

# Sweetener Users Association Board Meeting Conference Call

April 14, 2021

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# SUA April 2021: Market Overview

- **US Sugar supply/demand**
  - **2020-21 S-T-U ratio unchanged at 15.1%.**
  - Small cut in domestic cane sugar offset by increase in high-tier.
  - Imports from Mexico unchanged (but running slow).
  - Deliveries for food unchanged.
  - SMD showed Feb. deliveries for food up 1.1% from year ago; Oct.-Feb. deliveries down 2.0%; several categories declined.
  - Feb. deliveries slowed by weather; March/April seen stronger.
  - Cash prices are unchanged from March.
- **Corn sweetener supply/demand**
  - No changes from March in corn used to produce sweeteners.
- **Global sugar supply/demand**
  - Focus on Brazil harvest, port congestion, sugar/ethanol mix.
  - Weather problems in Europe.
  - Moving to modest global surplus in 2021-22.

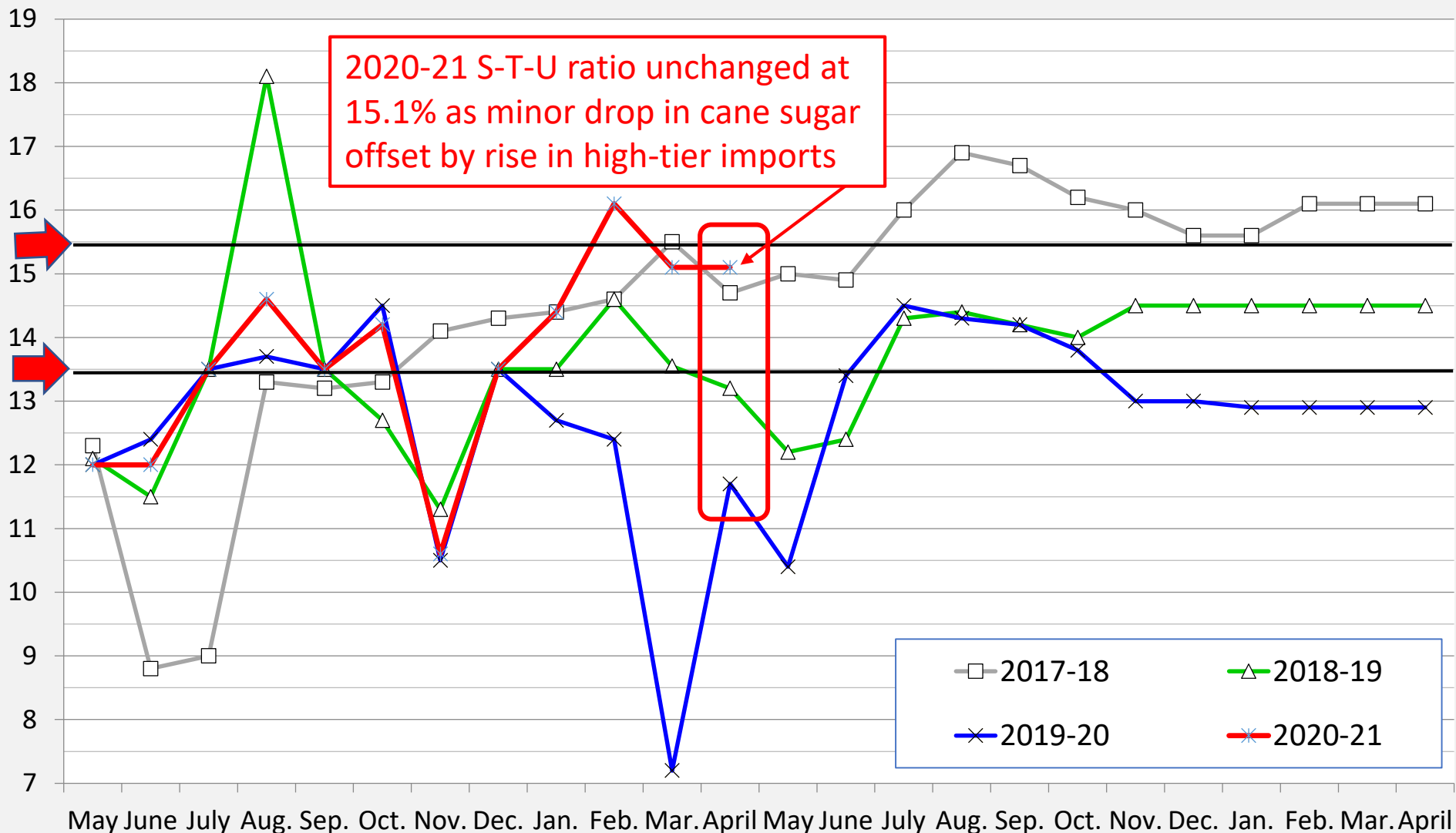
# SUA April 2021: USDA 2020-21 WASDE

Short tons raw value	April	April	Change from Mar.		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>
<b>Begin. Stocks</b>	1,783	1,618	-	0.0%	(165)	-9.3%	1,620
