



The Mexican Sugar Market

Looking at 2018



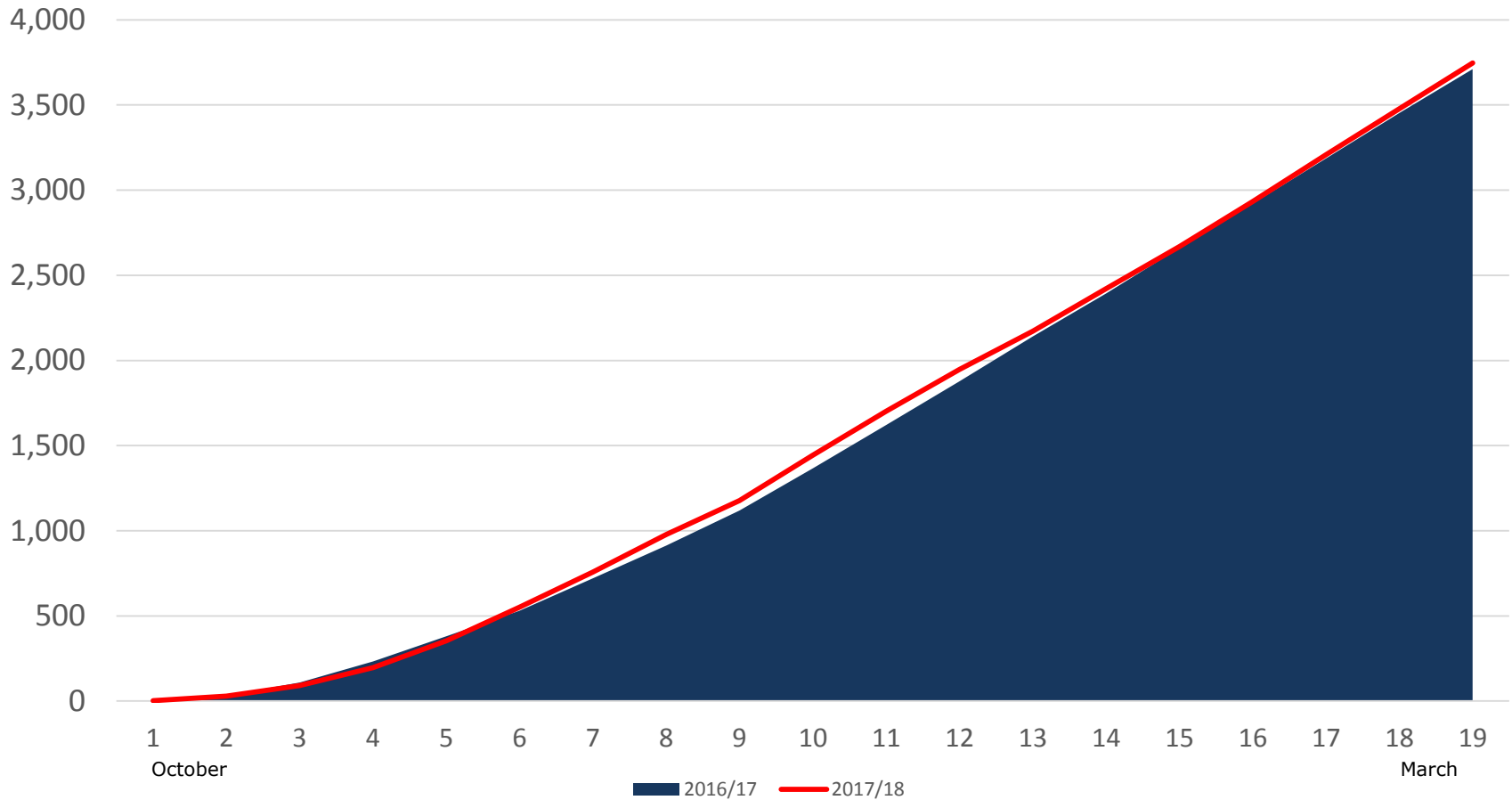
Pablo Sherwell
March 20, 2018



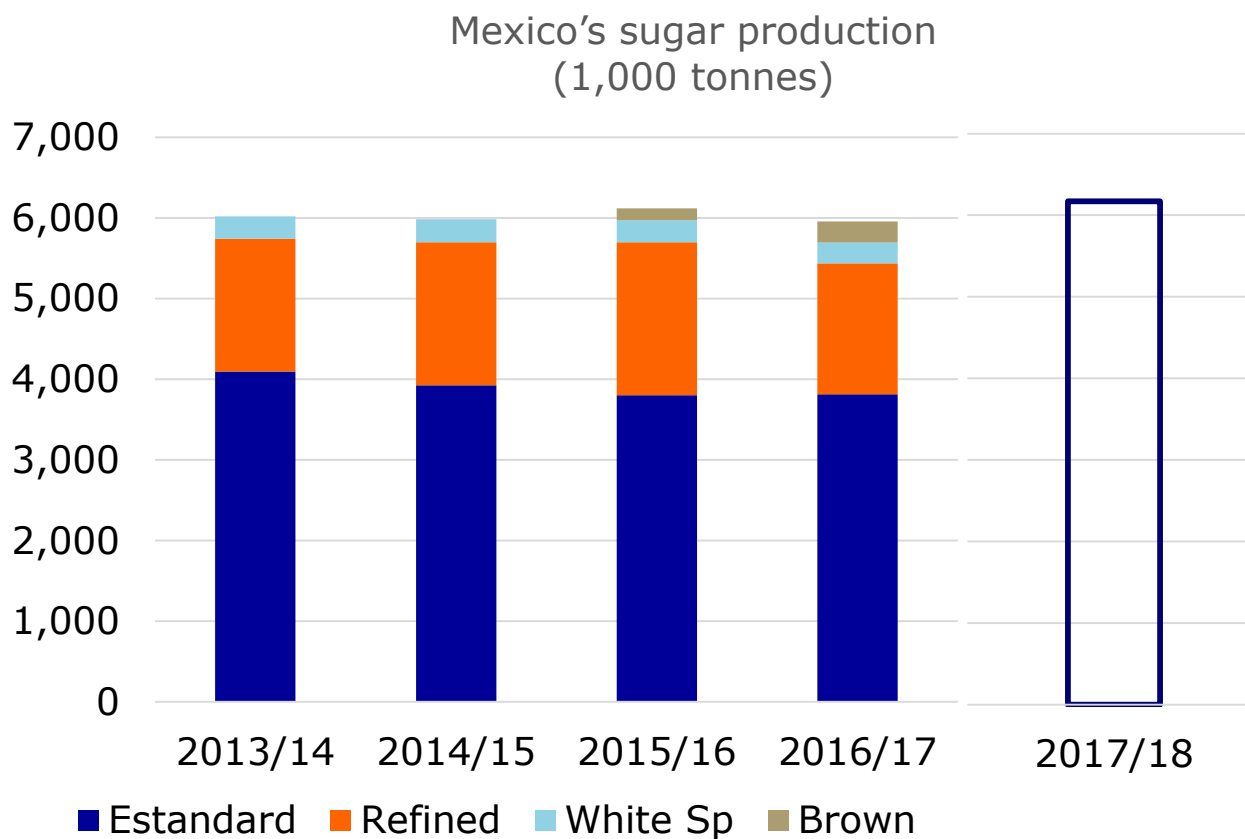
Rabobank

What does Mexican sugar production look like today?

Mexican Sugar Production
