



Sugar #11 and #5 : prices

October: sugar is once again (strongly) consolidating its gains, and ethanol is going crazy...

Sugar values were almost flat this month. Raw lost 2% during the month, but white remained stable bringing the 'white premium' (the difference between the two) to its five-year average (80 \$/t).

This is all the more remarkable since, over the last three weeks, speculators strongly left the market: they are still net-buyers, but 'only' of 5.6 Mt, against 8.1 three weeks previously: a drop of 30%, to be compared to a drop in raw sugar value of only 1%!

It means that they are not the big player of the market nowadays.

So who are they? First, oil, which gained 3% during the month: Brent is now around 85 US\$/barrel. Then, currencies, which still suffer compared to US\$: BRL lost 1.5% again this month, and is once again at a lowest. In Brazil, ethanol value gained 10% in US\$, and almost 13% in Real (see the graph page 4!). Combined with the rise in cereals (wheat gained 3%, corn 4%), the effect on ethanol is huge elsewhere in the world: in Europe, for instance it gained 11% during the month, and the first term is now over 100 €/hl, a record high!

Oil also impacted freight, which gained again 3%, bringing the Supramax index (the most used in sugar) to 3 times its value at the beginning of the year...

A last point to be noticed: there is growing concern about the value of fertilizers (see the graph p. 8, that hide very different situations in different countries). What will the growers' choice be when they have to make one: will they continue to use fertilizers (if they can find any!) that will be extremely expensive and cause lower income, or will they use less fertilizer, impacting their field yield - and thus the industry profitably?

All in all, the situation seems quite explosive. With higher production costs, huge costs for consumer supply difficulties, if a climatic accident occurs, the impact could be historical...

	Settling date	First week of October-21	Last week of October-21	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	Dec 21	509,8	512,0	2,2	0,4%
	Mar 22	508,3	503,1	-5,2	-1,0%
	May 22	504,1	501,6	-2,5	-0,5%
	Aug 22	496,5	497,1	0,6	0,1%
Raw sugar (sugar#11, NY, cts/lb)	Mar 22	19,89	19,53	-0,36	-1,8%
	May 22	19,43	19,15	-0,28	-1,4%
	Jul 22	18,91	18,85	-0,06	-0,3%
	Oct 22	18,55	18,61	0,06	0,3%
Raw sugar (sugar#11, NY, \$/t)	Mar 22	438,5	430,5	-7,9	-1,8%
	May 22	428,4	422,3	-6,1	-1,4%
	Jul 22	416,9	415,7	-1,3	-0,3%
	Oct 22	409,0	410,3	1,3	0,3%
Premium	Dec 21 - Mar 22	71,3	81,5	10,2	14,2%

