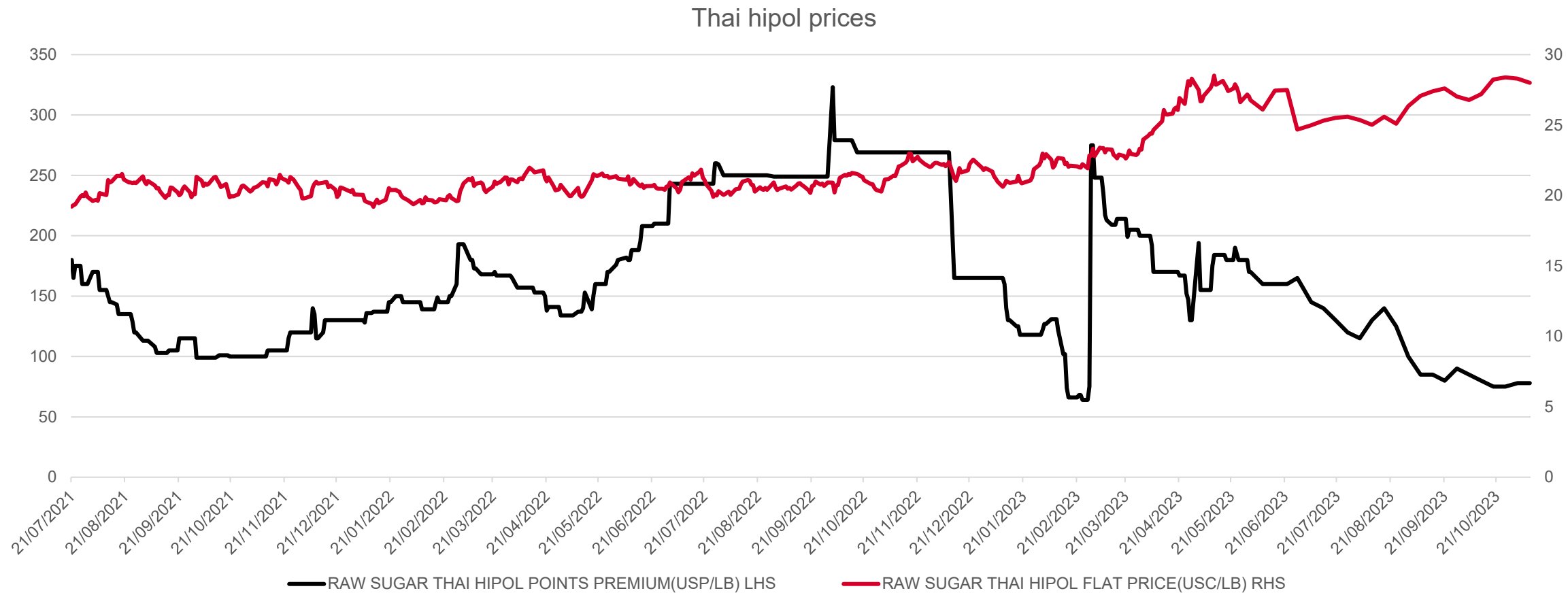


Source: ICE, S&P Global Commodity Insights  
Platts | CERWeek | ChemicalWeek