(1,000 tonnes, cumulated weekly)



The sugar “mix” (is) was difficult to predict/project



Raw sugar production is happening in Mexico

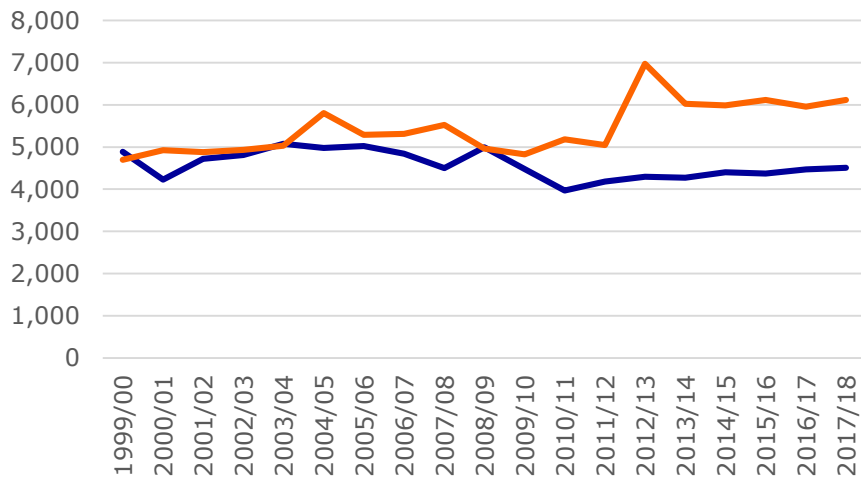
Cumulated sugar production
October – 2 March; 1,000 tonnes

