

Sweetener Users Association Conference Call

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SUA November 2020: Market Overview

- **US Sugar supply/demand**
 - **2019-20** S-T-U ratio lowered to 13% as higher use more than offset higher production and imports; changes mostly minor.
 - **2020-21** S-T-U ratio lowered to 10.6%.
 - Large beet sugar cut on reduced 2020 sugar beet production.
 - Deliveries unchanged from October but down 1% from 2019-20.
 - Domestic supplies are tighter than expected.
 - Prices are firm to higher, but most business is completed.
- **Corn sweetener supply/demand**
 - Pricing for 2021 has firmed but still mostly flat with 2020.
 - Annual contracting is progressing slowly.
 - Mexico's 2020-21 HFCS consumption forecast lowered from Oct.
- **Global sugar supply/demand**
 - World raw prices have firmed with fund support.
 - Some nearby supply tightness; India exports?

SUA November 2020: USDA 2019-20 WASDE

<i>1,000 short tons</i>	Nov.	Change from Oct.		Change from 18-19	
<i>raw value</i>	<u>19-20</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>
Begin. Stocks	1,783	-	0.0%	(225)	-11.2%
Production	8,149	21	0.3%	(850)	-9.4%
Beet	4,351	58	1.4%	(588)	-11.9%
Cane	3,798	(37)	-1.0%	(262)	-6.5%
Imports	4,154	18	0.4%	1,084	35.3%
T.R.Q.	2,071	-	0.0%	530	34.4%
Other Prog.	432	-	0.0%	(6)	-1.4%
Mexico	1,376	(6)	-0.4%	376	37.6%
High Tier	275	24	9.6%	183	198.9%
Ttl Supply	14,085	38	0.3%	8	0.1%
Exports	61	16	35.6%	26	74.3%
Deliveries	12,333	33	0.3%	102	0.8%
Food	12,235	35	0.3%	129	1.1%
Other	98	(2)	-2.0%	(28)	-22.2%
Misc.	68	68	-	40	142.9%
Total Use	12,462	117	0.9%	168	1.4%
Ending Stocks	1,623	(79)	-4.6%	(160)	-9.0%
Stocks-to-use	13.0%	-0.8		-0.7	

Minor adjustments to supply and use from October.

Beet production was raised due to strong early harvest; cane was lowered due to less harvest in September than expected.

Imports were raised based on strong high-tier imports.

Most interesting were increases in deliveries, including the third consecutive monthly increase for food, now up more than 1% from 2018-19, which seems counter to impact from COVID-19 and overall talk about sugar reduction strategies.

Note: S-T-U at 13%.

* S-T-U Ratio change is from prior S-T-U, not in tons or per cent.

SUA November 2020: USDA 2020-21 WASDE

1,000 short tons raw value	Nov.	Change from Oct.		Change from 19-20		RS-SPC
	20-21	Tons	%	Tons	%	20-21
Begin. Stocks	1,623	(79)	-4.6%	(160)	-9.0%	1,620
Production	9,001	(267)	-2.9%	852	10.5%	9,025
Beet	4,899	(307)	-5.9%	548	12.6%	4,900
Cane	4,101	39	1.0%	303	8.0%	4,125
Imports	3,025	(95)	-3.0%	(1,129)	-27.2%	3,350
T.R.Q.	1,711	(121)	-6.6%	(360)	-17.4%	1,800
Other Prog.	350	-	0.0%	(82)	-19.0%	350
Mexico	888	-	0.0%	(488)	-35.5%	1,125
High Tier	75	25	50.0%	(200)	-72.7%	75
Ttl Supply	13,649	(440)	-3.1%	(436)	-3.1%	13,995
Exports	35	-	0.0%	(26)	-42.6%	35
Deliveries	12,305	-	0.0%	(28)	-0.2%	12,290
Food	12,200	-	0.0%	(35)	-0.3%	12,190
Other	105	-	0.0%	7	7.1%	100
Misc.	-	-	-	(68)	-100.0%	-
Total Use	12,340	-	0.0%	(122)	-1.0%	12,325
Ending Stocks	1,309	(440)	-25.2%	(314)	-19.3%	1,670
Stocks-to-use	10.6%	-3.6		-2.4		13.5%

USDA slashed beet sugar production more than most expected, but still believable. Cane raised slightly due to timing.

Imports were lowered as extended 2019-20 TRQ imports failed to arrive; offset more high-tier.

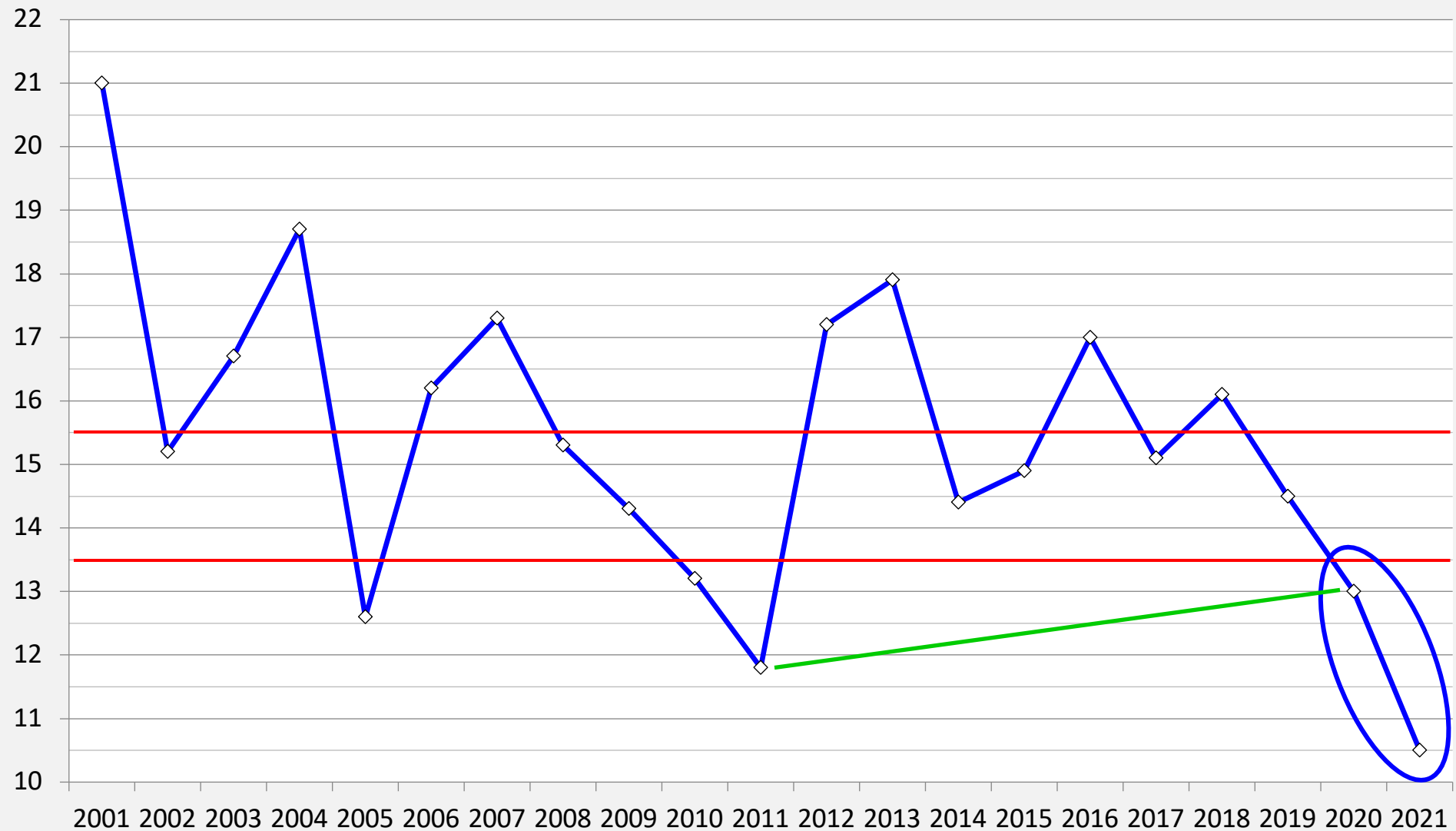
Obviously imports from Mexico will need to be increased in December; likely by about 240,000 tons to get to 13.5%.

