

Sweetener Users Association Board Meeting Conference Call

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SUA February 2021: Market Overview

- **US Sugar supply/demand**
 - **2019-20** – No changes in WASDE from January.
 - **2020-21** – S-T-U ratio jumps to 16.1% from 14.4%.
 - Domestic sugar production forecast record high.
 - High-tier import forecast raised from January.
 - No change in delivery forecasts.
 - SMD showed December deliveries flat with a year ago; Oct.-Dec. deliveries declined for most user categories.
 - Cash prices are unchanged from January.
- **Corn sweetener supply/demand**
 - No changes in corn used to produce ethanol from January.
 - Jan.-Sept. HFCS production and deliveries declined from 2019.
- **Global sugar supply/demand**
 - Spot raw and white futures prices higher on tight nearby supplies.
 - Larger 2021-22 surplus expected.

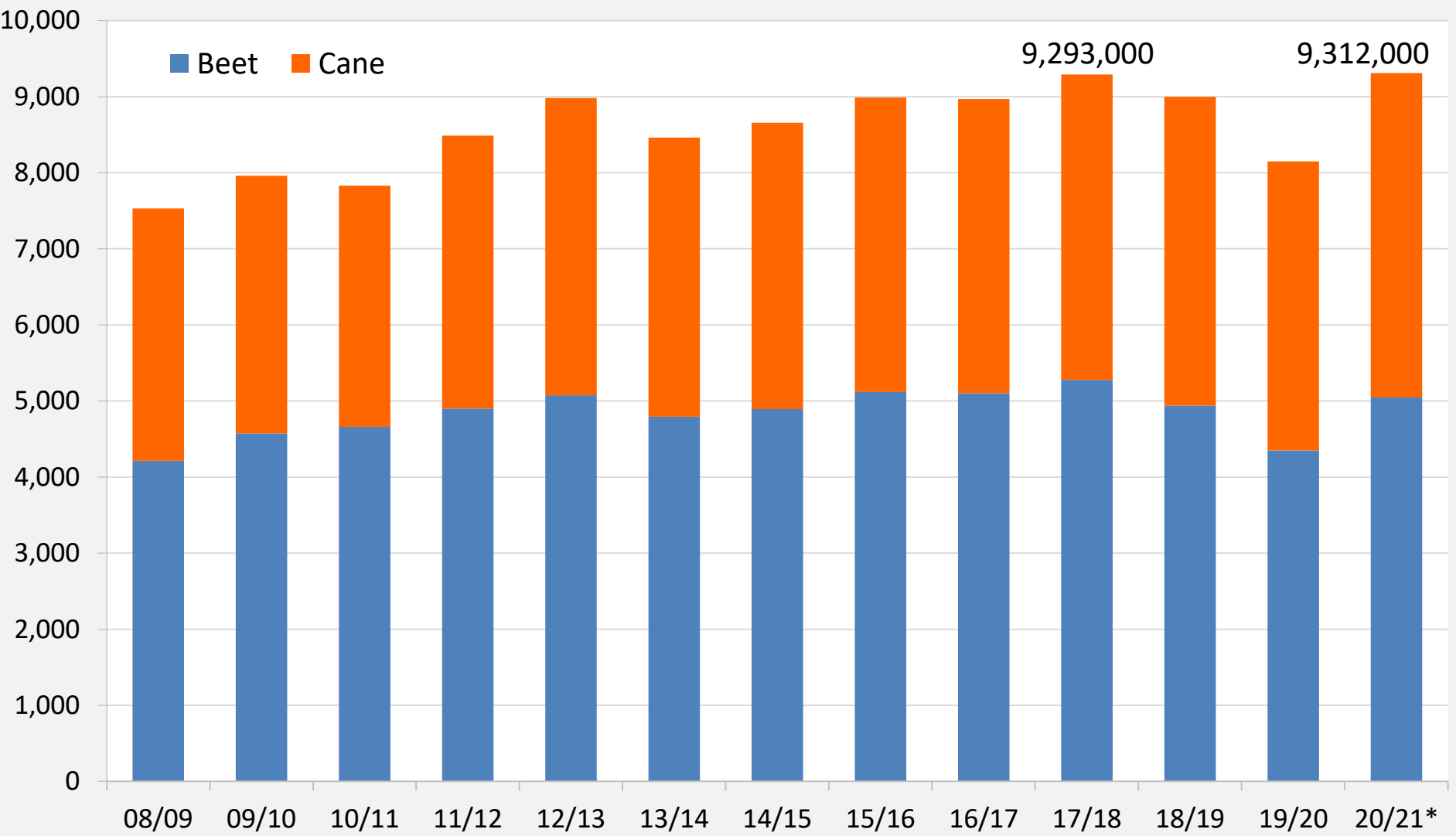
SUA February 2021: USDA 2020-21 WASDE

Short tons raw value	Feb.	Feb.	Change from Jan.		Change from 19-20		RS-SPC
	<u>19-20</u>	<u>20-21</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>20-21</u>
Begin. Stocks	1,783	1,618	-	0.0%	(165)	-9.3%	1,620
Production	8,149	9,312	156	1.7%	1,163	14.3%	9,275
Beet	4,351	5,046	54	1.1%	695	16.0%	5,025
Cane	3,798	4,265	102	2.5%	467	12.3%	4,250
Imports	4,235	3,404	60	1.8%	(831)	-19.6%	3,180
T.R.Q.	2,152	1,721	-	0.0%	(431)	-20.0%	1,725
Other Prog.	432	350	-	0.0%	(82)	-19.0%	350
Mexico	1,376	1,163	-	0.0%	(213)	-15.5%	930
High Tier	275	170	60	54.5%	(105)	-38.2%	175
Total Supply	14,166	14,333	216	1.5%	167	1.2%	14,075
Exports	61	35	-	0.0%	(26)	-42.6%	35
Deliveries	12,414	12,305	-	0.0%	(109)	-0.9%	12,300
Food	12,316	12,200	-	0.0%	(116)	-0.9%	12,200
Other	98	105	-	0.0%	7	7.1%	100
Misc.	74	-	-	-	(74)	0.0%	-
Total Use	12,549	12,340	-	0.0%	(209)	-1.7%	12,335
Ending Stocks	1,618	1,993	216	12.2%	375	23.2%	1,740
Stocks-to-use	12.9%	16.1%	+1.7		+3.2		14.1%

