



**Sugar #11 and #5 : prices**

**March: consolidation of gains despite uncertainty**

March was a feverish month for sugar, with macros blowing hot and cold: oil dropped and the Real increased. Despite these uncertainties, and thanks to fundamentals, sugar values slightly rose during the month, with raw gaining 2%.

First, Brent lost 5%, and is now close to 105 US\$/barrel. This should have had a bearish effect on sugar, but it was not the case. This is to be linked with the decision, made on the 10<sup>th</sup> March by Petrobras, the Brazilian oil company (which supported, up to now, the rise in oil cost), to increase domestic fuel. This caused an increase in the domestic ethanol price by 15% in Real! The rise, when converted into dollars, is even more spectacular (+22%) as the Real gained 6% during the month. Consequently, for Brazilian mills, producing ethanol allows them to value sugarcane at the same level as if they sold raw sugar at 19-20 cts/lb on the world market – a highest. This strongly supports raw sugar, especially now that we are entering the new Brazilian campaign. And it may not be over: considering the graph p. 4, the difference between world sugar value and Brazilian ethanol value is at a lowest for years...

Second, on 24<sup>th</sup> March, FoLicht published an update of the world sugar balance, and it now considers that the world deficit (Oct 21/Sep 22) will reach -3.2Mt. It also gave its first estimate of the balance for 2022-2023, and anticipates a deficit, for the fourth consecutive campaign, at -0.9Mt.

Nevertheless, speculators are now less active on sugar markets: they are net-buyer of 3Mt of sugar, a level that is much lower than what it was in the past (graph p. 2). And the fact that, despite this, sugar remained over 19 cts/lb is quite remarkable. White sugar is not forgotten: it gained 2% during the month and the white premium is at a highest for 1.5 years.

The drop in cereals during the month is impressive (wheat dropped by -16%) but remain at a highest. Freight remains very high (p. 8). With the rise in many commodities, importing sugar will be more and more expansive...

	Settling date	First week of March-22	Last week of March-22	Difference in currency	Difference in %
<b>White sugar</b> (sugar#5, London, \$/t)	May 22	530,7	542,6	11,9	<b>2,2%</b>
	Aug 22	519,7	531,3	11,6	<b>2,2%</b>
	Oct 22	512,5	522,6	10,1	<b>2,0%</b>
	Dec 22	510,3	518,3	8,0	<b>1,6%</b>
<b>Raw sugar</b> (sugar#11, NY, cts/lb)	May 22	19,20	19,41	0,21	<b>1,1%</b>
	Jul 22	19,12	19,27	0,15	<b>0,8%</b>
	Oct 22	19,20	19,32	0,12	<b>0,6%</b>
	Mar 23	19,38	19,46	0,08	<b>0,4%</b>
<b>Raw sugar</b> (sugar#11, NY, \$/t)	May 22	423,2	427,8	4,6	<b>1,1%</b>
	Jul 22	421,5	424,9	3,4	<b>0,8%</b>
	Oct 22	423,4	426,0	2,6	<b>0,6%</b>
	Mar 23	427,2	429,1	1,9	<b>0,4%</b>
<b>Premium</b>	May 22 - May 22	107,5	114,7	7,3	<b>6,7%</b>