Key will be deliveries; left unchanged in Nov. WASDE. **Too high?**

* S-T-U Ratio change is from prior S-T-U, not in tons or per cent.

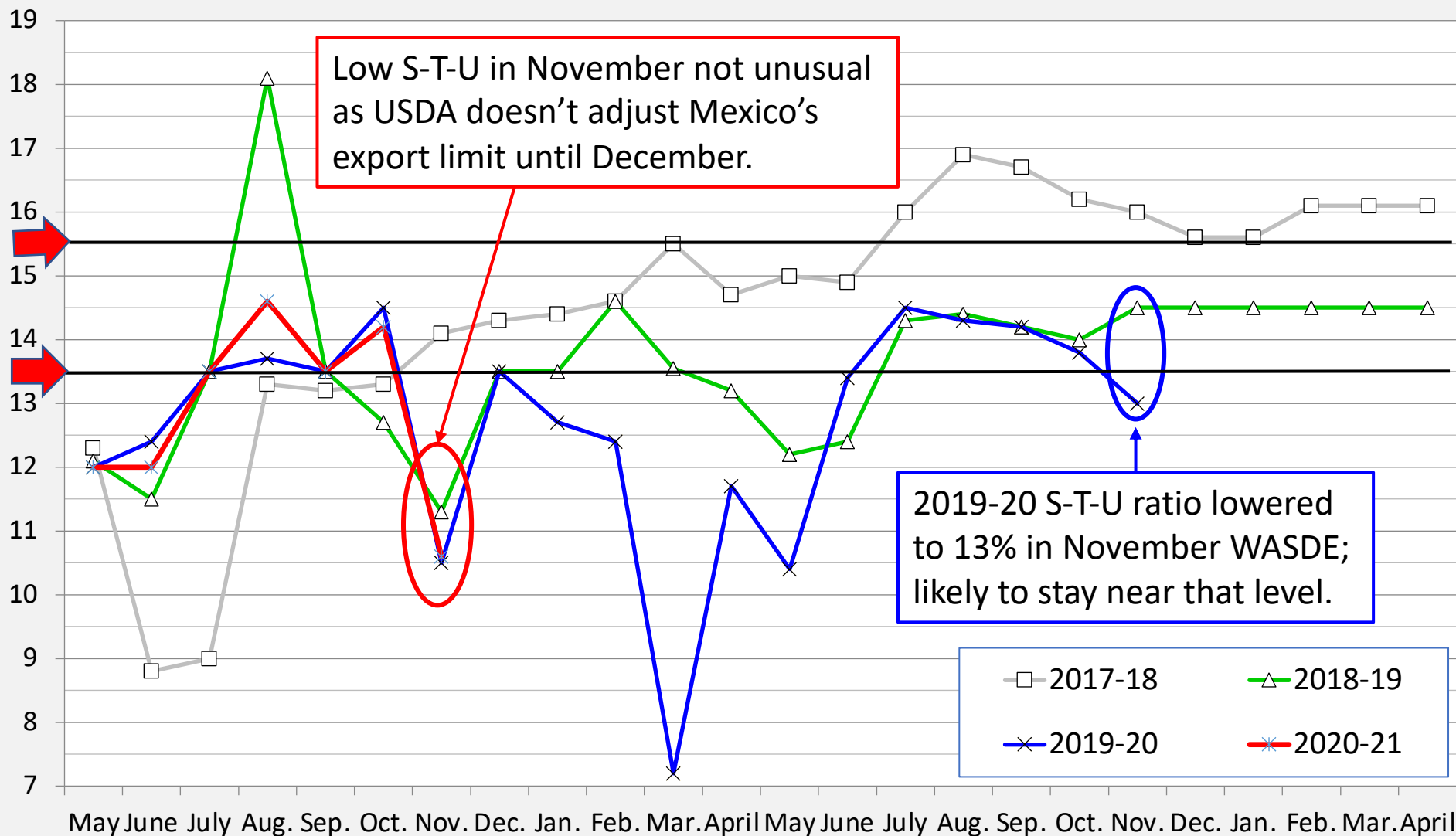
SUA November 2020: Annual S-T-U Ratios

Annual ending stocks-to-use ratios, in per cent. Source: USDA.