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

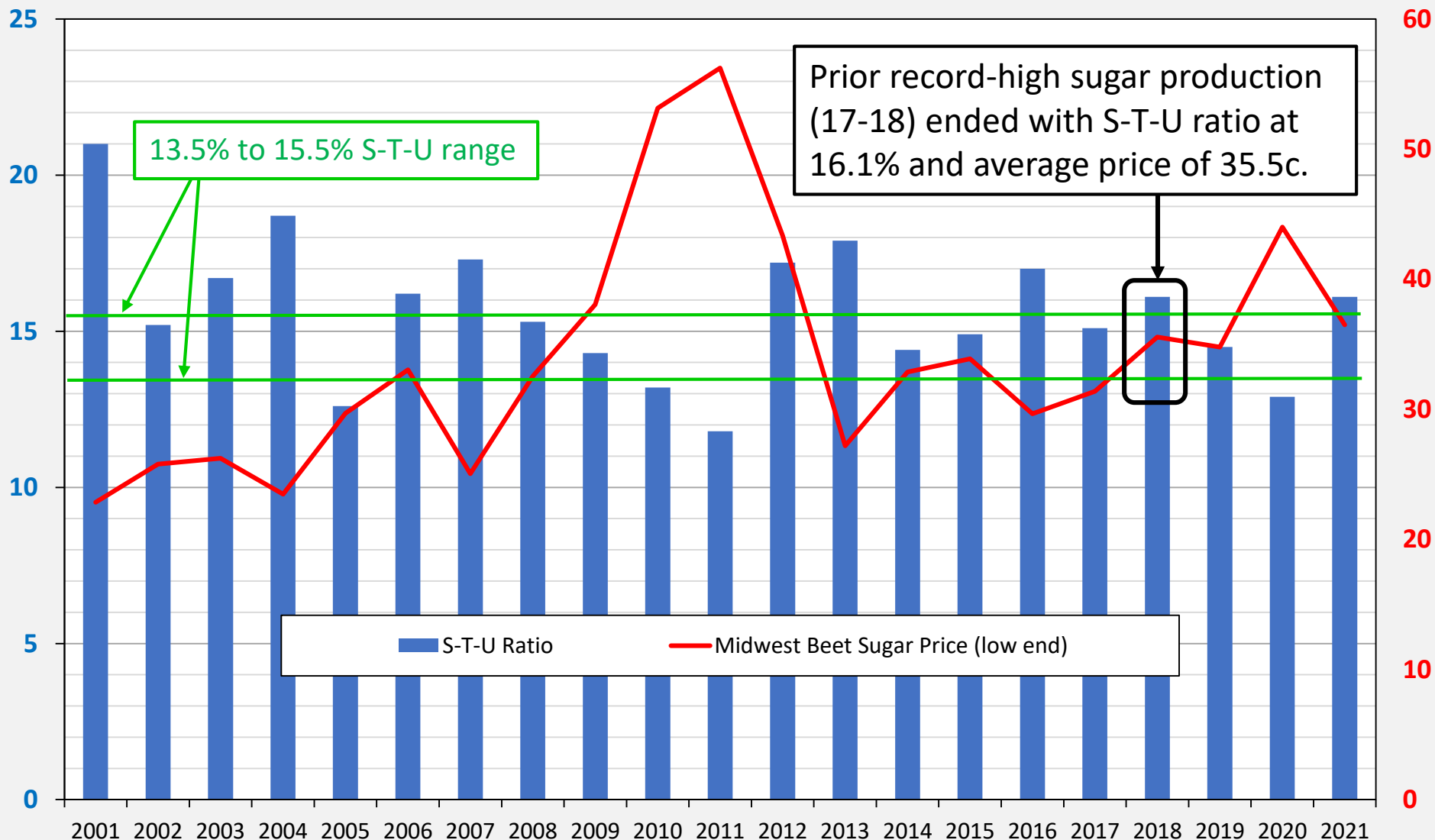
SUA February 2021: US Sugar Production

In 1,000 tons, raw value. *Forecast. Source: USDA.



SUA February 2021: S-T-U Ratio vs Sugar Price

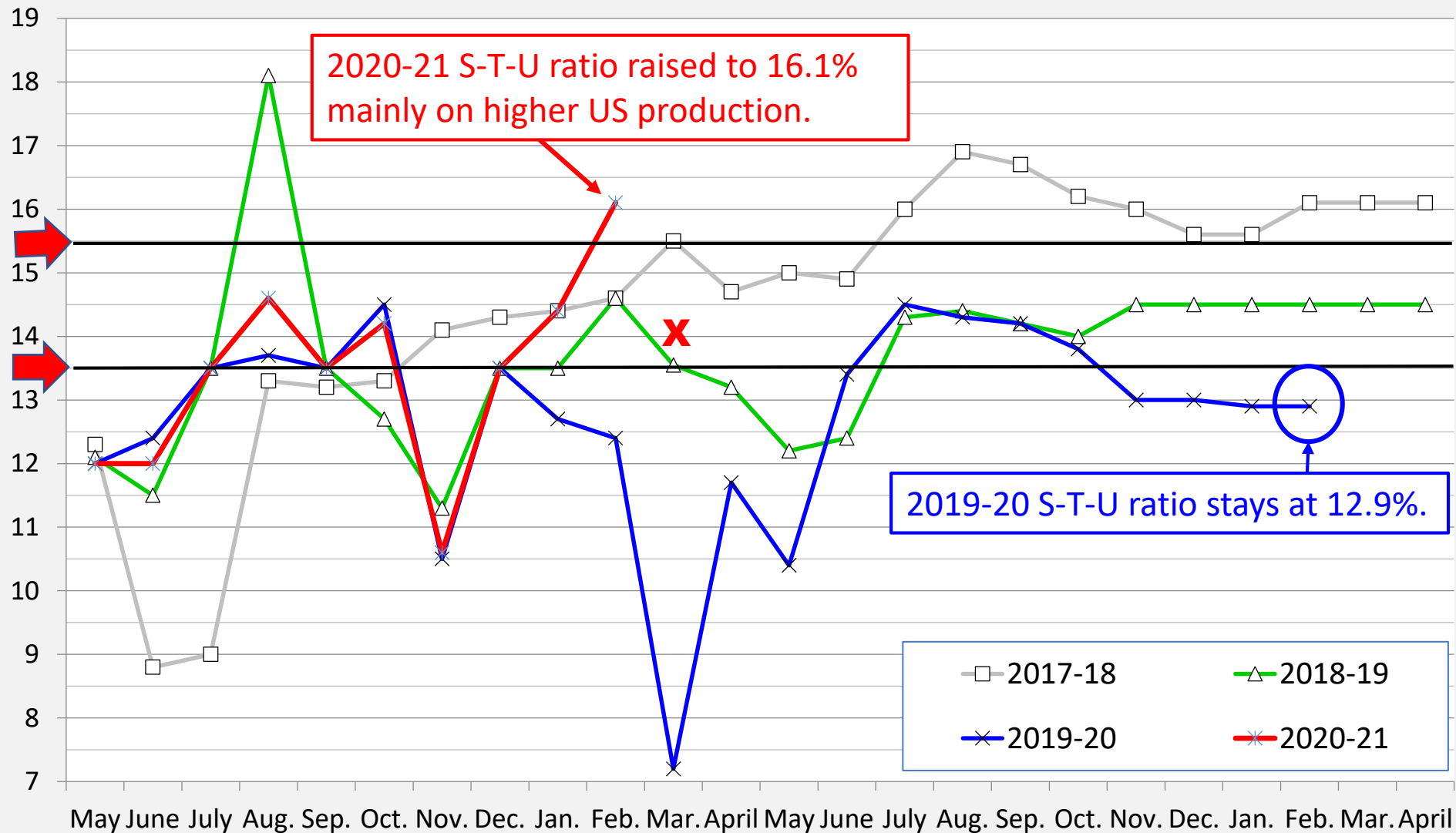
Annual stocks-to-use ratios, in per cent, price in cents/lb, both for fiscal year.