	Refined	Estandard	Special	Brown	<99.2	Total
2017/18	822	2,097	113		444	3,477
2016/17	903	2,254	157	138		3,452

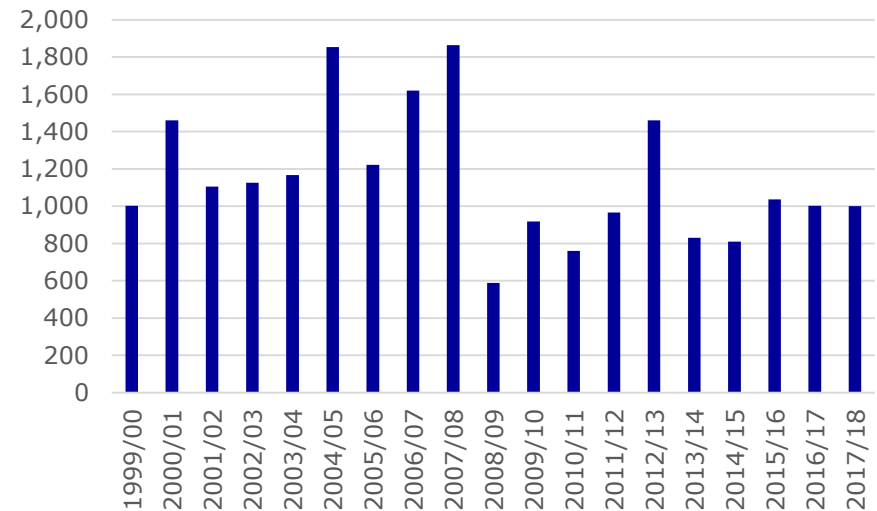


A well-balanced market situation: Flat production and steady consumption

Mexico's sugar production and consumption (1,000 tonnes)

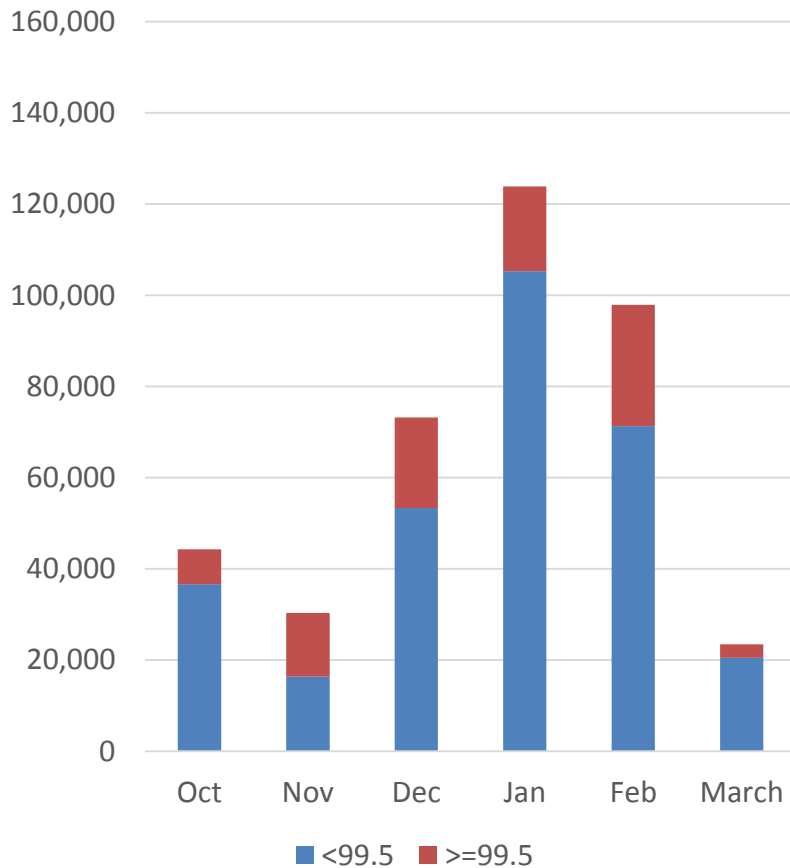


Mexico's ending stocks (1,000 tonnes)