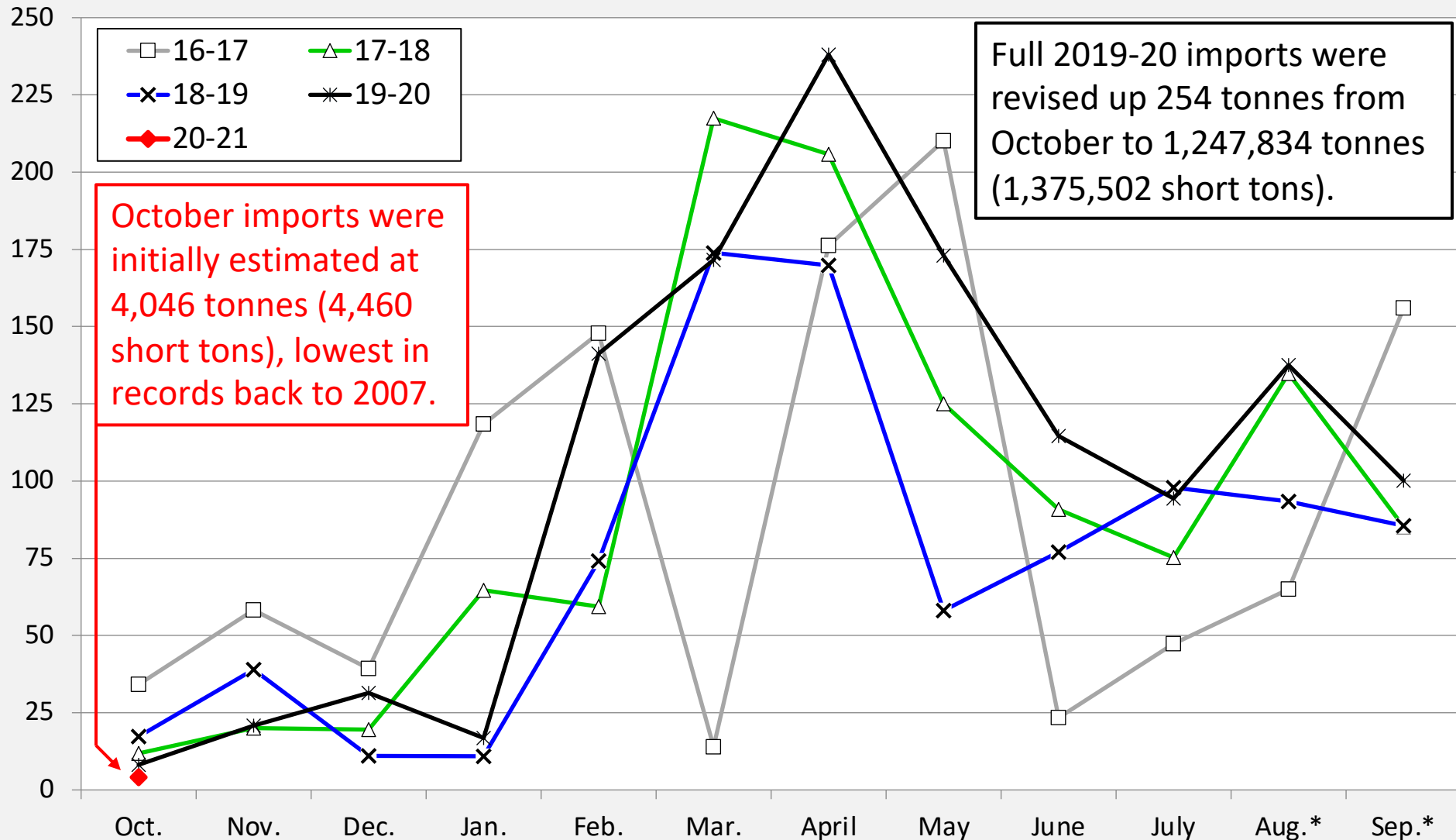
SUA November 2020: Monthly S-T-U Ratios

Two-year S-T-U ratios in per cent, beginning with first forecast in May for each marketing year.



SUA November 2020: Imports from Mexico

In 1,000 tonnes, raw value. *2019-20 projected. Sources: USDA and US Census Bureau.



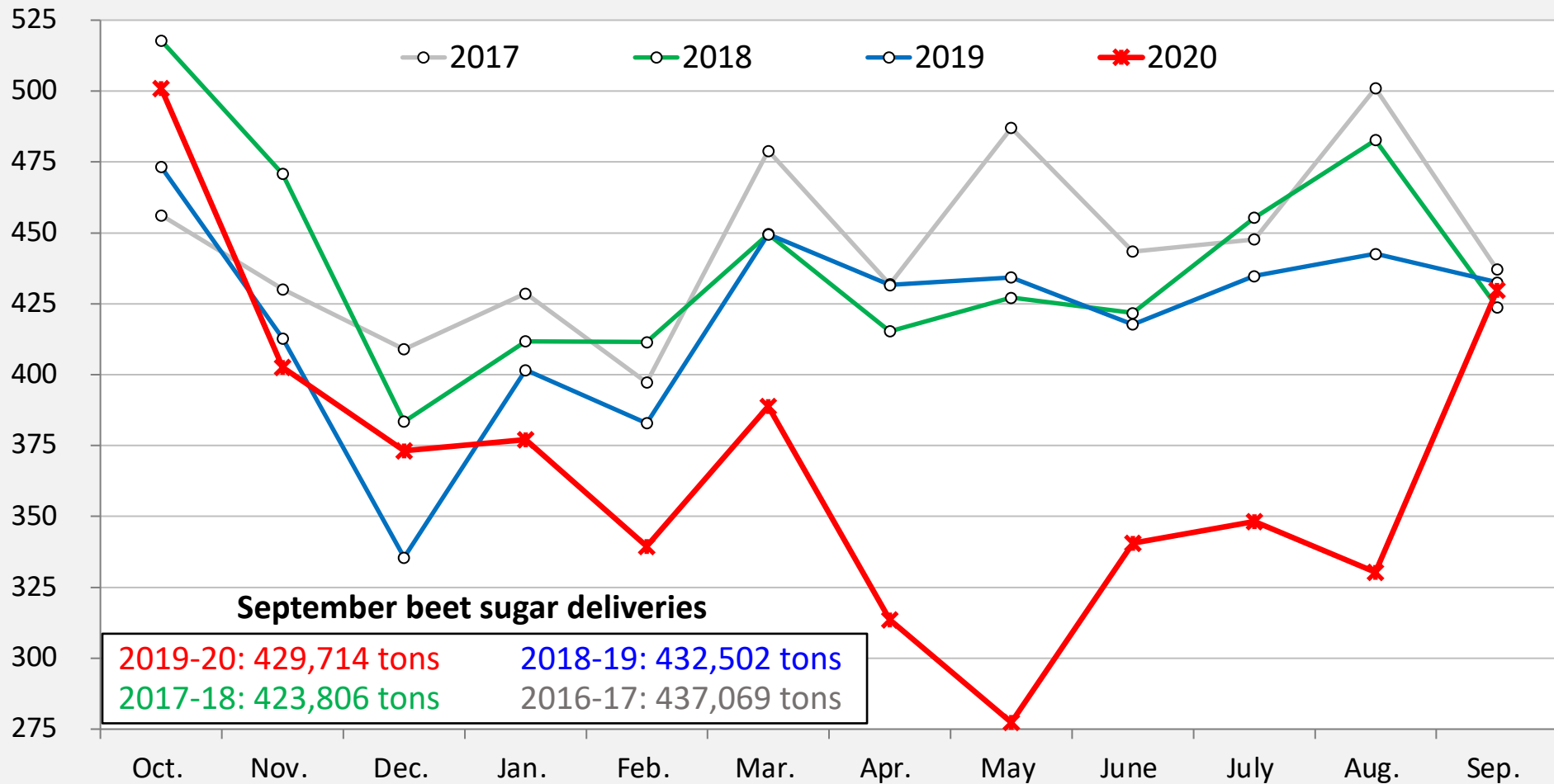
SUA November 2020: SMD October-September

Source: USDA.

<i>Short tons, Raw value</i>	Oct.-Sept.	Oct.-Sept.	Change from 18-19	
	<u>2019-20</u>	<u>2018-19</u>	<u>Tons</u>	<u>%</u>
Beginning stocks	1,782,548	2,007,901	(225,353)	-11.2%
Total production	8,147,888	8,998,590	(850,702)	-9.5%
Beet	4,351,249	4,938,813	(587,564)	-11.9%
Cane	3,796,638	4,059,775	(263,137)	-6.5%
Total imports	4,128,913	3,070,257	1,058,656	34.5%
Total supply	14,059,348	14,076,748	(17,400)	-0.1%
Total exports	61,016	34,605	26,411	76.3%
Total deliveries	12,307,971	12,231,168	76,803	0.6%
Deliveries, human use	12,209,880	12,105,653	104,227	0.9%
Misc. supply adj.	68,060	28,425	39,635	139.4%
Total use	12,437,047	12,294,200	142,847	1.2%
Ending stocks	1,622,302	1,782,546	(160,246)	-9.0%