<b>Production</b>	8,149	9,344	(30)	-0.3%	1,195	14.7%	9,300
<b>Beet</b>	4,351	<b>5,093</b>	-	0.0%	742	17.1%	<b>5,050</b>
<b>Cane</b>	3,798	<b>4,251</b>	(30)	-0.7%	453	11.9%	<b>4,250</b>
<b>Imports</b>	4,235	3,152	30	1.0%	(1,083)	-25.6%	3,155
<b>T.R.Q.</b>	2,152	1,721	-	0.0%	(431)	-20.0%	1,725
<b>Other Prog.</b>	432	300	-	0.0%	(132)	-30.6%	300
<b>Mexico</b>	1,376	931	-	0.0%	(445)	-32.3%	930
<b>High Tier</b>	275	200	30	17.6%	(75)	-27.3%	200
<b>Total Supply</b>	14,166	14,113	-	0.0%	(53)	-0.4%	14,075
<b>Exports</b>	61	35	-	0.0%	(26)	-42.6%	35
<b>Deliveries</b>	12,414	12,230	-	0.0%	(184)	-1.5%	12,250
<b>Food</b>	12,316	<b>12,125</b>	-	0.0%	(191)	-1.6%	<b>12,150</b>
<b>Other</b>	98	105	-	0.0%	7	7.1%	100
<b>Misc.</b>	74	-	-	0.0%	(74)	-100.0%	-
<b>Total Use</b>	12,549	12,265	-	0.0%	(284)	-2.3%	12,285
<b>Ending Stocks</b>	1,618	1,848	-	0.0%	230	14.2%	1,790
<b>Stocks-to-use</b>	12.9%	<b>15.1%</b>	-		+2.2		<b>14.6%</b>

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

# SUA April 2021: Monthly S-T-U Ratios

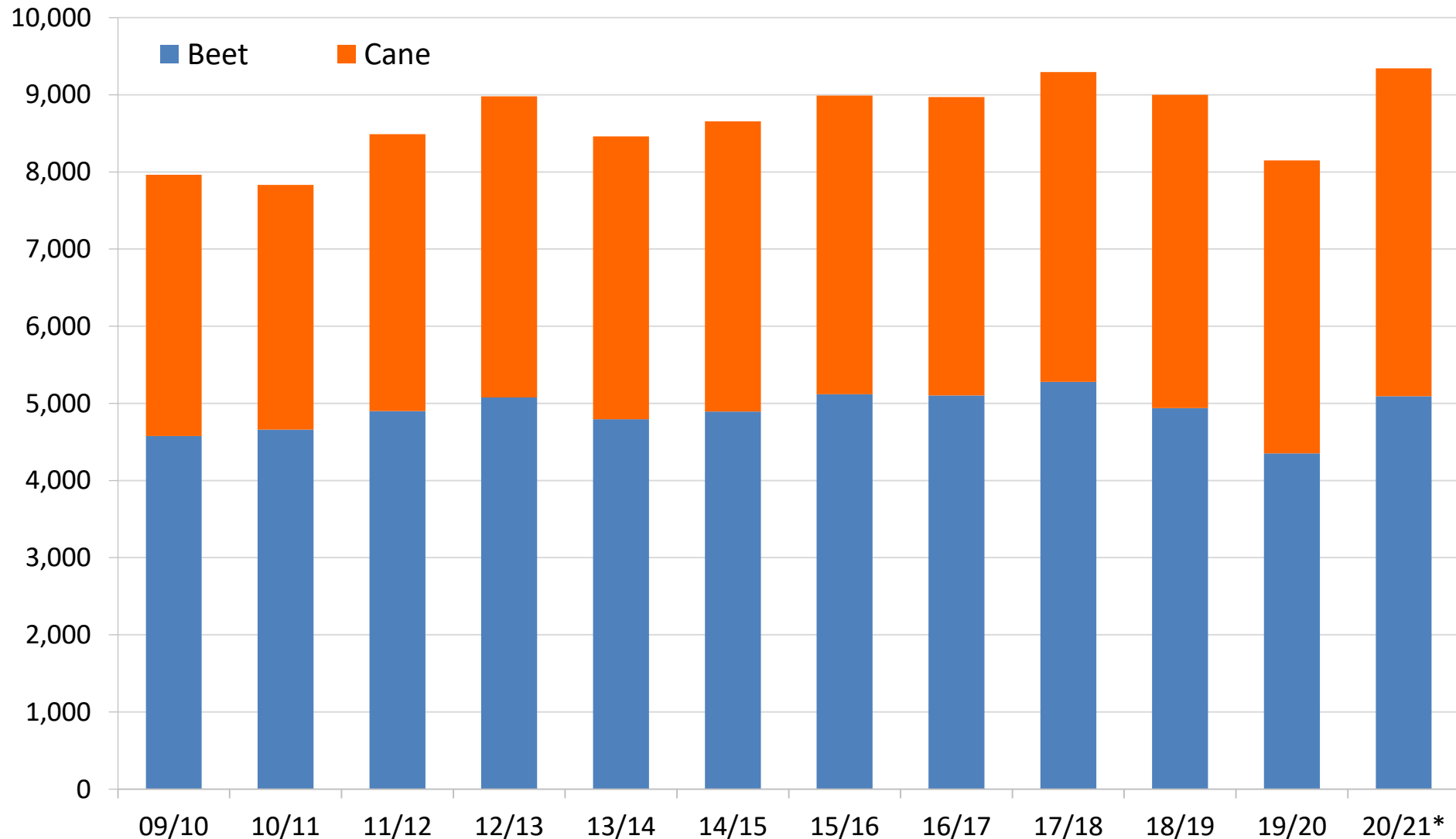
Two-year S-T-U ratios in per cent, beginning with first forecast in May for each marketing year.