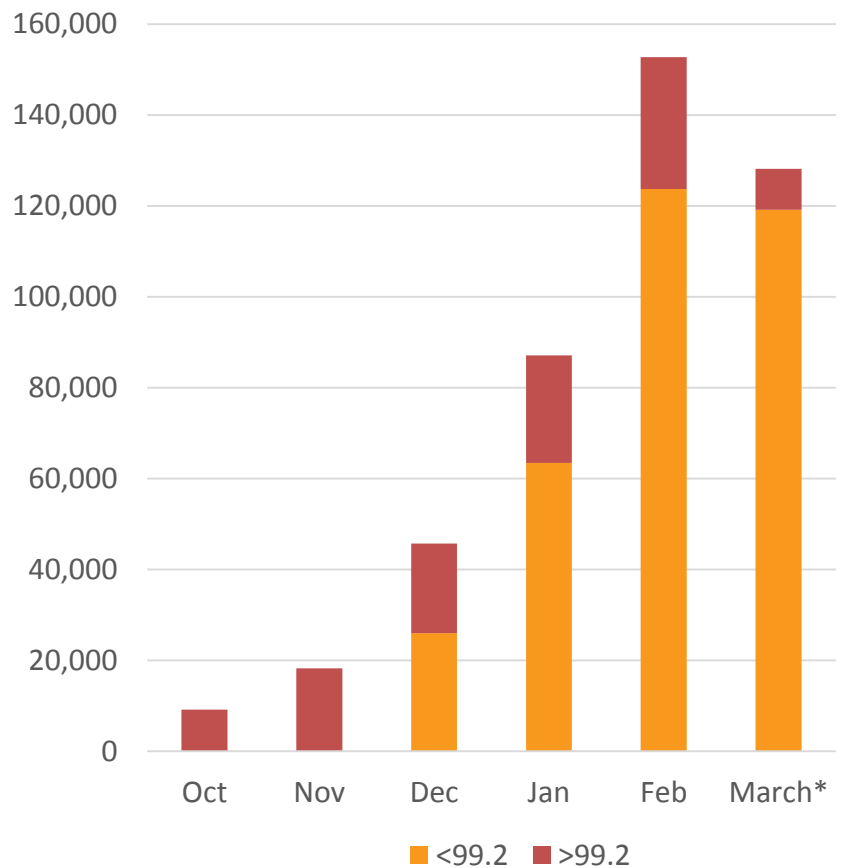


Mexican exports are low but picking up

Mexican exports 2016/17
(tonnes)



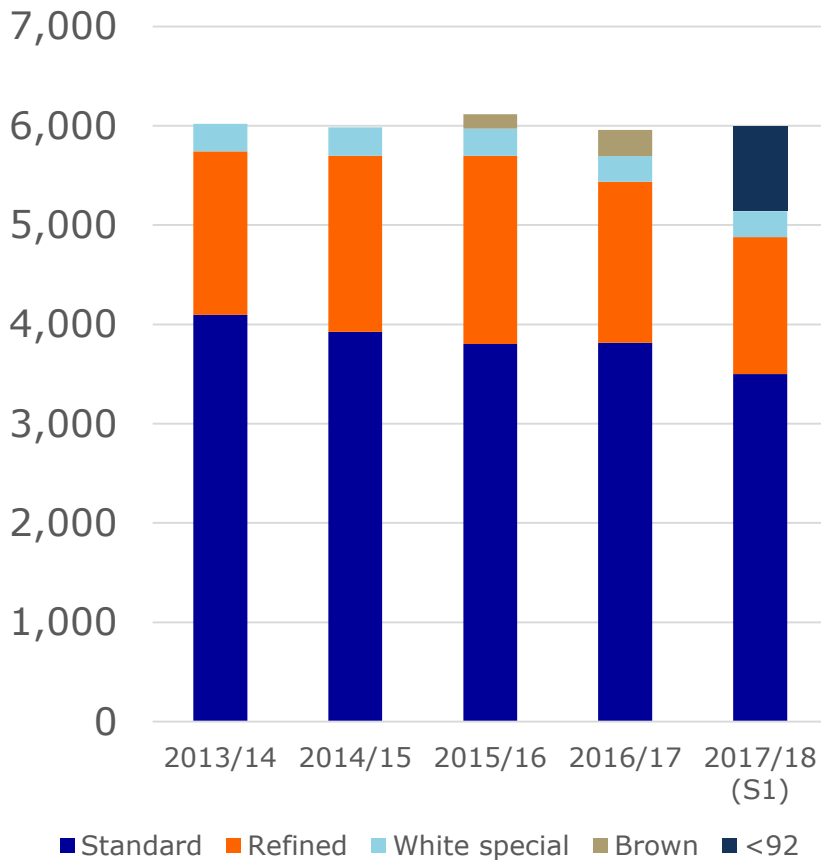
Mexican exports 2017/18
(tonnes)