SUA November 2020: Beet Sugar Deliveries

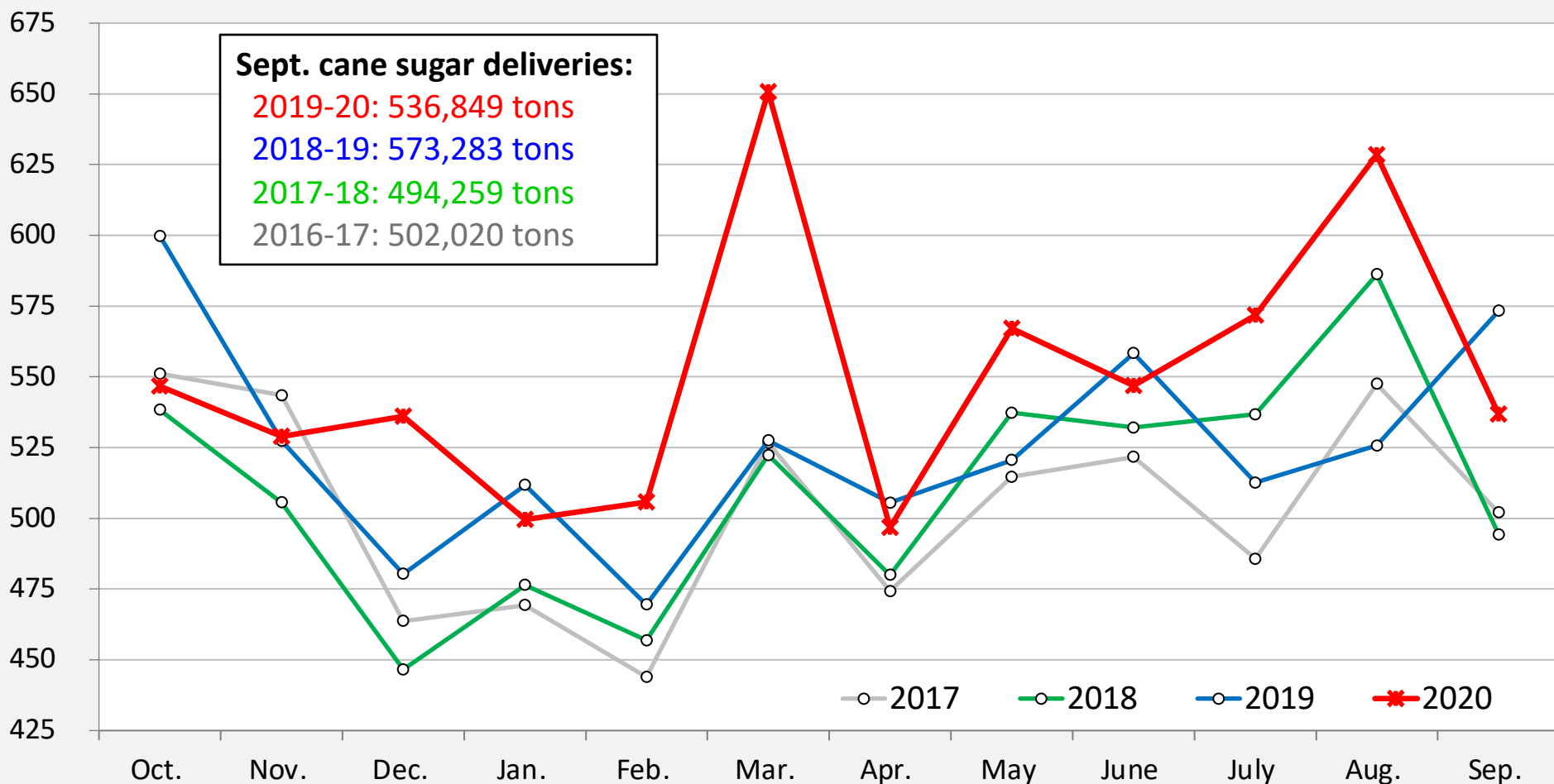
Monthly beet sugar deliveries, in 1,000 tons, raw value. Source: USDA



September beet sugar deliveries surged 30% from August (reflecting early beet harvest) and were in line with prior 3 years after dismal performance most of year. Full-year deliveries of 4,421,979 tons were down 12.4% from 2018-19 and the lowest since 2009.

SUA November 2020: Refined Cane Deliveries

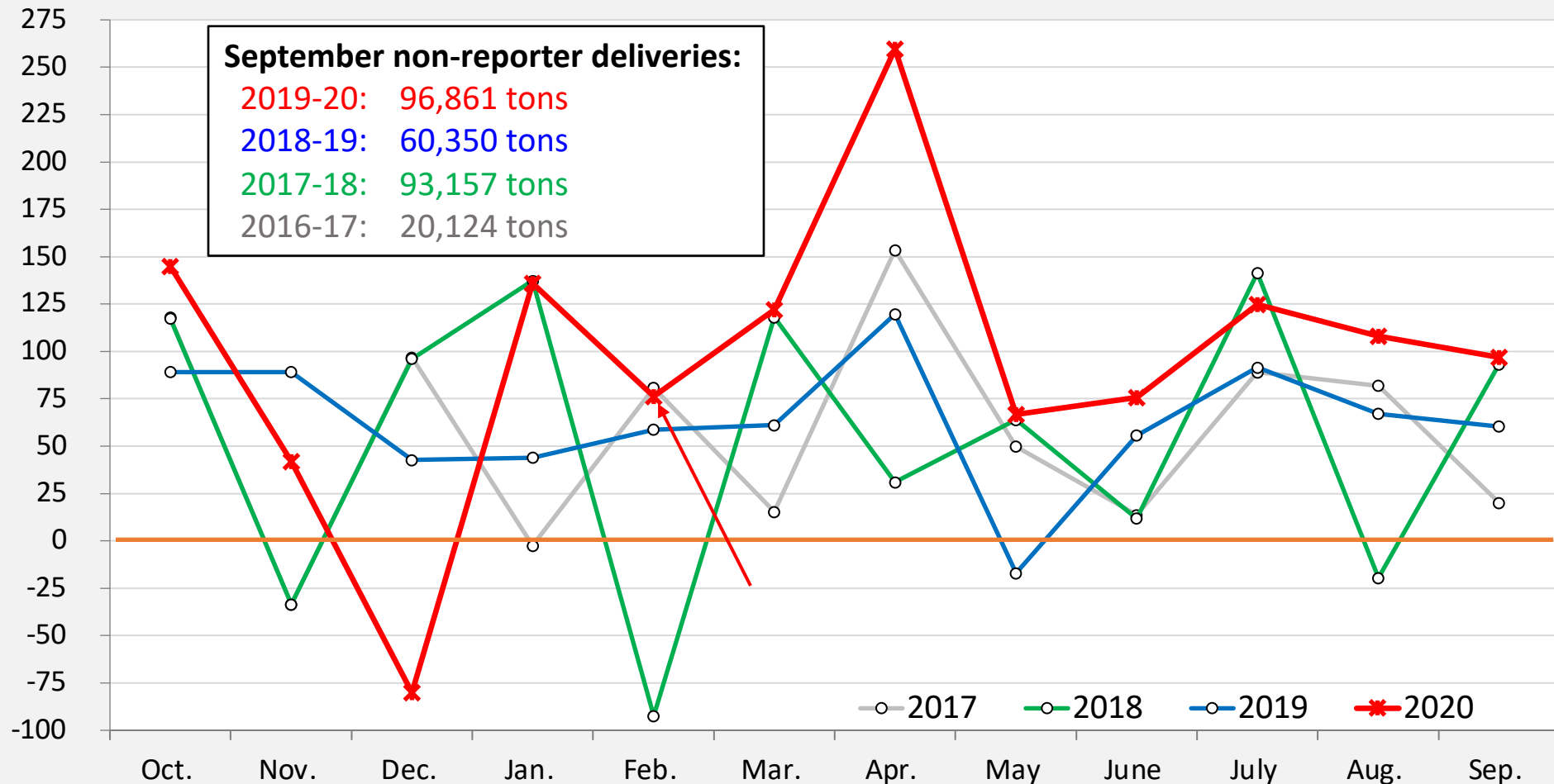
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