Source: USDA

# SUA April 2021: US Sugar Production

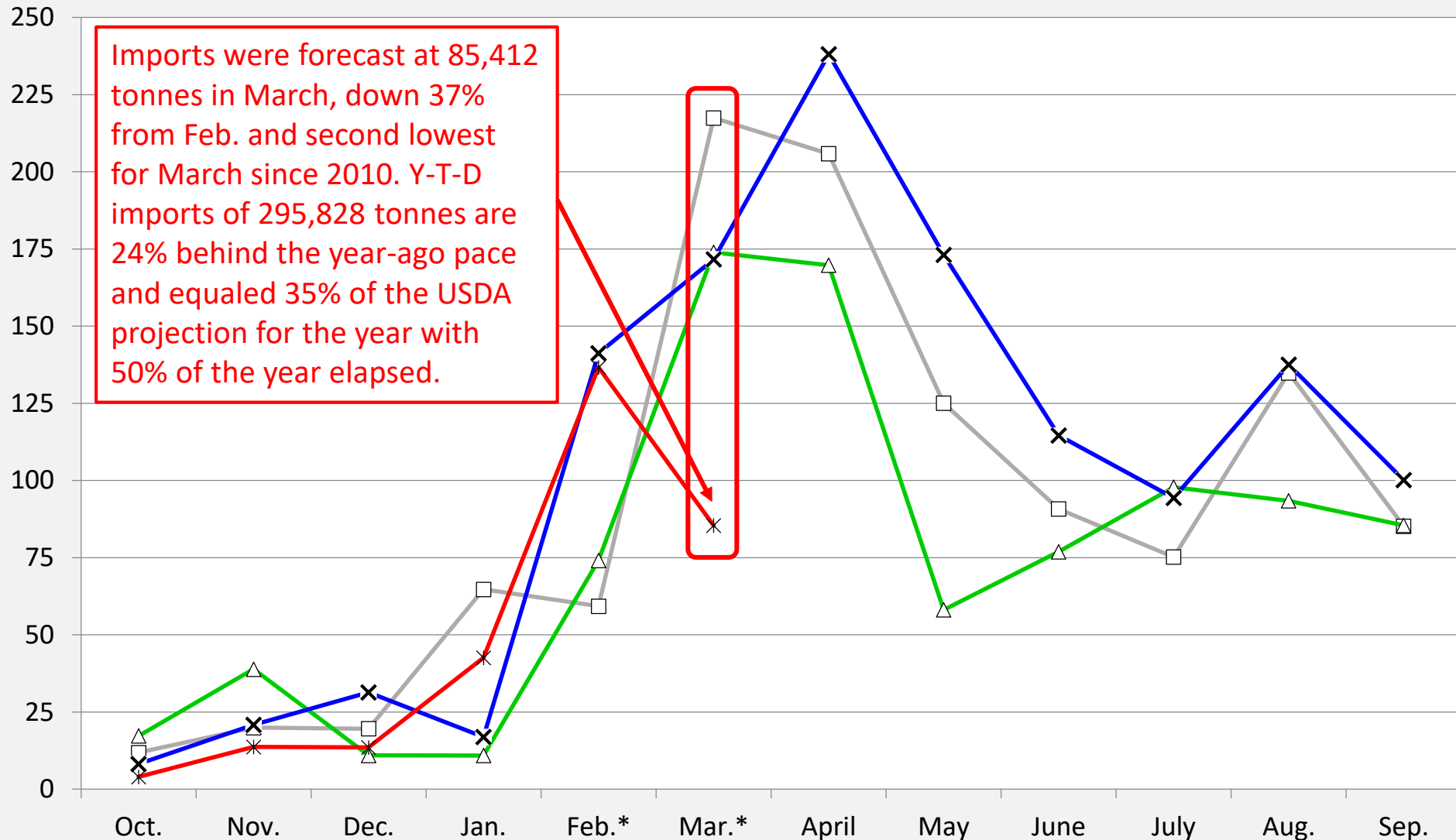
In 1,000 tons, raw value. \*2020-21 forecast. Source: USDA



US 2020-21 cane sugar production lowered 30,000 tons in April WASDE but still record high for both cane and total.

