



### Sugar #11 and #5 : prices

#### June: a turnaround?

A succession of bearish months on the sugar market conducted sugar to lose almost a third of its value since the record high it reached nine months ago (27.7 cts/lb on 22 November 2023). However, June was a different month: raw sugar started the month just above 18 cts/lb but ended it above 20 cts/lb.

This can be linked with the fact the Brazilian campaign, which started at a dizzying pace (+44% of sugarcane crushed on the first two weeks of April compared with last year), has return to normal. And some analysts are beginning to think that the campaign will be disappointing after last year's record: Czarnikow now expects the Centre-South region to produce 41.5 million tonnes in 2024-2025 (compared with 42.1 Mt in the previous campaign).

There was no good news from India either: on 24<sup>th</sup> June, the government confirmed that no export quota would be allocated to sugar factories. This can be linked with a USDA report indicating that the country won't easily reach its ethanol mandate (E20) in 2025 – and that the blending rate will even fall in 2024 (11.5 % of ethanol vs 12.0 % in 2023). In this context, the revision of the world balance published by ISO, which foresees a deficit of more than 2.9 million tonnes in 2023/2024, was not so surprising.

In this context, and without much surprise, the speculators have changed their minds. Look at the graph on page 2: at the beginning of June, they were net sellers of more than 3.5 Mt of sugar, now they are net sellers of less than 1.8 Mt.

It is certainly too early to say that the bearish news is over until the next Indian campaign, next Autumn. But the June sugar rally is real, and all the more robust given the negative impact of the Brazilian currency. The real lost another 4 % this month, and it now takes more than BRL5.5 to buy US\$1. It has not been this low since January 2022 (page 7).

	Settling date	First week of June-23	Last week of June-23	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	Aug 24	554,2	568,9	14,7	2,6%
	Oct 24	532,6	551,4	18,8	3,5%
	Dec 24	521,1	541,2	20,1	3,9%
	Mar 25	521,4	540,0	18,6	3,6%
Raw sugar (sugar#11, NY, cts/lb)	Jul 24	18,86	19,39	0,53	2,8%
	Oct 24	18,81	19,67	0,86	4,6%
	Mar 25	19,06	19,69	0,63	3,3%
	May 25	18,60	18,94	0,35	1,9%
Raw sugar (sugar#11, NY, \$/t)	Jul 24	415,7	427,4	11,6	2,8%
	Oct 24	414,7	433,6	18,9	4,6%
	Mar 25	420,2	434,2	13,9	3,3%
	May 25	410,0	417,6	7,6	1,9%
Premium	Aug 24/Jul 24	138,4	141,5	3,0	2,2%