September cane sugar deliveries fell 14.5% from August and were down 6.3% from Sept. 2019. Some of that may be attributed to downtime and reduced production from Domino's Chalmette, La., refinery. Full-year deliveries of 6,615,470 tons were up 4.8% from 2018-19 and were the highest on record.

SUA November 2020: Deliveries by Non-Reporters

Monthly non-reporter deliveries, in 1,000 tons, raw value. Source: USDA



Non-reporter deliveries in September declined 10.2% from August but were up 62% from September 2019. Full-year non-reporter deliveries of 1,172,431 tons were up 54% from a year ago and were the highest on record.

SUA November 2020: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	FY 2020	FY 2019	Oct.-Sept.	Oct.-Aug.
	<u>Oct.-Sept.</u>	<u>Oct.-Sept.</u>	<u>% change</u>	<u>% change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	10,388,015	10,695,783	-2.9	-2.7
1-Bakery, cereal, and related products	2,428,210	2,489,275	-2.5	-2.7
5-Confectionery and related products	1,035,434	1,207,708	-14.3	-13.9
6-Ice cream and dairy products	761,909	749,655	1.6	2.6
7-Beverages	620,245	730,939	-15.1	-14.6
8-Canned, bottled and frozen foods	435,711	407,955	6.8	6.1
4-Multiple and all other food uses	1,029,589	1,134,993	-9.3	-9.6
10-Non-food uses	134,621	144,817	-7.0	-7.7
11-Hotels, restaurants, institutions	86,256	85,366	1.0	1.7
2-Wholesale grocers, jobbers, dealers	2,242,079	2,219,778	1.0	0.8
3-Retail grocers, chain stores	1,301,599	1,223,111	6.4	8.2
12-Government agencies	13,576	12,720	6.7	1.0
9-All other deliveries	298,787	289,465	3.2	2.3
Total Deliveries/1 (short tons, <u>raw value</u>)	11,115,176	11,444,488	-2.9	-2.7
Crystalline:	9,542,834	9,891,210	-3.5	-3.3
Consumer-size packages (retail)	2,271,230	2,223,514	2.1	3.4
Packages 50 lbs and greater	2,891,821	2,978,172	-2.9	-2.0
Unpackaged (bulk)	4,379,782	4,689,524	-6.6	-7.3
Non-crystalline/2	1,572,343	1,553,278	1.2	0.7

1/Deliveries from domestic sugar beet processors, sugar cane processors and refiners.

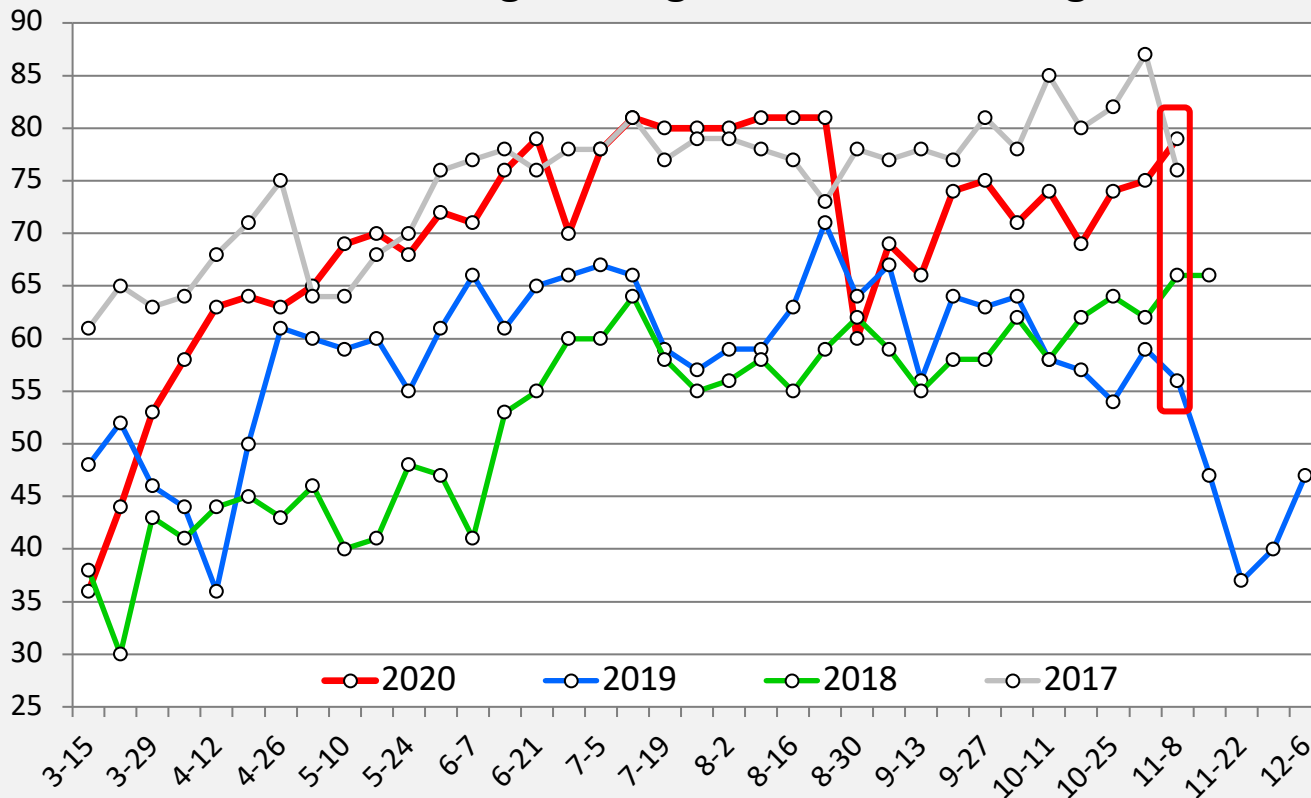
¹² 2/Includes all liquid, edible molasses, sugar syrups and cane juice.

Source: USDA

SUA November 2020: Beet and Cane Crops

Sugar beet harvest was wrapped up in most major states by or before Nov. 1, with states still reporting progress as of Nov. 8 including Idaho and Michigan both at 95% completed, Montana at 81%, Washington at 85% and Oregon at 98%. Montana is probably the greatest concern as some of the crop likely will not be harvested due to weather, but not huge acres. As noted on next slide, great harvest weather prevented last year's debacle, but there still were some issues from dry weather that reduce beet yields and tonnage, resulting in a notable reduction in beet sugar production for 2020-21 as noted in the earlier WASDE slides.