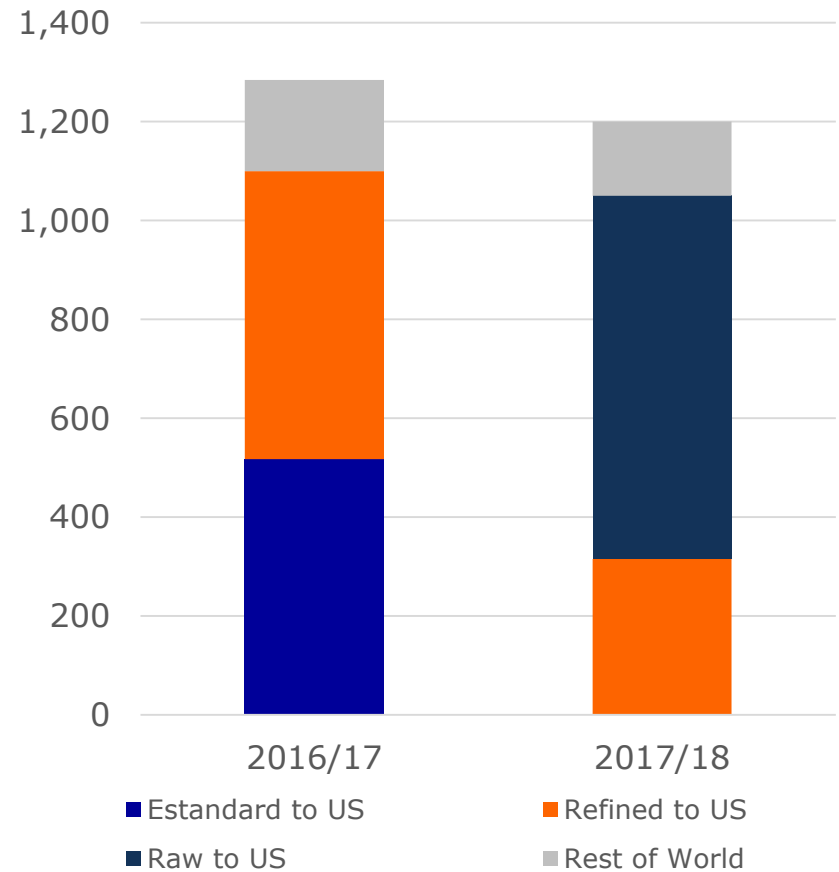
Source: Conadesuca, Zafranet, Rabobank 2018
* As of March 16, 2018

What does the "mix" look like?

Mexico's sugar production (1,000 tonnes)



Mexico's sugar exports (1,000 tonnes)



The “new” suspension agreement’s implications



- ✓ US raw supplies (likely) to increase
- ✓ Improved domestic refined sugar flows
- ✓ More stable raw prices
- ✓ US refined sugar margins to increase



- ✓ It is a transition year for the Mexican industry
- ✓ Challenge to meet US raw requirements
- ✓ Need to reorganize domestic production and logistics
- ✓ Saturation of refined sugar

If NAFTA is terminated



- ✓ Significant reduction in HFCS imports
- ✓ More Mexican sugar enters domestic supply
- ✓ Pressure on domestic prices



- ✓ More HFCS into the domestic supplies?
- ✓ Possible reduction in domestic HFCS production
- ✓ Challenge for the US corn market
- ✓ Challenge to source raw sugar

Final comments

1. The Mexican sector is well supported by domestic consumption
2. There is good discipline on the production side
3. Mexican domestic prices will remain well-supported
4. The future of the sector will depend on
 1. The suspension agreement
 2. NAFTA