



Sugar #11 and #5 : prices

September: doubts about the evolution of sugar value

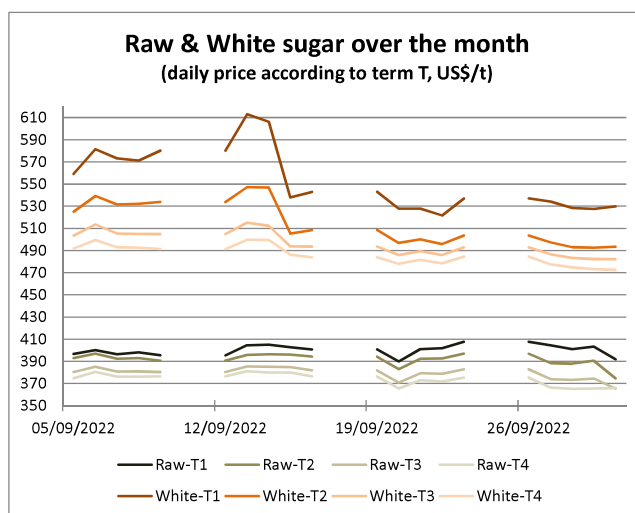
In September, if we don't take into consideration the changes in the first forward term (from October 22 to December 22 for white sugar, and from October 22 to March 23 for raw sugar), sugar prices remained quite stable. This is mainly due to speculators, whose views seem unclear and volatile. Their position is almost flat (see p. 2), although still net sellers (around 1.5 Mt), and this prevented sugar from having clear development during the month.

And indeed the short term is quite blurred. The market is waiting for news from India: how much will the country be able to export in 2022-23? And, regarding Brazil, how much sugar will be produced in the second part of the campaign, knowing that, after 7 consecutive weeks of downward trend, hydrous ethanol in Brazil began to recover from the beginning of September? Today it remains much more profitable to produce sugar (Brazilians have to sell sugar above ≈ 15 cts/lb to earn more with sugar than with ethanol, which is $\approx 20\%$ lower than the real sugar value). And the latest figures from Brazil show that over the first fortnight of the month, 48% of the sugarcane was used to produce sugar, to be compared with a campaign average at 45%. Will this increase estimated surpluses for 2022-2023, evaluated between +1 Mt (S&P) and over +5 Mt (ISO)?

White value (difference between refined and raw sugar) hit a record-high during the month, over 200\$/t, and ended the month over 130\$/t: almost twice its 5 year-average. It illustrates the sharp rise in refining costs at destination, particularly in Europe where, due to the conflict in Ukraine, gas remains ten times above its 5 year-average.

Last but not least, the significant development of currencies has added to uncertainty about how the situation will evolve in the coming months. The American dollar is getting stronger and stronger and has impacted all currencies during the month: the Euro lost 3 % and the Australian \$ lost almost 5%. The mitigated results of the Brazilian election have allowed the Real to calm down after fears the day before the vote, when parity reached 5.4 BRL/US\$...

	Settling date	First week of September-22	Last week of September-22	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	Oct 22	573,0	531,3	-41,7	-7,3%
	Dec 22	532,4	496,0	-36,4	-6,8%
	Mar 23	506,4	485,5	-21,0	-4,1%
	May 23	493,7	476,5	-17,2	-3,5%
Raw sugar (sugar#11, NY, cts/lb)	Oct 22	18,02	18,22	0,20	1,1%
	Mar 23	17,83	17,58	-0,25	-1,4%
	May 23	17,30	16,96	-0,34	-2,0%
	Jul 23	17,09	16,67	-0,42	-2,4%
Raw sugar (sugar#11, NY, \$/t)	Oct 22	397,3	401,6	4,4	1,1%
	Mar 23	393,2	387,6	-5,6	-1,4%
	May 23	381,5	373,9	-7,5	-2,0%
	Jul 23	376,8	367,6	-9,2	-2,4%
Premium	Oct 22 - Oct 22	175,8	129,7	-46,1	-26,2%



Warning ! Terms changed for the white on the 15th of Sept. And for the raw on the 30th of September ! Thus, the last week of Sept. In the table above refers to the new terms.

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