Louisiana sugarcane good/excellent ratings



Louisiana sugarcane harvest was 40% completed as of Nov. 8, slightly behind 44% both last year and as the 5-year average. The good-to-excellent rating was outstanding at 79%, slightly below the 80% to 81% ratings prior to Hurricane Laura, but the highest for the date in at least seven years and above the final rating of 2017.

SUA November 2020: Crop Production

Sugar beet production

1,000 tons	Nov.	From 2019		From Oct.	
	2020	Tons	%	Tons	%
Minnesota	11,093	2,693	32.1%	(977)	-8.1%
N. Dakota	5,431	1,011	22.9%	(789)	-12.7%
Idaho	6,914	479	7.4%	-	0.0%
Michigan	4,358	211	5.1%	(139)	-3.1%
Nebraska	1,479	410	38.4%	78	5.6%
Montana	1,429	276	23.9%	(22)	-1.5%
California	1,083	3	0.3%	-	0.0%
Colorado	782	33	4.4%	(8)	-1.0%
Wyoming	921	242	35.6%	-	0.0%
Oregon	378	1	0.3%	-	0.0%
Wash.	90	(1)	-1.1%	-	0.0%
US Total	33,958	5,358	18.7%	(1,857)	-5.2%

Sugarcane production

1,000 tons	Nov.	From 2019		From Oct.	
	2020	Tons	%	Tons	%
Florida	18,131	487	2.8%	0	0.0%
Louisiana	14,423	1,262	9.6%	-339	-2.3%
Texas	1,228	96	8.5%	38	3.2%
U.S.	33,782	1,845	5.8%	-301	-0.9%

Sugar beet production

In its Nov. 10 Crop Production report, the USDA lowered from October its forecast 2020 US sugar beet production by 5%, (8% drop in Minnesota, 13% drop in North Dakota, 3% drop in Michigan) with the only gain in Nebraska. This reflects lower beet yields and tonnage in the Red River Valley, Michigan, Montana and Colorado. This is far from last year's harvest disaster, with production still up about 19%, but it trims domestic supply considerably, especially considering the large volume produced in Aug.-Sept. and counted in 2019-20.

Sugarcane production

Sugarcane production also was lowered from October by about 1% but was up about 6% from 2019. The decline mainly was the result of a 2% drop in Louisiana.

SUA November 2020: Cash sugar prices

- Beet sugar 2020-21** Prices for 2020-21 are firm at 36.5c to 37c a lb f.o.b. in the Midwest, 39c in Michigan and near 40c on the West Coast.
- Cane sugar 2020-21** One refiner raised prices this week, with Nov.-Dec. offered at 46c a lb nationwide, up 2c, and Jan.-Sept. 2021 at 42c a lb in the Northeast and on West Coast, up 1c. Southeast offered at 38.50c to 39.50c for 2020-21, firm. Gulf offered at 38c to 39.50c for 2020-21, firm.
- Beet & cane 2021-22** Fair amount of Oct.-Dec. 2021 beet sugar sold.

Recent developments and factors to watch in cash sugar market

- Beet processors are very well sold or sold out for 2020-21 as most have less sugar to sell than expected due to smaller beet crops; not a repeat of 2020 force majeure.
- Domestic supplies are tight; thus higher cane prices as that is now the only option.
- Most beet sugar sold at 33c to 35c for 2020-21; higher numbers for last 5% to 10%.
- Hurricanes disrupted some TRQ shipments in October.
- Imports from Mexico will pick up in January; need to watch Mexico's situation after 50,000-tonne drop in forecast production from October. Not the disaster of 2019-20.
- Supply in Mexico is currently tight, but should be okay once cane harvest gains momentum after first of new year.

SUA November 2020: Mexico WASDE

In 1,000 tonnes, actual weight. Source: USDA Nov. 10, 2020, WASDE

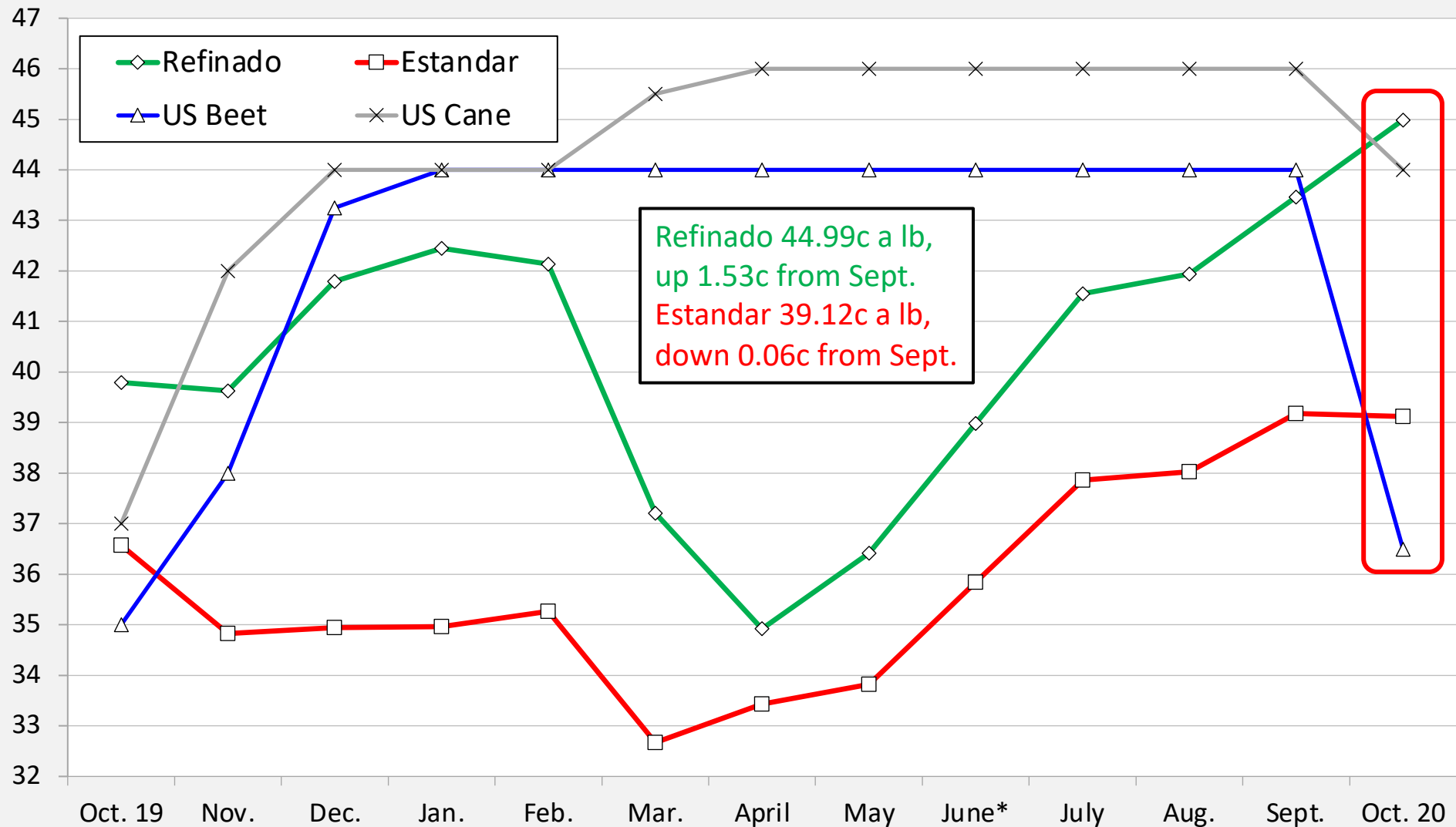
	November	Change from		November	Change from	
	<u>19-20</u>	<u>Oct.</u>	<u>18-19</u>	<u>20-21</u>	<u>Oct.</u>	<u>19-20</u>
Begin. Stocks	1,169	-	(226)	858	6	(311)
Production	5,278	-	(1,148)	5,950	(50)	672
Imports	77	(33)	(8)	86	(3)	9
Total Supply	6,524	(33)	(1,382)	6,894	(47)	370
Exports	1,212	(6)	(992)	1,471	(47)	259
Domestic Use	4,455	(33)	(77)	4,488	-	33
Total Use	5,667	(39)	(1,069)	5,959	(47)	292
Ending Stocks	858	6	(311)	935	-	77
S-T-U (total)	15.1%	+0.2	-2.5	15.7	+0.1	+0.6
S-T-U (domestic)	19.3%	+0.3	-6.8	20.8	-	+1.5