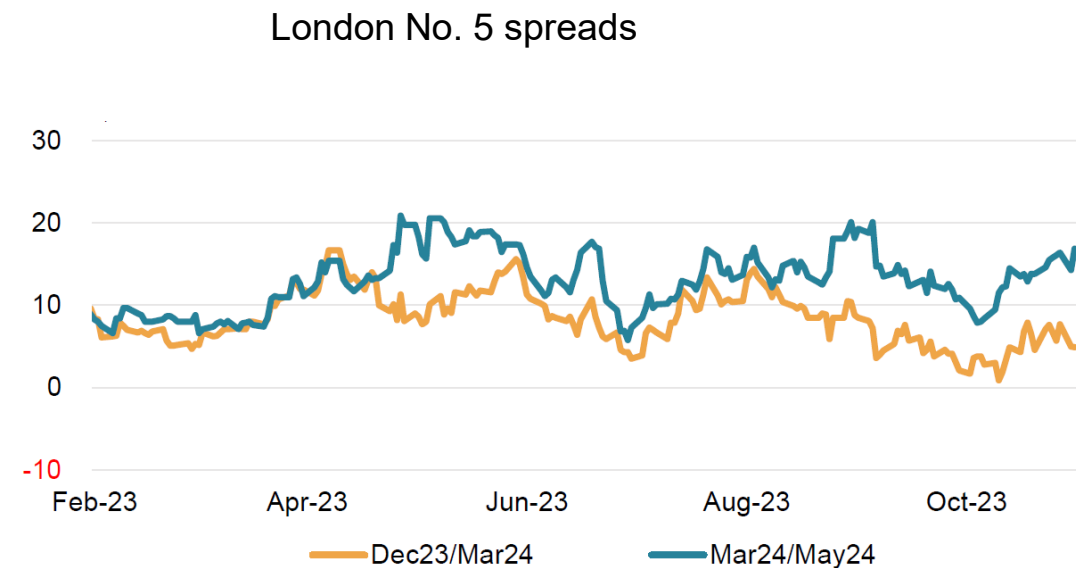
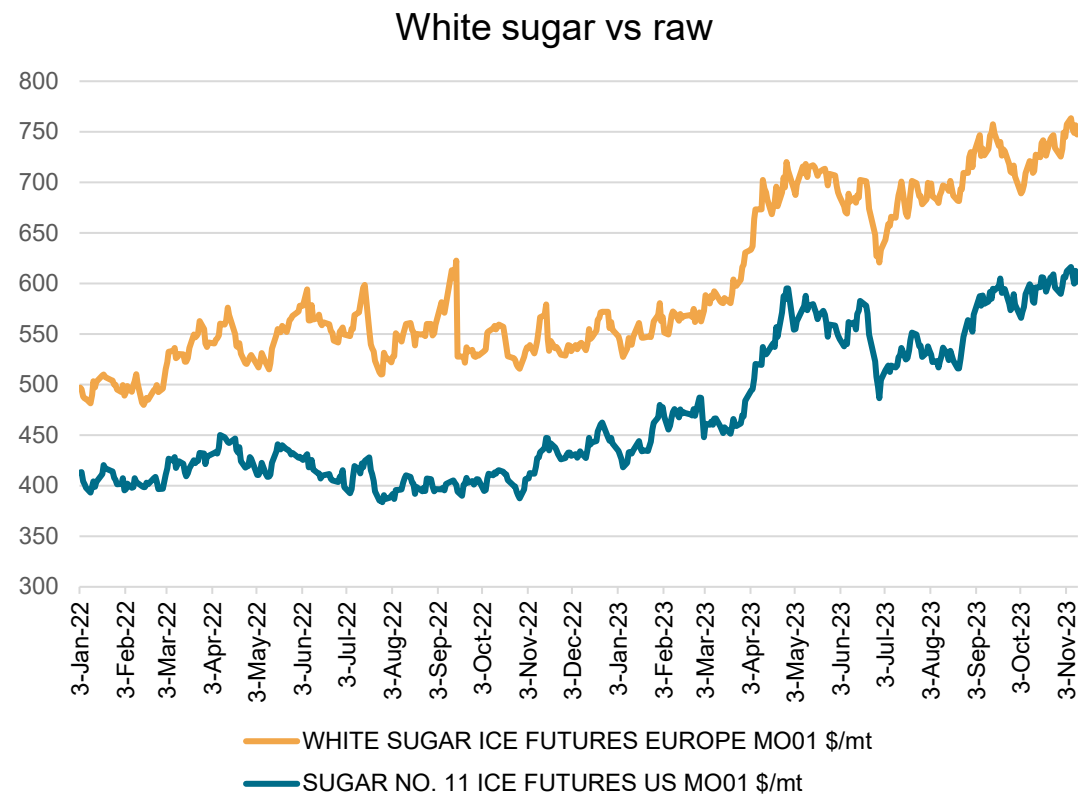
# Brazil key export sugar prices