# SUA April 2021: Imports from Mexico

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



April, May, March, in that order, typically strongest exports by far.

# SUA April 2021: Year-To-Date Sugar Imports

In short tons, raw value. Sources: USDA and US Census Bureau.

	Oct.-Feb. 2020-21	% of Projected	Full-year Forecast
WTO Raw TRQ	866,998	67%	1,303,274
WTO Refined TRQ	106,433	61%	175,318
FTA Sugar in TRQs	82,818	34%	242,463
<b>Total Quota</b>	<b>1,056,248</b>	<b>61%</b>	<b>1,721,055</b>
Re-export Program	80,625	27%	300,000
Mexico	326,095	35%	931,000
High-duty Sugar	113,614	57%	200,000
<b>Total Imports</b>	<b>1,576,582</b>	<b>50%</b>	<b>3,152,055</b>

Total imports at 50% of projected total for year are on track, but origins continue to vary significantly. WTO raw and refined TRQ imports and high-duty sugar are ahead of pace, while FTA sugar in TRQs, re-export sugar and Mexico are well behind.

# SUA April 2021: SMD February 2020-21

Source: USDA.

<i>Short tons, Raw value</i>	<b>February</b>	<b>February</b>	<b>Change from 19-20</b>	
	<b><u>2020-21</u></b>	<b><u>2019-20</u></b>	<b><u>Tons</u></b>	<b><u>%</u></b>
Beginning stocks	4,665,414	4,084,165	581,249	14.2%
Total production	871,592	761,153	110,439	14.5%
Beet	546,199	441,142	105,058	23.8%
Cane	325,393	320,011	5,381	1.7%
Total imports	280,412	214,025	66,387	31.0%
Total supply	5,817,418	5,059,343	758,075	15.0%
Total exports	1,636	1,748	(112)	-6.4%
Total deliveries	937,679	929,516	8,163	0.9%
Deliveries, human use	931,422	921,589	9,833	1.1%
Misc. supply adj.	13,234	53,219	(39,985)	-75.0%
<b>Total use</b>	<b>952,549</b>	<b>984,483</b>	<b>(31,933)</b>	<b>-3.2%</b>
Ending stocks	4,864,869	4,074,860	790,009	19.4%