Sources: USDA and Sosland Publishing Co.

SUA February 2021: Monthly S-T-U Ratios

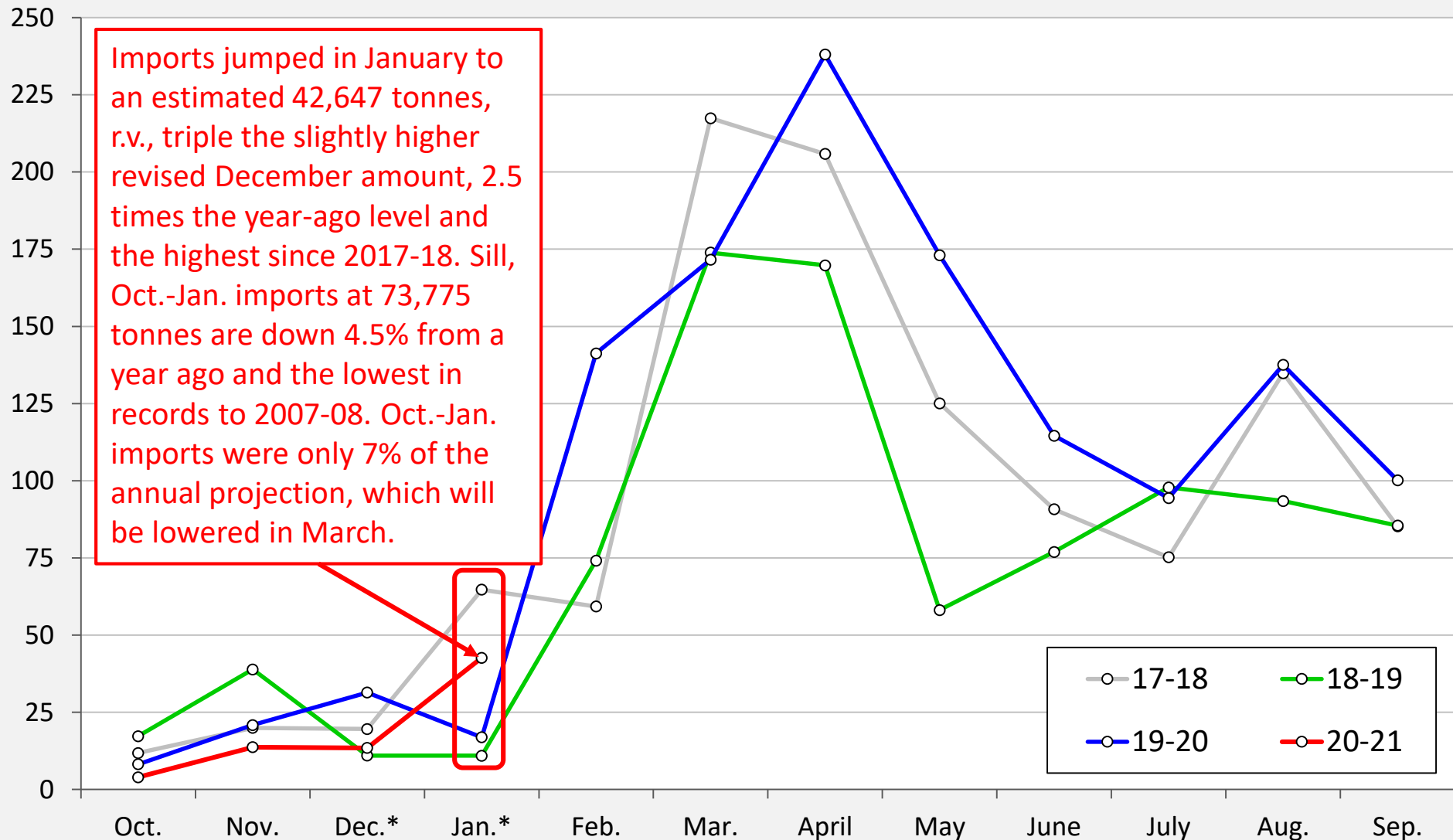
Two-year S-T-U ratios in per cent, beginning with first forecast in May for each marketing year.



Source: USDA

SUA February 2021: Imports from Mexico

In 1,000 tonnes, raw value. *2020-21 forecast. Sources: USDA and US Census Bureau.



Jump in January bodes well for further increases in Feb.-March.

SUA February 2021: SMD December 2020-21

Source: USDA.

<i>Short tons, Raw value</i>	December	December	Change from 19-20	
	<u>2020-21</u>	<u>2019-20</u>	<u>Tons</u>	<u>%</u>
Beginning stocks	3,153,270	3,129,580	23,690	0.8%
Total production	1,627,430	1,390,115	237,315	17.1%
Beet	724,773	621,600	103,173	16.6%
Cane	902,657	768,515	134,142	17.5%
Total imports	147,764	190,793	(41,029)	-21.5%
Total supply	4,930,464	4,710,488	219,976	4.7%
Total exports	2,528	2,103	425	20.2%
Total deliveries	835,987	836,777	(790)	-0.1%
Deliveries, human use	829,058	829,088	(30)	0.0%
Misc. supply adj.	10,559	16,985	(6,426)	-38.0%
Total use	849,074	855,865	(6,791)	-0.8%
Ending stocks	4,081,390	3,854,623	226,767	5.9%

