



Sugar #11 and #5 : prices

August: for the third consecutive month, sugar value resists the storm

Since mid-June, speculators' views on the sugar market have seemed hesitant and their positions remarkably volatile (p. 2). They now appear to consider that the bullish potential of sugar is over, ending the month as net-sellers of 1 Mt.

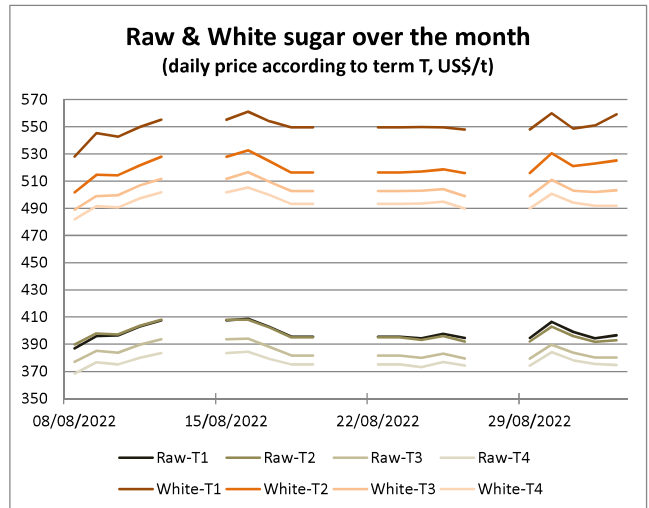
This can be linked to different news heard over the summer.

First, S&P (ex-FoLicht) estimated last June that the world sugar deficit cycle is over, with 2022-2023 being in surplus (+ 1 Mt). ISO's views are even much more optimistic, with a forecast surplus of more than 5 Mt, based on a very pessimistic trend in consumption (+0.5 % to be compared with +1.5 % according to other forecasters). Secondly, oil value is now at the same level as before the Ukrainian invasion, below 95\$/barrel (p. 4) – although it is not felt in many importing countries as their currencies suffered heavily this summer compared to the robustness of the US\$ (p.7) – the best example being the Euro which lost 2.5 % and fell to levels never seen since its implementation. Coupled with a new reduction in gasoline prices decided by Petrobras in Brazil (- 7% in September), the attractiveness for sugar is increasing in this country as it enters the second half of its campaign.

But raw sugar resisted once again, flat during the month, which is quite impressive knowing that corn gained 9% and soy lost 7% (p. 5). Demand seems to be present, and the best illustration of this is the fact that refined sugar gained another 2% during the month, bringing the 'white premium' (the difference between raw and refined sugar) to a record high, over 150\$/t. Is this bullish for raw sugar, or bearish for white? Well, it mainly illustrates the price of energy in several parts of the world which usually refine, especially Europe where the cost of energy (gas) reaches levels never seen in the past, multiplied by 15 since the Ukrainian events!

Regarding fertilizers, if the nitrogen peak seems behind us (directly linked to energy prices), the one concerning potassium and phosphate does not!

	Settling date	First week of August-22	Last week of August-22	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	Oct 22	544,1	553,2	9,1	1,7%
	Dec 22	516,0	523,1	7,2	1,4%
	Mar 23	501,1	503,6	2,5	0,5%
	May 23	492,6	493,7	1,1	0,2%
Raw sugar (sugar#11, NY, cts/lb)	Oct 22	18,05	18,06	0,01	0,1%
	Mar 23	18,11	17,92	-0,19	-1,0%
	May 23	17,50	17,36	-0,14	-0,8%
	Jul 23	17,09	17,12	0,03	0,2%
Raw sugar (sugar#11, NY, \$/t)	Oct 22	398,0	398,2	0,3	0,1%
	Mar 23	399,3	395,1	-4,2	-1,0%
	May 23	385,9	382,7	-3,2	-0,8%
	Jul 23	376,8	377,5	0,7	0,2%
Premium	Oct 22 - Oct 22	146,1	155,0	8,9	6,1%



Sugar#11 and #5 prices since January 2010 front term, US\$/t