For 2019-20, lower imports were offset by a like decline in domestic use, with a small decline in exports resulting in an increase of 6,000 tonnes in ending stocks.

For 2020-21, production was lowered by 50,000 tonnes, with a slight decline in imports and a slight increase in beginning stocks resulting in a net decline of 47,000 tonnes in total supply, which was offset by a like decline in exports, leaving ending stocks unchanged. **Mexico still will have plenty of sugar to export.**

SUA November 2020: US & Mexico sugar prices

Average monthly cash prices in cents/lb. *June prices not available, used May-July average.



Sources: USDA and Sosland Publishing Company.

SUA November 2020: New York #16 Raw Futures

ICE domestic raw sugar futures as of Nov. 11, 2020, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFF21 (D10)	29.30 S	-0.05	29.35	29.35	56	1738	1:30:08 PM EST - 11/11/20	29.30 S
ESFH21 (D10)	28.85 S	-0.05			17	3189	1:30:08 PM EST - 11/11/20	28.85 S
ESFK21 (D10)	28.95 S	0.00			0	1199	1:30:08 PM EST - 11/11/20	28.95 S
ESFN21 (D10)	28.95 S	0.00			0	2262	1:30:08 PM EST - 11/11/20	28.95 S
ESFU21 (D10)	28.95 S	0.00			0	1289	1:30:08 PM EST - 11/11/20	28.95 S
ESFX21 (D10)	28.35 S	0.00			0	1080	1:30:08 PM EST - 11/11/20	28.35 S
ESFF22 (D10)	27.35 S	0.00			0	265	1:30:08 PM EST - 11/11/20	27.35 S
ESFH22 (D10)	27.35 S	0.00			0	255	1:30:08 PM EST - 11/11/20	27.35 S
ESFK22 (D10)	27.35 S	0.00			0	185	1:30:08 PM EST - 11/11/20	27.35 S
ESFN22 (D10)	27.35 S	0.00			0	190	1:30:08 PM EST - 11/11/20	27.35 S
ESFU22 (D10)	27.35 S	0.00			0	145	1:30:08 PM EST - 11/11/20	27.35 S

Nearby domestic raw futures have surged about 2c a lb since mid-October, said to be in large part due to lack of imported raw supply (mainly domestic available), with Mexico out of exportable raws (and no export licenses yet), complicated by disruptions to ocean shipments caused by numerous recent hurricanes. Note 0.40c to 0.50c discount in most of later 2021 months, and 2.0c discount into 2022. Expect spot month to come down, but not until more raw imports become available.

SUA November 2020: Global Sugar Overview

- **Global supply/demand fundamentals (2020-21)**
 - Production down in Thailand, Europe, Russia, Pakistan, some others.
 - Production up in Brazil (+44% April-October), India, North America.
 - India appears poised to announce an export subsidy; expected to be lower than in 2019-20 due to higher world sugar prices but still could add 5-6 million tonnes to world market.
 - Coronavirus impact on demand still unknown but expected to lessen in 2021 with advent of vaccine; must get through current second phase.
- **Global supply/demand balance**
 - Not many recent updates to 2020-21 global forecasts, but a global deficit still is expected.
- **Pricing**
 - Nearby world prices have moved above 14c a lb on continued fund buying (wavering a bit), delay in India's export subsidy and hope for a coronavirus vaccine that will boost the world economy.