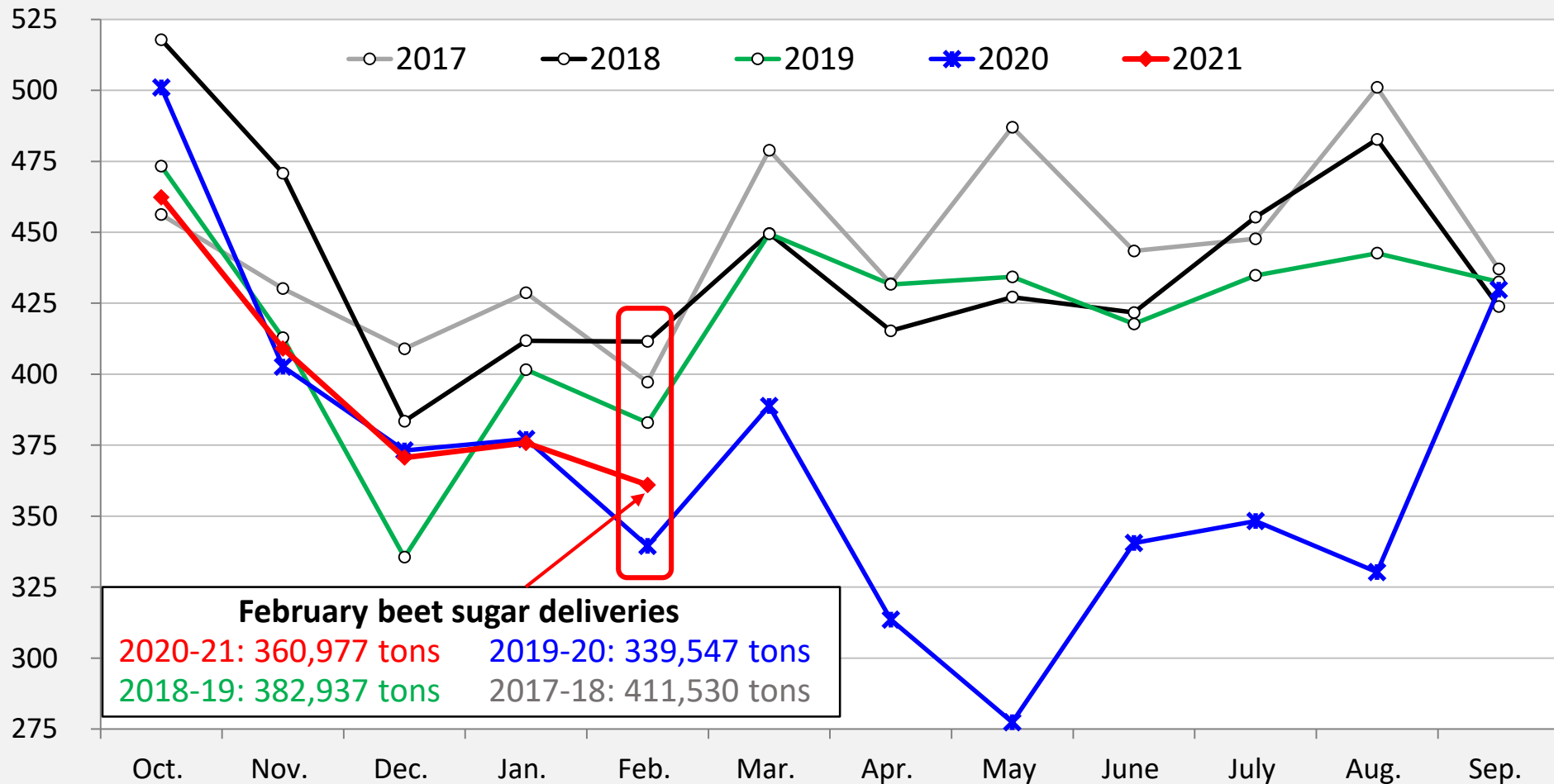
# SUA April 2021: SMD Oct.-Feb. 2020-21

Source: USDA.

<i>Short tons, Raw value</i>	<b>Oct.-Feb.</b>	<b>Oct.-Feb.</b>	<b>Change from 19-20</b>	
	<b><u>2020-21</u></b>	<b><u>2019-20</u></b>	<b><u>Tons</u></b>	<b><u>%</u></b>
Beginning stocks	1,617,589	1,782,548	(164,959)	-9.3%
<b>Total production</b>	<b>6,831,710</b>	<b>6,011,280</b>	<b>820,430</b>	<b>13.6%</b>
Beet	3,528,633	2,934,535	594,098	20.2%
Cane	3,303,077	3,076,745	226,332	7.4%
<b>Total imports</b>	<b>1,298,481</b>	<b>1,321,190</b>	<b>(22,709)</b>	<b>-1.7%</b>
Total supply	9,747,780	9,115,018	632,762	6.9%
Total exports	19,887	9,240	10,647	115.2%
<b>Total deliveries</b>	<b>4,872,068</b>	<b>4,973,901</b>	<b>(101,833)</b>	<b>-2.0%</b>
<b>Deliveries, human use</b>	<b>4,830,410</b>	<b>4,929,136</b>	<b>(98,726)</b>	<b>-2.0%</b>
Misc. supply adj.	(9,044)	57,016	(66,060)	-115.9%
<b>Total use</b>	<b>4,882,911</b>	<b>5,040,157</b>	<b>(157,247)</b>	<b>-3.1%</b>
Ending stocks	4,864,869	4,074,860	790,009	19.4%