# Thai pricing

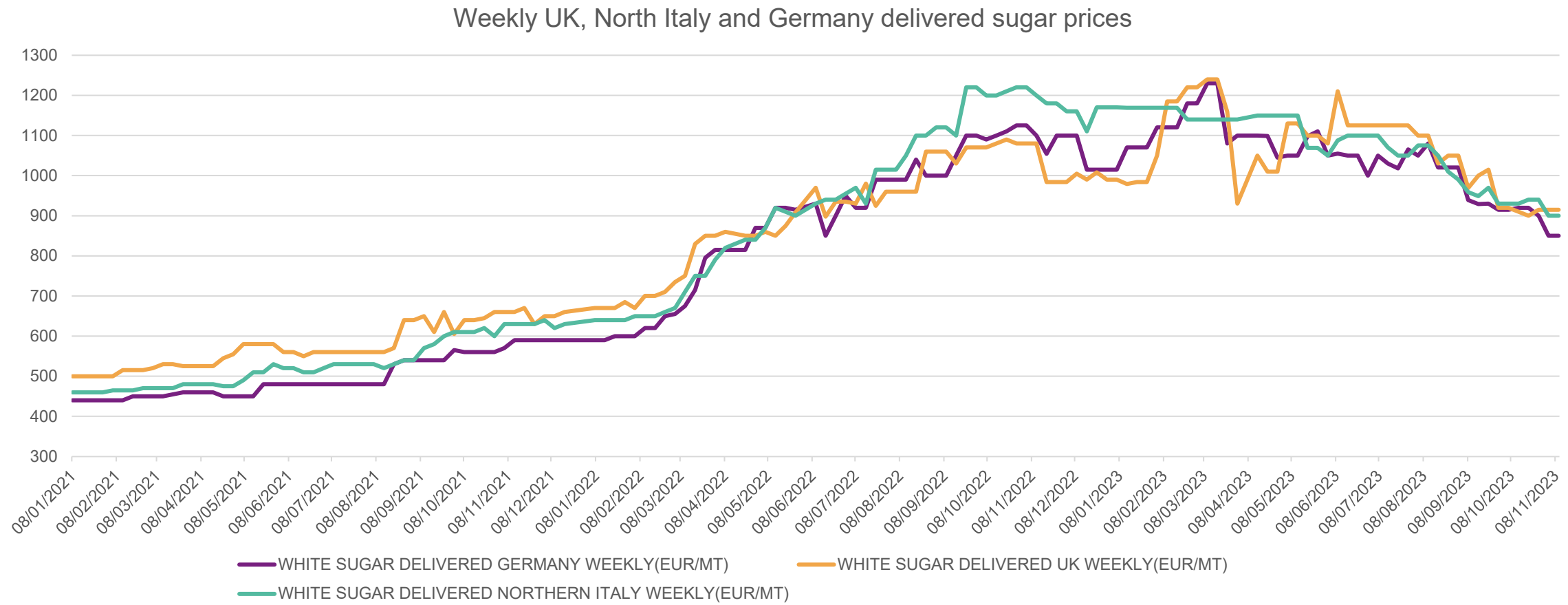


# White premium, No. 11 versus No. 5





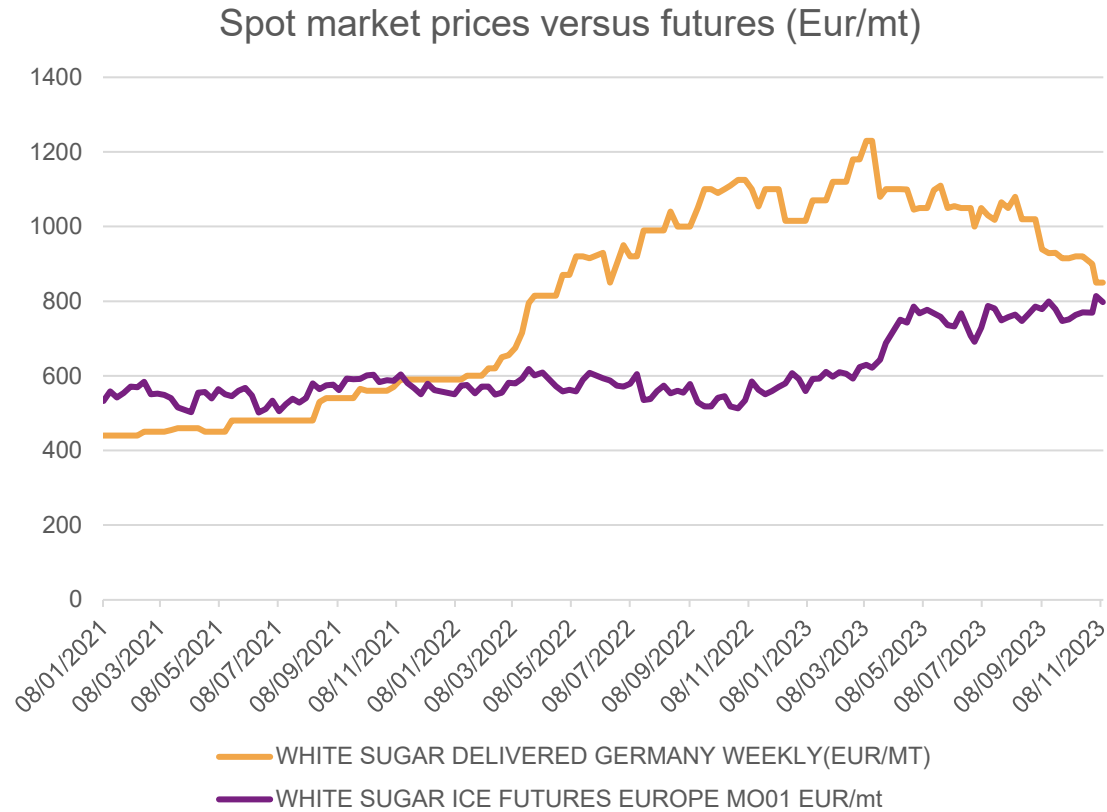
# Platts European white sugar prices



# Sugar market key messages

- The NY March contract hit a life-of-contract high at the end of October
- Fundamentals suggest that NY#11 sugar prices do not have reason to sustain above 27 cents/lb
- March/May spread could strengthen further in case of continuation of disruptive rains in CS Brazil
- S&P Global supply and demand estimate is at 3 million mt surplus in 2023-24
- Raw trade flow in 2023-24 is at a small deficit due to cut on CS Brazil exports, Q1-2024 raw surplus also sensitive to weather
- White trade flow is in a small surplus, possible downside depending on Asian crop; more clarity to come in Q1 2024
- Possible upside in CS Brazil 2024-25 sugar production due to investments in crystallization capacity
- Indian production marginally cut, diversion to ethanol 900,000 mt lower year on year
- Potential increase on Thailand cane area for 2024-25
- Mexico and the US combined imports from WM could total 1 million mt

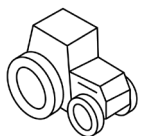
# Platts Germany prices versus No. 5 sugar futures



- Correlation 0.46% - not a great hedge
- Current price spread 52 Eur/mt, reached 611 EUR 28 October 2022
  - Price exposure to 1,000mt would be 611,000 Eur

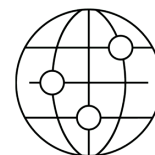
# Outright price trades versus indexation

Indexation to a representative market price tracks the regional physical market, with a more representative correlation and typically lower basis exposure



## Farmers

Able to hedge and lock in a market price  
ability to link beet price to sugar price



## Regional price

- Better representation on physical supply and demand economics
- Increased market transparency




## Consumers

Able to secure supply knowing they will be "at market"



## Flat price

- Insulates you from any price movements but no pricing opportunities – needs to be negotiated for each trade

An aerial photograph of a large agricultural field. The field is filled with rows of young, vibrant green plants, likely seedlings, planted in dark, rich soil. The rows are straight and extend far into the distance, creating a strong sense of perspective. The lighting is bright, highlighting the texture of the soil and the freshness of the plants. In the far background, a single tree stands on the left, and the horizon is visible under a clear sky.

**Q&A**