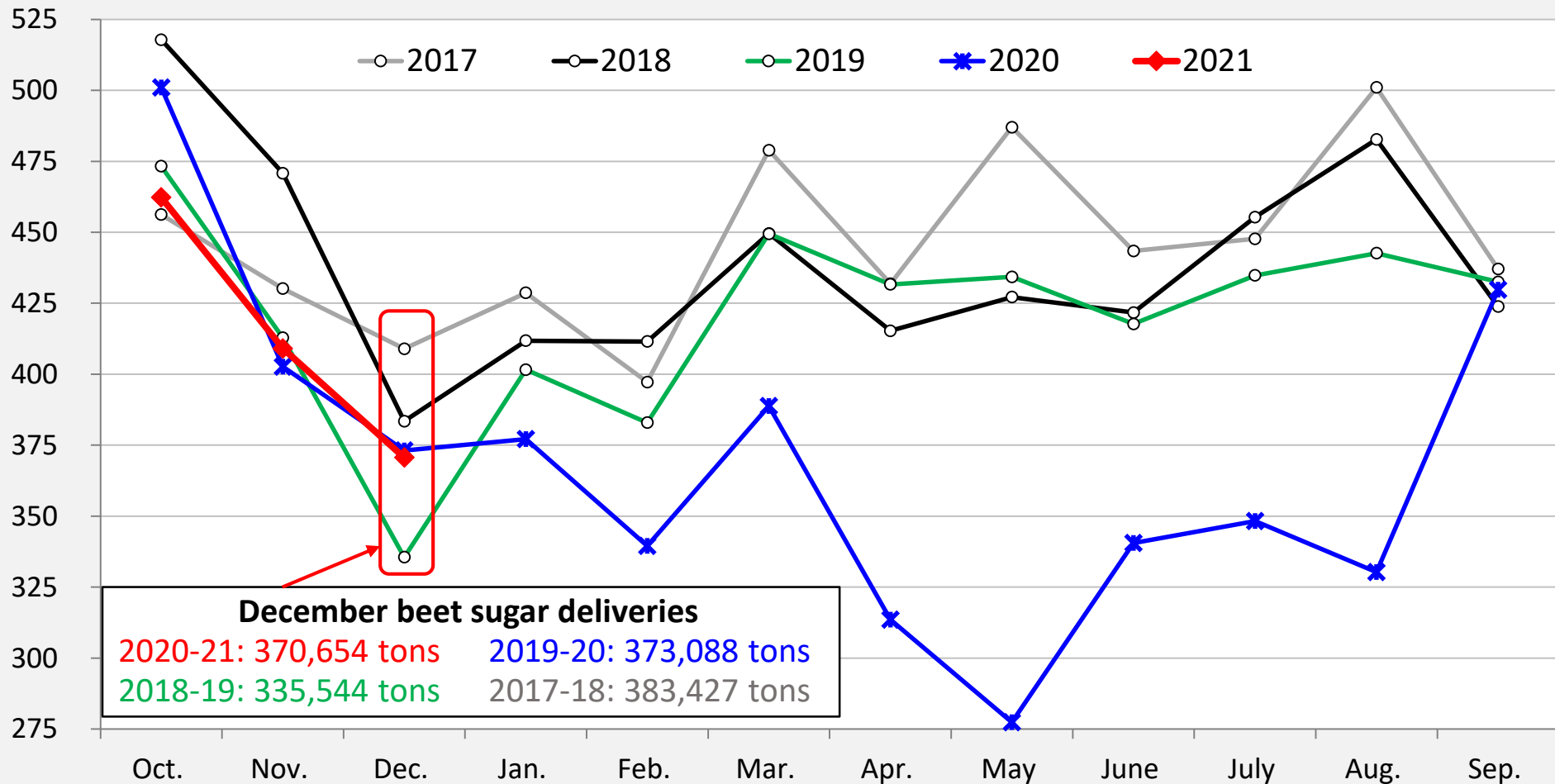
SUA February 2021: SMD Oct.-Dec. 2020-21

Source: USDA.

<i>Short tons, Raw value</i>	Oct.-Dec.	Oct.-Dec.	Change from 19-20	
	<u>2020-21</u>	<u>2019-20</u>	<u>Tons</u>	<u>%</u>
Beginning stocks	1,617,589	1,782,548	(164,959)	-9.3%
Total production	4,636,667	4,316,119	320,548	7.4%
Beet	2,282,016	1,946,797	335,219	17.2%
Cane	2,354,651	2,369,323	(14,672)	-0.6%
Total imports	817,693	825,802	(8,109)	-1.0%
Total supply	7,071,949	6,924,469	147,480	2.1%
Total exports	16,205	5,848	10,357	177.1%
Total deliveries	2,961,537	3,023,962	(62,425)	-2.1%
Deliveries, human use	2,937,062	2,995,028	(57,966)	-1.9%
Misc. supply adj.	12,816	40,036	(27,220)	-68.0%
Total use	2,990,558	3,069,846	(79,288)	-2.6%
Ending stocks	4,081,390	3,854,623	226,767	5.9%

SUA February 2021: Beet Sugar Deliveries

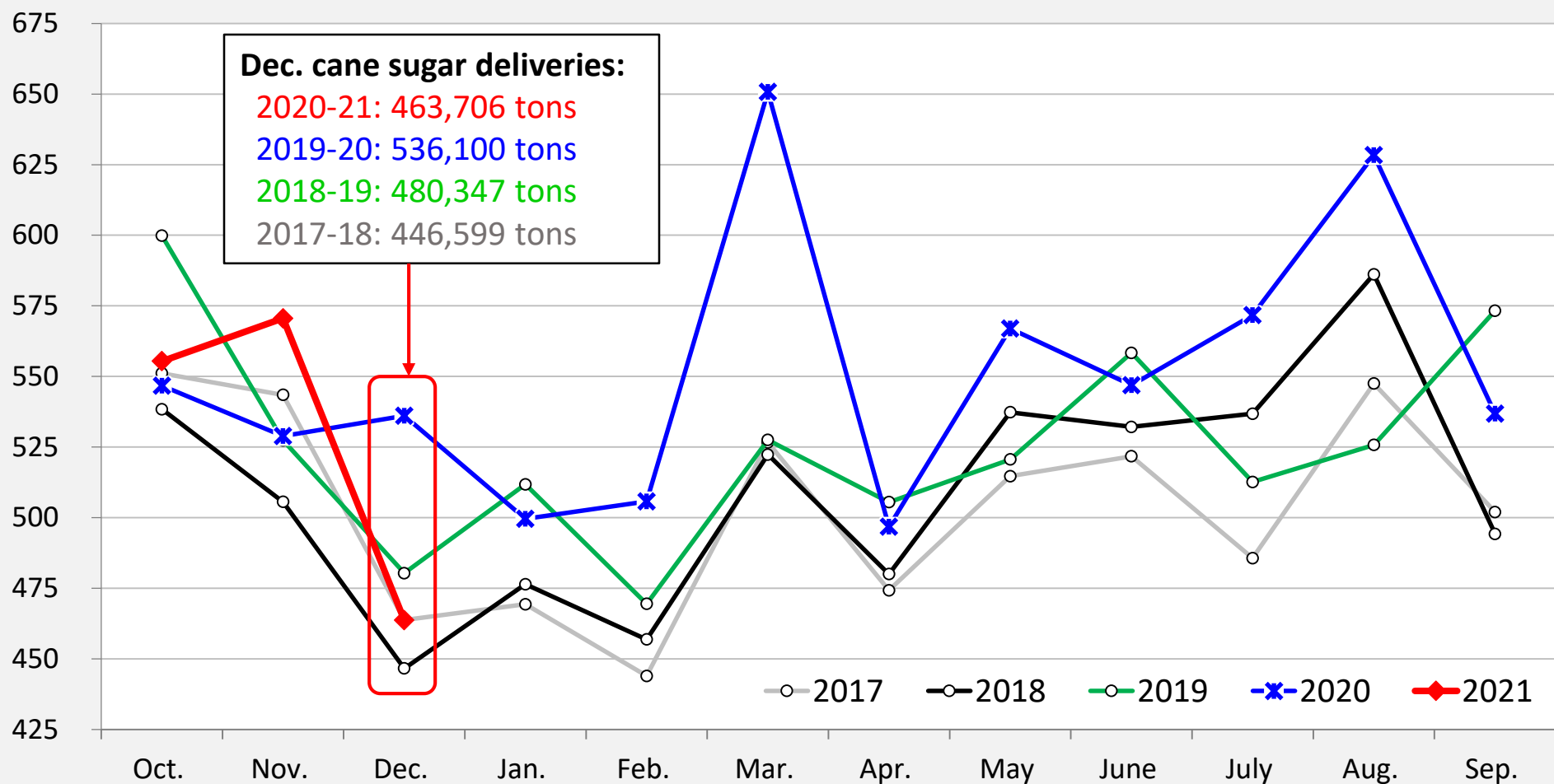
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



December beet sugar deliveries were down 9.3% from November and down slightly (0.5%) from a year ago. Oct.-Dec. beet deliveries of about 1,242,000 tonnes were down 2.7% from a year earlier, when shipments for the period were strong prior to force majeure taking effect Jan. 1, 2020.