SUA November 2020: New York #11 Raw Futures

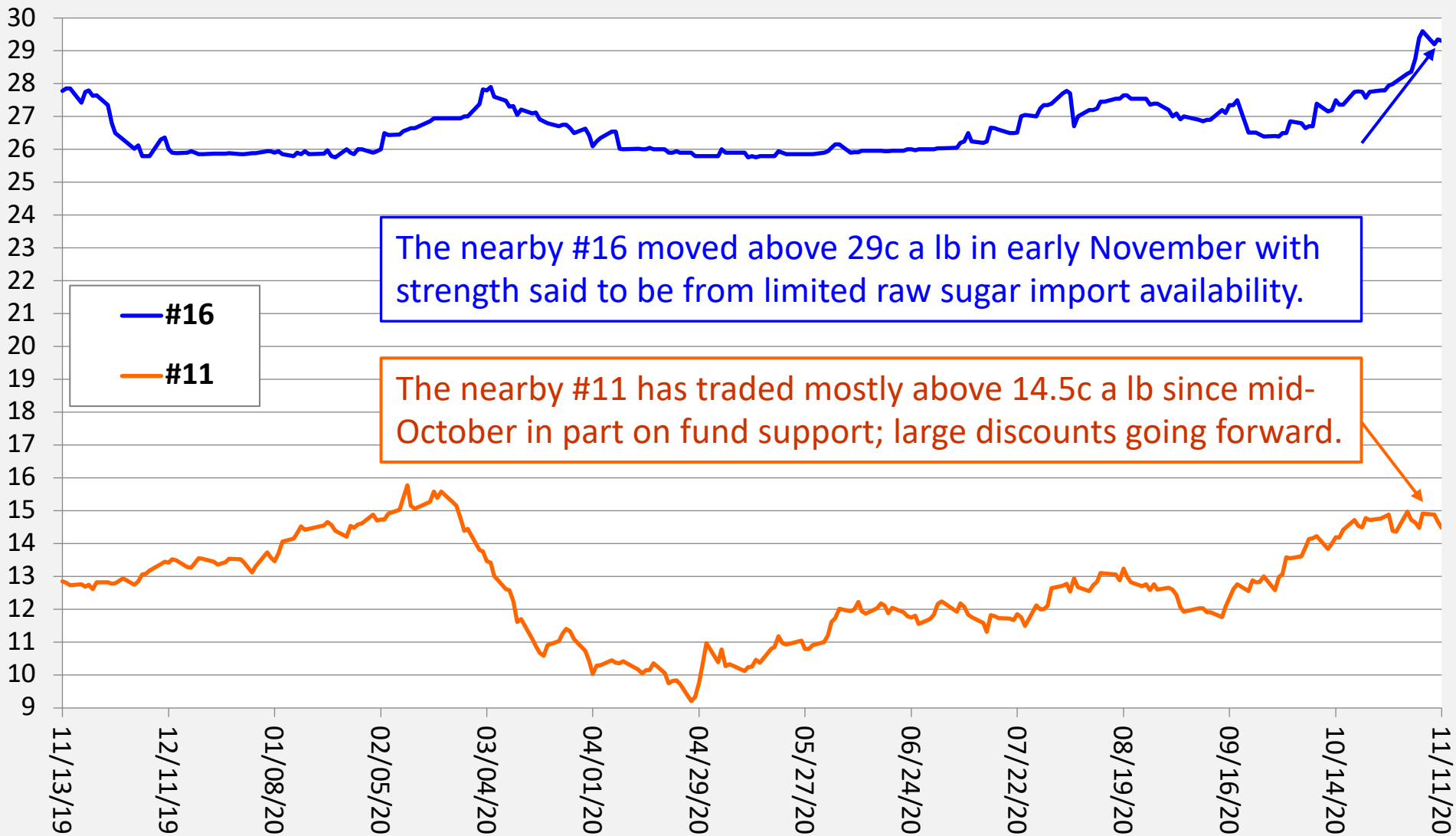
ICE world raw sugar futures as of Nov. 11, 2020, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBH21 (D10)	14.49 S	-0.19	14.68	14.42	47175	427862	1:09:52 PM EST - 11/11/20	14.49 S
ESBK21 (D10)	13.83 S	-0.21	14.00	13.77	29585	203205	1:09:52 PM EST - 11/11/20	13.83 S
ESBN21 (D10)	13.22 S	-0.18	13.38	13.17	12443	132545	1:09:52 PM EST - 11/11/20	13.22 S
ESBV21 (D10)	13.12 S	-0.15	13.24	13.07	3690	101102	1:09:52 PM EST - 11/11/20	13.12 S
ESBH22 (D10)	13.45 S	-0.12	13.55	13.38	1281	63505	1:09:52 PM EST - 11/11/20	13.45 S
ESBK22 (D10)	13.03 S	-0.10	13.10	12.97	626	41149	1:09:52 PM EST - 11/11/20	13.03 S
ESBN22 (D10)	12.76 S	-0.10	12.84	12.72	339	34770	1:09:52 PM EST - 11/11/20	12.76 S
ESBV22 (D10)	12.66 S	-0.10	12.76	12.65	166	30246	1:09:52 PM EST - 11/11/20	12.66 S
ESBH23 (D10)	12.82 S	-0.09	12.93	12.83	105	11004	1:09:52 PM EST - 11/11/20	12.82 S
ESBK23 (D10)	12.51 S	-0.10	12.53	12.49	9	4617	1:09:52 PM EST - 11/11/20	12.51 S
ESBN23 (D10)	12.31 S	-0.09	12.42	12.32	12	5847	1:09:52 PM EST - 11/11/20	12.31 S
ESBV23 (D10)	12.28 S	-0.11	12.37	12.25	156	533	1:09:52 PM EST - 11/11/20	12.28 S

World raw sugar futures continue to be supported by a large net speculative long, pushing spot price over 15c a lb on occasion, when origin selling kicks in an pushes price back under 15c. Recent support from outside markets, including equities and crude oil on coronavirus vaccine hopes. Export subsidy by India could add 5-6 million tonnes to world market, which would pressure most 2021 months. Note discount of more than 1c a lb from July 2021 through March 2022, and discount of about 2c a lb from May 2023 forward. Expect nearby to remain rangebound.

SUA November 2020: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of Nov. 11, 2020.



SUA November 2020: Corn Sweetener Prices

Cents/lb or \$/cwt. NOTE: Prices shown reflect sales to small/med. users; large sales lower.

42% HFCS Spot

	<u>2020</u>	<u>2019</u>
Midwest	25½-26	25-25¾
Northeast	27-27½	26½-27¼
Southeast	27¼-27¾	26¾-27½
South	26¾-27¼	26¼-27
West	27½-28¾	27-28¾

Annual contracting of corn sweeteners for 2021 remains slow but is advancing with mixed progress depending on refiner, mostly at rollover prices to 2020 levels. Higher corn prices and lower corn production forecasts since August have given sweetener prices a firmer tone, despite demand uncertainty.

55% HFCS Spot

	<u>2020</u>	<u>2019</u>
Midwest	32¾-33¾	31¾-32¼
Northeast	34¼-35¼	33¼-33¾
Southeast	34¼-35¼	33¼-33¾
South	34-35	33-33½
West	34¾-35¾	33¾-35¼

USDA reported Mexico's 2019-20 HFCS use at 1,388,000 tonnes, dry basis, down 9.2% from 1,528,000 tonnes in 2018-19 (but up slightly from the October forecast of 1,380,000 tonnes). Forecast consumption in 2020-21 was lowered 6.3% from October to 1,377,000 tonnes.

Corn Syrup Spot

	<u>2020</u>	<u>2019</u>
Midwest	36¾-37¼	35¾-36¼
Northeast	39-39½	38-38½
Southeast	39-39½	38-38½
South	40-40½	39-39½
West	41-41½	40¼-40¾

Dextrose sales for 2021 also progressing slowly with contracting also reported at rollover to 2020. Glucose and dextrose typically see best demand and tightest supplies.

Dextrose Spot

	<u>2019</u>	<u>2018</u>
East	42-42½	40½-41½
Midwest	41-41½	39½-40½
South	43-43½	41½-42½
West	44-44½	42½-43½

USDA cut 2020 corn crop forecast by 1% in November crop report but still up 7% from 2019. Corn futures firmed after the report.

SUA November 2020: Other Issues & Trends

- **Transition from Trump to Biden administration, as well as in House and Senate Ag Committees, inserts considerable uncertainty into markets, especially as related to trade, on top of coronavirus.**
- **Labeling** – Added Sugars on Nutrition Panel; The Sugar Association FDA Citizen Petition; GMO lawsuit; Mexico; Brazil.
- **Sugar taxes** – California lawsuit challenges preemption laws that stopped/slowed city and metro soda taxes since 2018.
- **Dietary Guidelines for Americans** – Less sugar recommended?
- **Transportation** – Spot prices rising as freight demand increases.
- **Aluminum** – Tightness of cans.
- **29th ISO International Seminar** – Coronavirus and Climate Change: Short- and Long-Term Challenges, Nov. 24-25, combination virtual and live (\$450 registration).

SUA November 2020: Conclusions

- **Domestic Sweetener Market**
 - Beet harvest essentially completed amid great harvest season but with lower production than expected.
 - Domestic sugar supply is much improved from 2019-20 but uncommitted supply is tight, esp. beet sugar.
 - Demand remains uncertain due to high non-reporter deliveries and impact from upsurge in coronavirus cases.
 - Prices are firm to higher; not likely to weaken any time soon.
 - A fair amount of Oct.-Dec. 2021 sugar has been sold.
 - Corn sweetener prices for 2021 are firm and mostly flat with 2020 as corn supply forecasts decline and corn prices increase.
- **Global Sugar Market**
 - Raws have firmed amid fund buying and lower production in some key regions with some nearby tightness; resistance above 15c a lb nearby from producer selling.