# SUA April 2021: Beet Sugar Deliveries

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

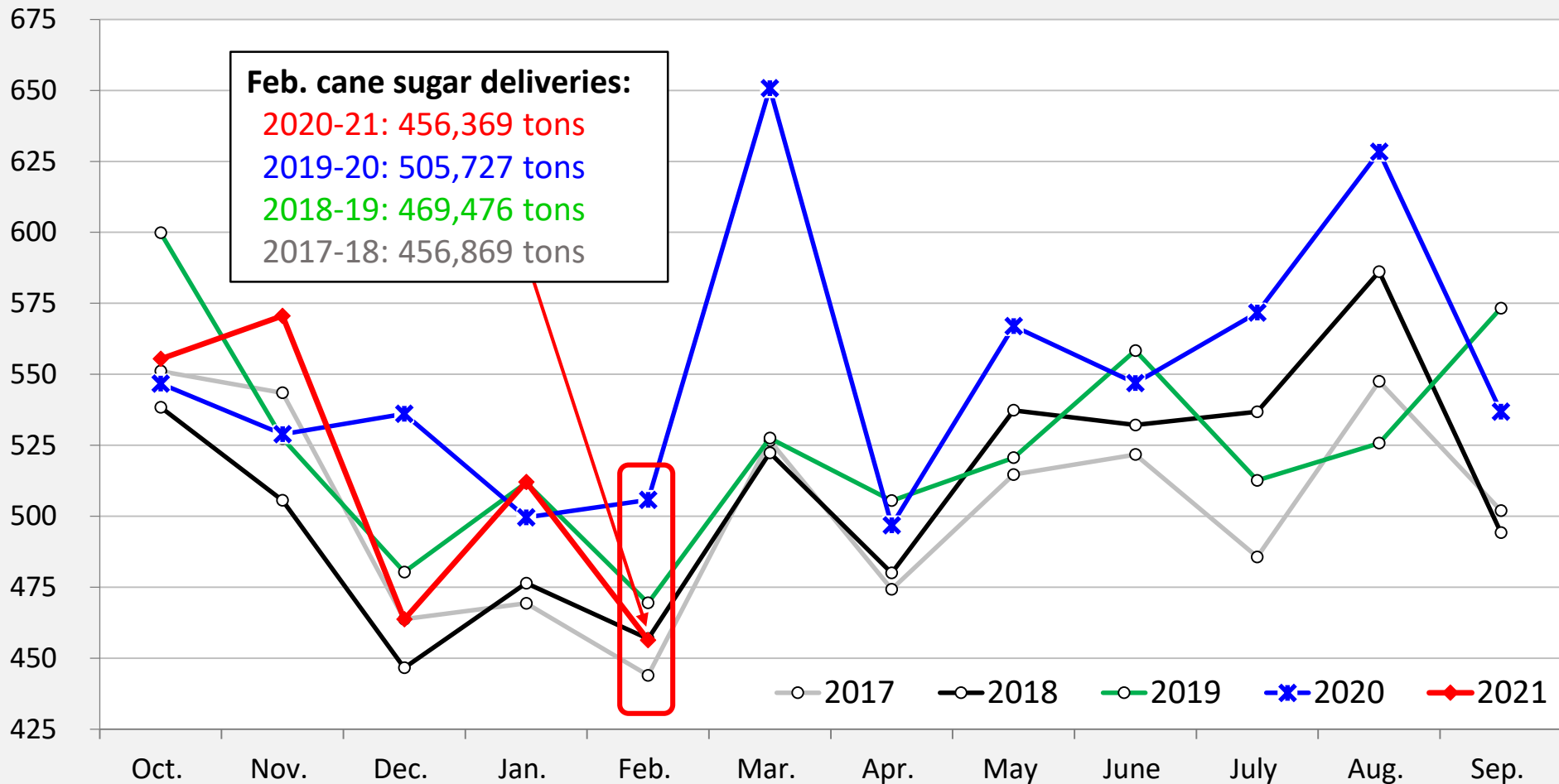


**February beet sugar deliveries**  
 2020-21: 360,977 tons    2019-20: 339,547 tons  
 2018-19: 382,937 tons    2017-18: 411,530 tons

February beet sugar deliveries of 360,977 tons were down 4% from January but were up 6% from a year ago. Oct.-Feb. beet deliveries of 1,978,755 tonnes were down 0.7% from a year earlier, when the force majeure had just begun in January. Would expect beet sugar deliveries to hold up well this year.