SUA February 2021: Refined Cane Deliveries

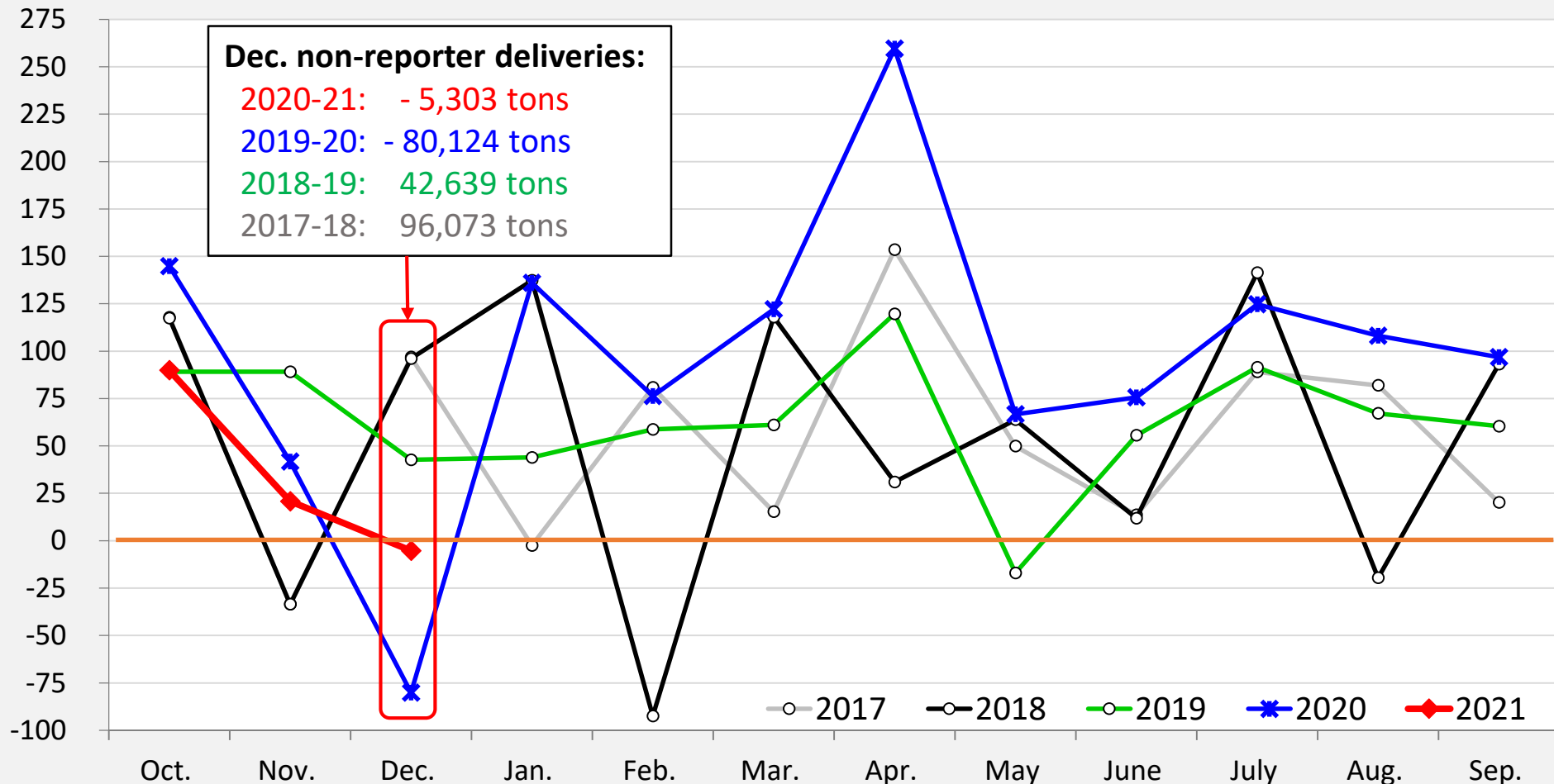
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



December cane sugar deliveries fell 18.7% from November and were down 13.4% from a year ago. Oct.-Dec. deliveries of about 1,590,000 tons were down 1.4% from the same period a year earlier. .

SUA February 2021: Deliveries by Non-Reporters

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



Non-reporter deliveries in December were negative (remember they are a residual number). November was revised up about 5,000 tons to 20,798 tons. Oct.-Dec. non-reporter deliveries of about 105,000 tons were down 1.1% from a year earlier, when deliveries were much stronger starting Jan. 1.

SUA February 2021: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	FY 2021 <u>Oct.-Dec.</u>	FY 2020 <u>Oct.-Dec.</u>	Oct.-Dec. <u>% change</u>	Oct.-Nov. <u>% change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	2,663,754	2,721,866	■ -2.1	0.7
1-Bakery, cereal, and related products	604,824	613,887	■ -1.5	0.4
5-Confectionery and related products	236,065	278,347	■ -15.2	-11.2
6-Ice cream and dairy products	203,580	199,661	■ 2.0	2.6
7-Beverages	160,854	161,810	■ -0.6	-0.3
8-Canned, bottled and frozen foods	98,888	104,722	■ -5.6	-8.2
4-Multiple and all other food uses	287,781	301,746	■ -4.6	-5.8
10-Non-food uses	31,178	29,034	■ 7.4	15.3
11-Hotels, restaurants, institutions	23,585	19,800	■ 19.1	27.1
2-Wholesale grocers, jobbers, dealers	577,511	576,472	■ 0.2	8.8
3-Retail grocers, chain stores	366,483	357,398	■ 2.5	6.3
12-Government agencies	4,316	1,677	■ 157.4	188.0
9-All other deliveries	68,688	77,313	■ -11.2	-16.2
Total Deliveries/1 (short tons, <u>raw value</u>)	2,850,216	2,912,397	■ -2.1	0.7
Crystalline:	2,466,755	2,546,808	■ -3.1	-0.2
Consumer-size packages (retail)	628,353	591,624	■ 6.2	12.3
Packages 50 lbs and greater	723,572	775,449	■ -6.7	-4.0
Unpackaged (bulk)	1,114,830	1,179,734	■ -5.5	-4.0
Non-crystalline/2	383,461	365,589	■ 4.9	7.1

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

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

Source: USDA

SUA February 2021: Cash sugar prices

Beet sugar 2020-21 Prices are steady at about 36.5c f.o.b. Midwest, 39.50c in Michigan and near 40c on the West Coast.

Cane sugar 2020-21 Offers are at 42c a lb in the Northeast and West Coast. Southeast offered at 38.50c to 39.50c. Gulf offered at 38c to 39.50c; all are steady from Jan.

Beet & cane 2021-22 Oct.-Dec. 2021 well sold but limited coverage for rest of marketing year; offers about flat with spot.

