



Sugar #11 and #5 : prices

January: speculators are no longer betting on a fall...

You will remember that sugar felt last month, abandoned by speculators...

In January, the trend was the opposite: raw sugar rose by 10% over the month (p. 1) and speculators, who used to expect the market to fall, have returned to a balanced position (p. 2); it seems that they can't figure out whether the market is going up or down... Such a balanced position is rare in the sugar market. What could cause speculators to buy or sell?

Clearly, the fact that production in Brazil or India is better than expected is now "into the market", i.e. taken into account by operators in their price forecasts.

So we have to look further ahead to anticipate new developments, and that's where it gets tricky. Some dare to make forecasts (Czarnikow, for example, expects a world surplus of 1.6 million tonnes for the current season, before a deficit for the following season), but many are waiting for April and the start of the new Brazilian season: will it be as exceptional as the previous one, with ethanol finally showing signs of recovery (page 4)? What will be the impact of El Niño in the coming months – including in the next Indian campaign in October?

But instead of trying to anticipate the future, let's take a look at this equilibrium in speculators' positions: it is not without interest. On the contrary: despite this equilibrium, the raw sugar market remains above 23 cts/lb. The last time it was at this level was in 2016 and speculators had a lot to do with it: they were net buyers of 12 Mt of sugar!

A high market but no speculation: we could be tempted to conclude that the current value of the market seems quite robust...

	Settling date	First week of January-23	Last week of January-23	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	Mar 24	617,5	662,3	44,8	7,3%
	May 24	606,1	649,4	43,3	7,1%
	Aug 24	595,1	633,4	38,3	6,4%
	Oct 24	585,8	621,9	36,1	6,2%
Raw sugar (sugar#11, NY, cts/lb)	Mar 24	21,54	23,78	2,24	10,4%
	May 24	21,06	22,97	1,91	9,1%
	Jul 24	20,81	22,53	1,73	8,3%
	Oct 24	20,84	22,48	1,65	7,9%
Raw sugar (sugar#11, NY, \$/t)	Mar 24	475,0	524,3	49,3	10,4%
	May 24	464,2	506,3	42,1	9,1%
	Jul 24	458,7	496,7	38,1	8,3%
	Oct 24	459,4	495,7	36,3	7,9%
Premium	Dec 23-Mar 23	142,5	138,0	-4,5	-3,2%