# SUA April 2021: Refined Cane Deliveries

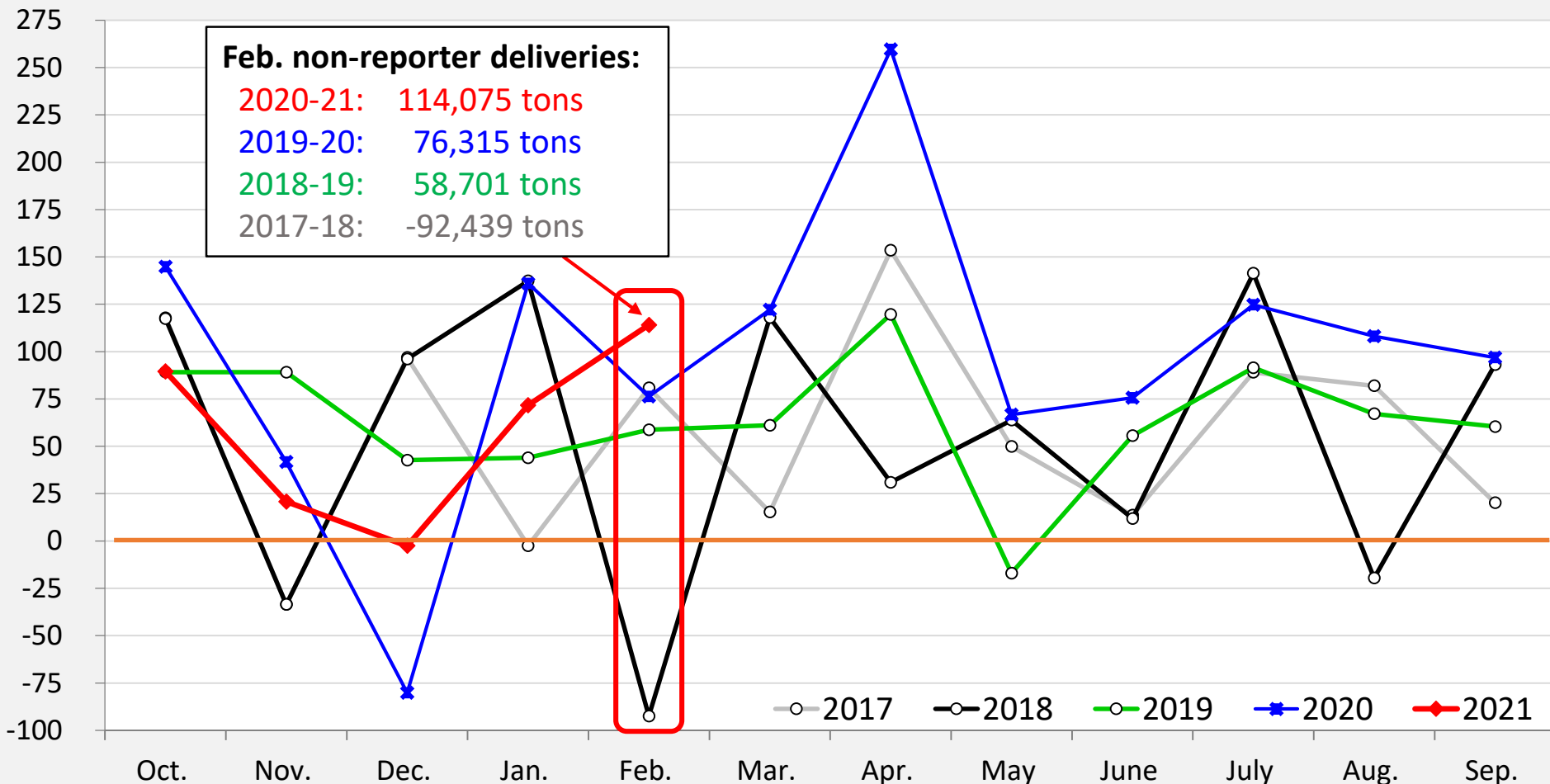
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



February cane sugar deliveries of 456,369 tons fell 11% from January, were down 10% from a year ago and were the lowest since 2017. Oct.-Feb. deliveries of 2,558,124 tons were down 2.3% from the same period a year earlier. Expect cane deliveries more consistent than a year ago, picking up from March forward.

# SUA April 2021: Deliveries by Non-Reporters

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



Non-reporter deliveries in February surged to 114,075 tons from 71,669 tons in January, which was revised down about 4,000 tons, and were the highest on record for the month. Oct.-Feb. non-reporter deliveries of 293,429 tons were down 8% from a year earlier. We do not expect strong N-R deliveries to continue.

# SUA April 2021: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	FY 2021	FY 2020	Oct.-Feb.	Oct.-Jan.
	<u>Oct.-Feb.</u>	<u>Oct.-Feb.</u>	<u>% change</u>	<u>% change</u>
<b>Total Deliveries</b> /1 (short tons, <u>actual weight</u> )	4,269,100	4,342,290	-1.7	-1.3
1-Bakery, cereal, and related products	998,785	1,015,395	-1.6	-0.7
5-Confectionery and related products	387,241	446,645	-13.3	-12.8
6-Ice cream and dairy products	328,444	319,094	2.9	3.0
7-Beverages	265,632	267,288	-0.6	-2.6
8-Canned, bottled and frozen foods	156,318	173,556	-9.9	-9.4
4-Multiple and all other food uses	470,259	463,098	1.5	-1.2
10-Non-food uses	51,347	49,903	2.9	6.3
11-Hotels, restaurants, institutions	37,176	30,546	21.7	23.5
2-Wholesale grocers, jobbers, dealers	918,958	926,691	-0.8	1.1
3-Retail grocers, chain stores	530,189	520,775	1.8	2.5
12-Government agencies	6,654	3,229	106.0	131.4
9-All other deliveries	118,097	126,072	-6.3	-7.6
<b>Total Deliveries</b> /1 (short tons, <u>raw value</u> )	4,567,937	4,646,250	-1.7	-1.3
Crystalline:	3,927,168	4,033,069	-2.6	-2.3
<b>Consumer-size packages (retail)</b>	931,288	890,914	4.5	6.4
<b>Packages 50 lbs and greater</b>	1,169,458	1,229,695	-4.9	-5.2
<b>Unpackaged (bulk)</b>	1,826,422	1,912,460	-4.5	-4.5
<b>Non-crystalline</b> /2	640,769	613,181	4.5	5.5