Recent developments and factors to watch in cash sugar market

- Focus has shifted to pricing for 2021-22, even if not a lot of sales beyond Oct.-Dec.
- Sellers are seeking flat pricing from 2020-21 for next year.
- Much still depends on March 31 sugar beet planting intentions.
- Small amounts of spot sugar available, including cane due to large Louisiana crop.
- Sugar draw was slightly soft in December and January; better in February.
- Imports from Mexico very slow but picked up noticeably in January and should continue strong over next few months; export limit will be lowered in March.
- Major unknown is potential uptick in demand as country exits COVID-19 restrictions in second half of calendar year.
- Limited upside potential to US refined sugar prices.

SUA February 2021: Mexico WASDE

In 1,000 tonnes, actual weight. Source: USDA February 2021 WASDE

	February	Change from 19-20		Change from Jan.	
	<u>20-21</u>	<u>Tonnes</u>	<u>%</u>	<u>Tonnes</u>	<u>%</u>
Begin. Stocks	858	(311)	-26.6%	-	-
Production	5,950	672	12.7%	-	-
Imports	105	28	36.4%	-	-
Total Supply	6,913	389	6.0%	-	-
Exports	1,490	278	22.9%	-	-
Domestic Use	4,488	33	0.7%	-	-
Total Use	5,978	311	5.5%	-	-
Ending Stocks	935	77	9.0%	-	-
S-T-U (total)	15.6%	+0.5	-	-	-
S-T-U (domestic)	20.8%	+1.5	-	-	-

For 2019-20: No changes from January.

For 2020-21: No changes from January. New crop and production estimates from Mexico should be coming shortly, as well as the adjustment to the US export limit.

SUA February 2021: New York #16 Raw Futures

ICE domestic raw sugar futures as of Feb. 10, 2021, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFK21 (D10)	29.76 S	0.06	29.80	29.74	135	2371	1:12:15 PM EST - 02/10/21	29.76 S
ESFN21 (D10)	29.60 S	0.00			0	2472	1:12:15 PM EST - 02/10/21	29.60 S
ESFU21 (D10)	29.50 S	0.00			0	1502	1:12:15 PM EST - 02/10/21	29.50 S
ESFX21 (D10)	28.30 S	0.00			0	1096	1:12:15 PM EST - 02/10/21	28.30 S
ESFF22 (D10)	27.45 S	0.00			0	349	1:12:15 PM EST - 02/10/21	27.45 S
ESFH22 (D10)	27.25 S	0.00			0	255	1:12:15 PM EST - 02/10/21	27.25 S
ESFK22 (D10)	27.20 S	0.00			0	185	1:12:15 PM EST - 02/10/21	27.20 S
ESFN22 (D10)	27.20 S	0.00			0	364	1:12:15 PM EST - 02/10/21	27.20 S
ESFU22 (D10)	27.15 S	0.00			0	145	1:12:15 PM EST - 02/10/21	27.15 S
ESFX22 (D10)	27.15 S	0.00			0		1:12:15 PM EST - 02/10/21	27.15 S
ESFF23 (D10)	27.15 S	0.00			0		1:12:15 PM EST - 02/10/21	27.15 S

Spot May was up about 0.75c a lb from a month ago, with gains shrinking from July 2021 through July 2022 before falling slightly below month-ago values in September 2022 forward. March expired Feb. 8 at 29.55c a lb with light deliveries. Spot May has some support from very firm NY No. 11 raw and No. 5 London white March contracts. Spot May has about a 2.5c premium to March 2022 and later months.

SUA February 2021: Global Sugar Overview

- **Global supply/demand fundamentals (2020-21)**
 - Tight nearby supplies have driven spot London white sugar and New York No. 11 raw futures to near four-year highs.
 - Support from scaled back production estimates for India and Thailand.
 - Shortage of shipping containers in India has contributed to tightness.
 - Excess supplies in China slowing imports in first quarter.
 - Brazil's harvest practically nil before new crop April 1; exports strong.
 - **Rising crude oil prices may shift some production to ethanol in Brazil.**
 - Louis Dreyfus selling Brazilian sugar unit Biosev to Raizen, as shakeup in global trading companies continues.
- **Global supply/demand balance**
 - Few recent forecasts calling for larger global surplus in 2021-22.
- **Pricing**
 - Nearby New York raws and London whites surge on tight supplies.
 - Prices in second-month and later fall off sharply from spot.
 - Reuters poll expects year-end prices well below spot.

SUA February 2021: New York #11 Raw Futures

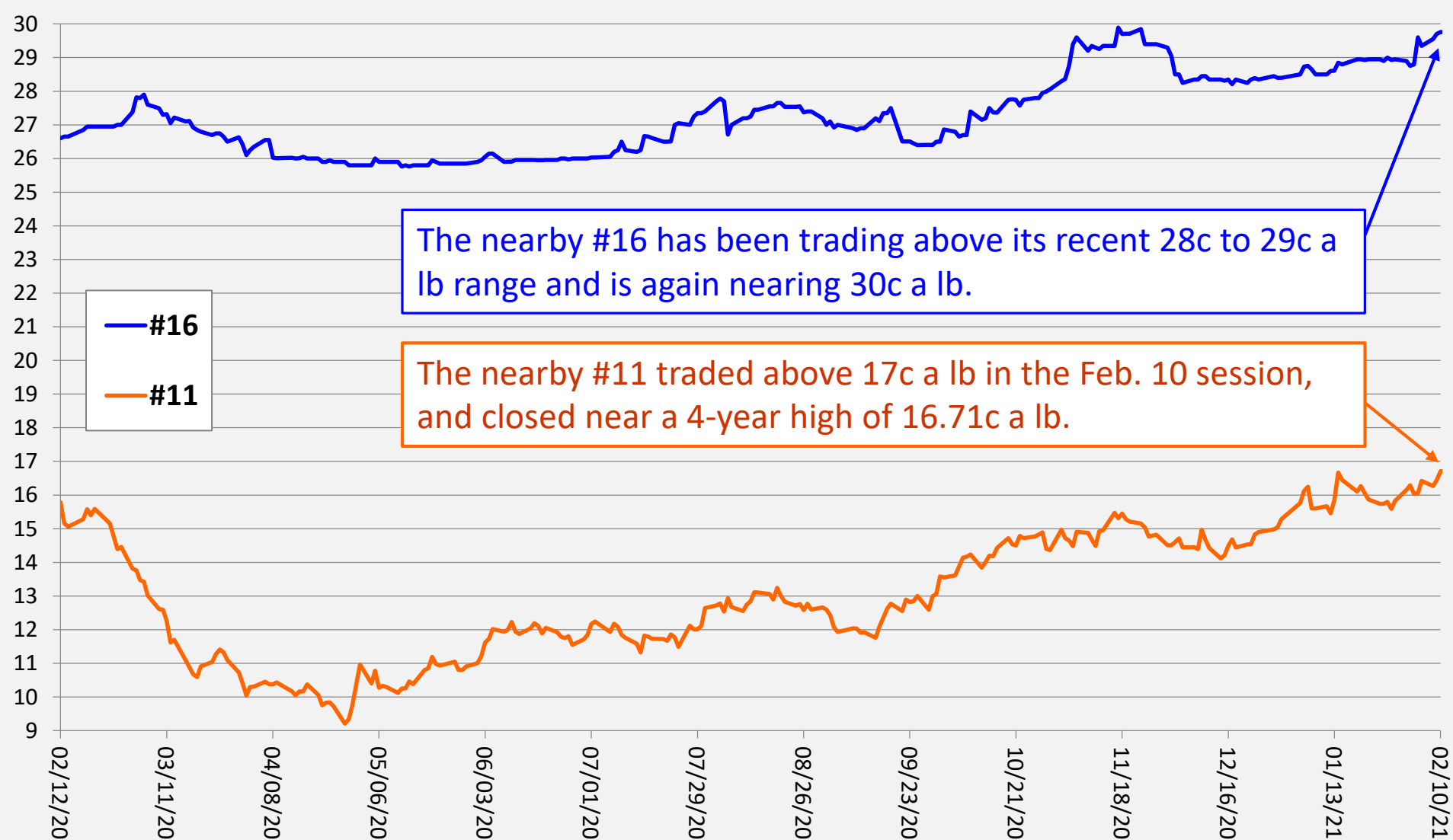
ICE world raw sugar futures as of Feb. 10, 2021, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBH21 (D10)	16.71 S	0.27	17.05	16.37	118086	252047	1:08:51 PM EST - 02/10/21	16.71 S
ESBK21 (D10)	15.84 S	0.08	16.12	15.65	117290	335870	1:08:51 PM EST - 02/10/21	15.84 S
ESBN21 (D10)	15.25 S	0.05	15.50	15.11	34090	172173	1:08:51 PM EST - 02/10/21	15.25 S
ESBV21 (D10)	15.10 S	0.04	15.32	14.97	20361	133095	1:08:51 PM EST - 02/10/21	15.10 S
ESBH22 (D10)	15.35 S	0.09	15.52	15.18	9597	83575	1:08:51 PM EST - 02/10/21	15.35 S
ESBK22 (D10)	14.45 S	0.13	14.52	14.27	4246	49449	1:08:51 PM EST - 02/10/21	14.45 S
ESBN22 (D10)	13.79 S	0.14	13.81	13.63	3074	40722	1:08:51 PM EST - 02/10/21	13.79 S
ESBV22 (D10)	13.53 S	0.13	13.55	13.38	1345	34621	1:08:51 PM EST - 02/10/21	13.53 S
ESBH23 (D10)	13.66 S	0.15	13.65	13.50	864	13216	1:08:51 PM EST - 02/10/21	13.66 S
ESBK23 (D10)	13.28 S	0.18	13.26	13.13	503	5224	1:08:51 PM EST - 02/10/21	13.28 S
ESBN23 (D10)	13.04 S	0.18	13.04	12.88	476	7078	1:08:51 PM EST - 02/10/21	13.04 S
ESBV23 (D10)	13.03 S	0.20	13.03	12.85	193	3379	1:08:51 PM EST - 02/10/21	13.03 S

Nearby world raw sugar futures are up nearly 1c a lb from a month ago, posting a contract and nearly four-year high on Feb. 10. Support almost entirely from soaring London March white sugar because of tight nearby supplies. London expires today (Feb. 12) with heavy deliveries expected. Forward months quickly drop from spot level as supply tightness eases. Spot March, which expires Feb. 26, has about a 0.90c premium to second-month May and about a 3c premium to July 2022 and forward.

SUA February 2021: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of Feb. 10, 2021.



SUA February 2021: Corn Sweetener Prices

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

42% HFCS Spot

	<u>2021</u>	<u>2020</u>
Midwest	25½-26	25½-26
Northeast	27-27½	27-27½
Southeast	27¼-27¾	27¼-27¾
South	26¾-27¼	26¾-27¼
West	27½-28¾	27½-28¾

55% HFCS Spot

	<u>2021</u>	<u>2020</u>
Midwest	32¾-33¾	32¾-33¾
Northeast	34¼-35¼	34¼-35¼
Southeast	34¼-35¼	34¼-35¼
South	34-35	34-35
West	34¾-35¾	34¾-35¾

Corn Syrup Spot

	<u>2021</u>	<u>2020</u>
Midwest	36¾-37¼	36¾-37¼
Northeast	39-39½	39-39½
Southeast	39-39½	39-39½
South	40-40½	40-40½
West	41-41½	41-41½

Severe winter weather – snow and cold – has hampered logistics, but otherwise market chugs along. No changes in forecast use of corn for corn sweeteners in the February WASDE.

USDA reported Mexico's October-December HFCS consumption at 338,000 tonnes, dry weight, down 8,000 tonnes, or 2.3%, from same period a year ago, which is slower rate of decline than last month. February forecast for 2020-21 was unchanged from January at 1,377,000 tonnes, down 0.8% from 2019-20. HFCS consumption in 2019-20 was down 9% from 2018-19 despite tight sugar supplies and high sugar prices.

No changes in glucose and dextrose from last month.

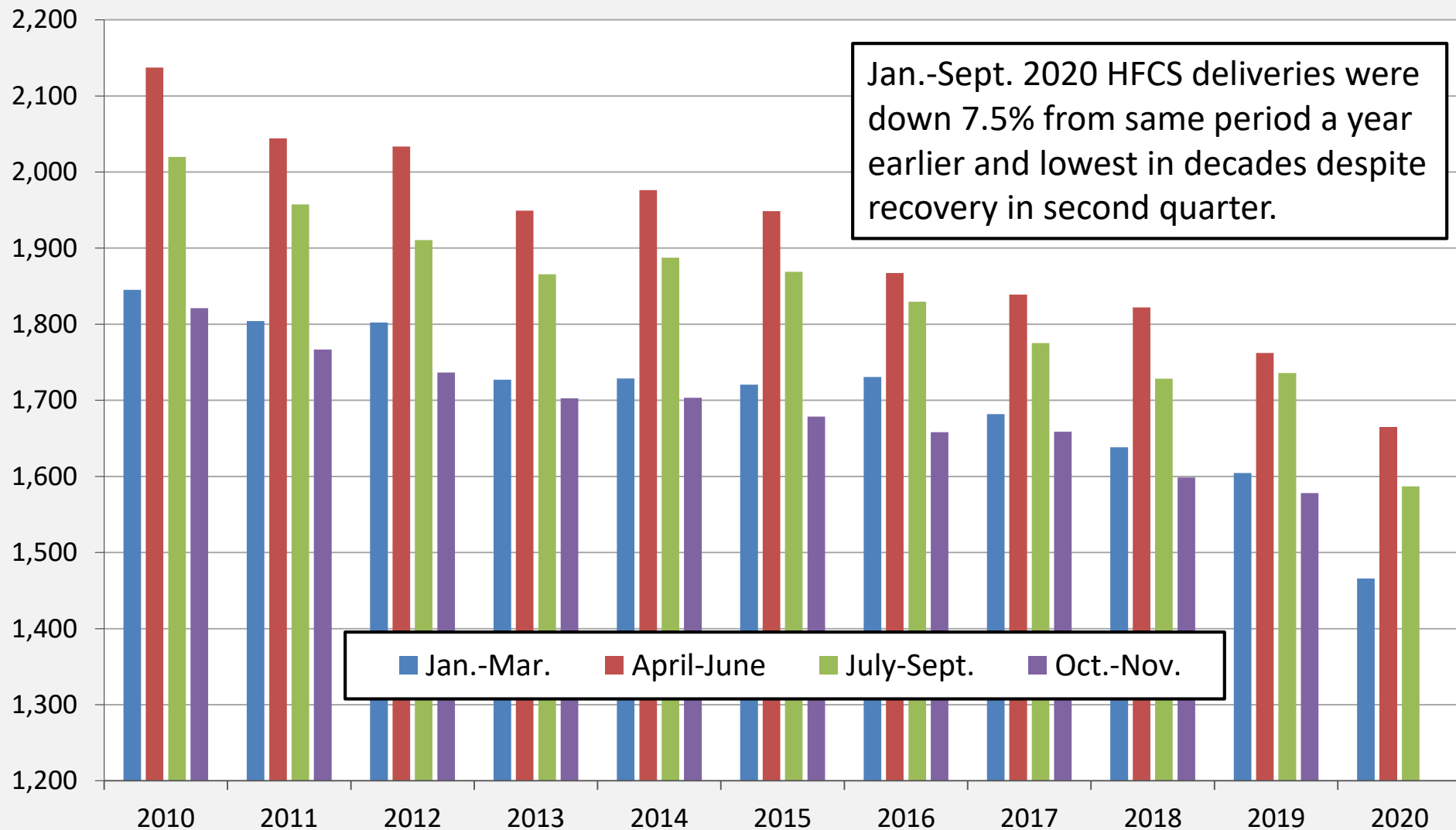
Dextrose Spot

	<u>2021</u>	<u>2020</u>
East	42-42½	42-42½
Midwest	41-41½	41-41½
South	43-43½	43-43½
West	44-44½	44-44½

Corn futures tumbled this week after USDA supply forecast came in above trade expectations. Prices still well above year ago.

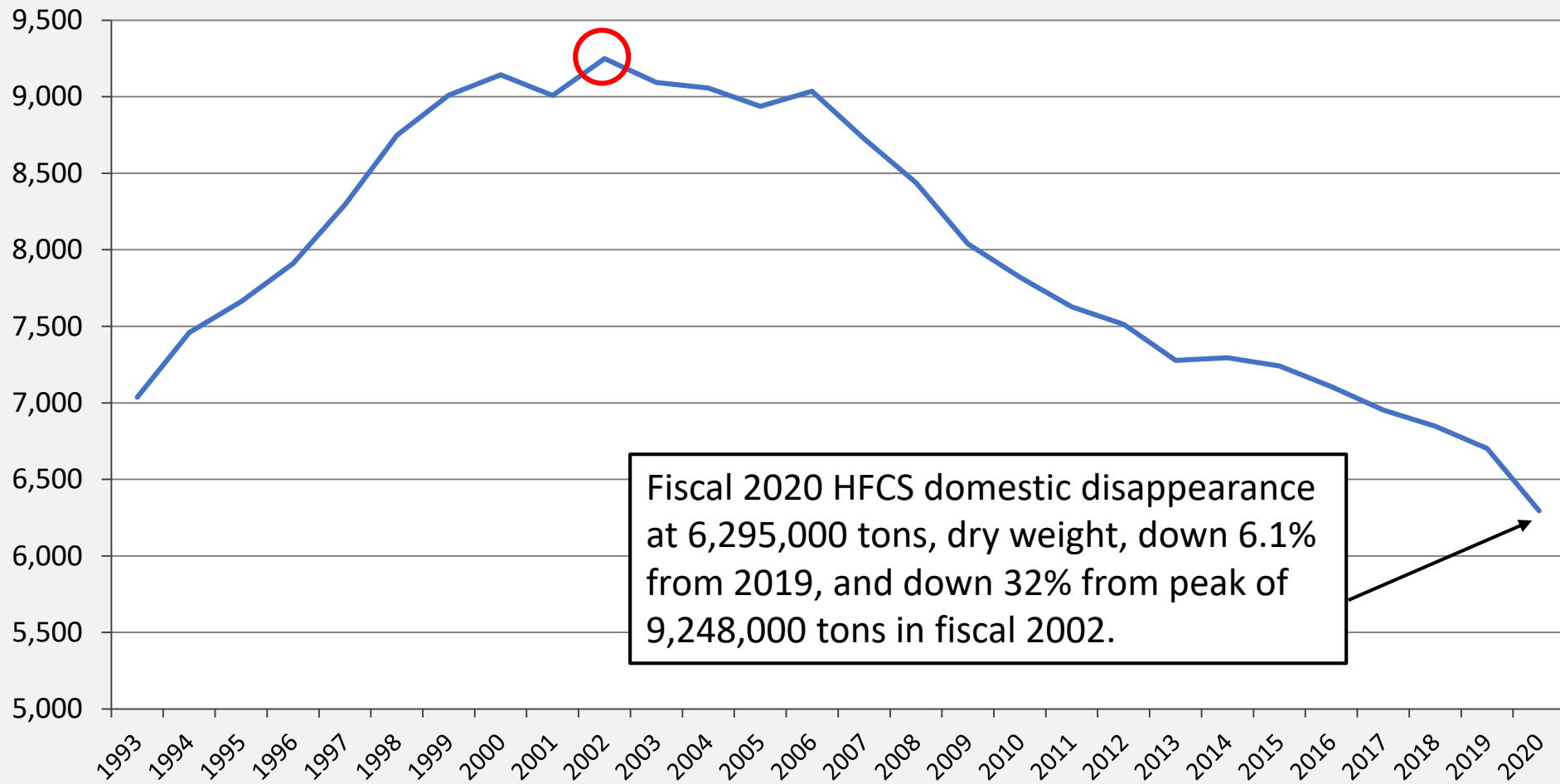
SUA February 2021: Quarterly HFCS Deliveries

In 1,000 tons, dry weight, calendar year. Source: USDA.



SUA February 2021: Annual HFCS Domestic Use

Domestic HFCS disappearance, in 1,000 tons, dry weight, fiscal year. Source: USDA.



SUA February 2021: Conclusions

■ Domestic Sweetener Market

- Supplies are loosening as domestic sugar production rises and imports from Mexico begin to flow.
- Soft deliveries in first part of marketing year improving in February and going forward as COVID-19 restrictions relax.
- Prices are unchanged nearby and mostly steady for next year.
- Contracting for 2021-22 moving slowly beyond Oct.-Dec.
- Corn futures backed off from 7½-year highs as supplies not as tight as expected, but prices remain well above year ago.
- Corn sweetener demand continues to wane.

■ Global Sugar Market

- Nearby world raws and whites are near 4-year highs on tight nearby supplies, which should prompt large deliveries.
- Prices fall sharply after spot with larger surplus looming in 21-22.
- Watch Brazil sugar/ethanol mix as crude oil rises.
- Emergence from COVID-19 positive for demand.