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

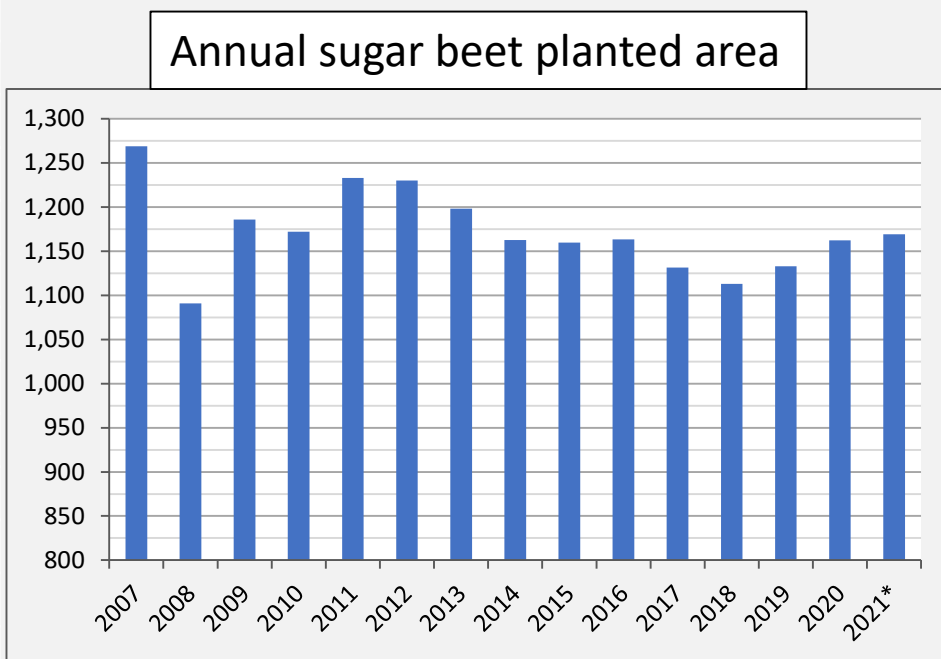
<sup>13</sup> 2/Includes all liquid, edible molasses, sugar syrups and cane juice.

Source: USDA

# SUA April 2021: Sugar Beet Prospective Plantings

In 1,000 acres. Source: USDA March 31, 2021 Prospective Plantings report.

	2020	2021	Change from 2020	
	<u>Planted</u>	<u>Intended</u>	<u>Acres</u>	<u>Percent</u>
Minnesota	432.0	440.0	8.0	1.9%
N. Dakota	221.0	223.0	2.0	0.9%
Idaho	172.0	173.0	1.0	0.6%
Michigan	157.0	155.0	-2.0	-1.3%
Nebraska	46.2	48.0	1.8	3.9%
Montana	43.6	42.0	-1.6	-3.7%
Wyoming	31.0	28.0	-3.0	-9.7%
Colorado	24.2	24.0	-0.2	-0.8%
California	24.0	24.0	0.0	0.0%
Oregon	9.4	10.0	0.6	6.4%
Washington	1.8	2.0	0.2	11.1%
U.S.	1,162.2	1,169.0	6.8	0.6%

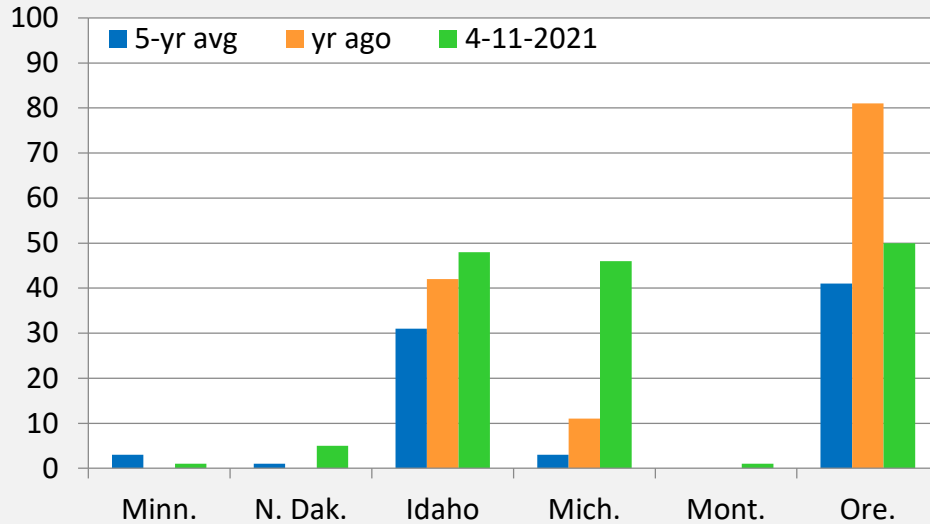


Farmers indicated they intend to plant 1,169,000 acres of sugar beets in 2021, which will be the beet sugar supply for the 2021-22 marketing year, except for that harvested and processed before Oct. 1, 2021. Increase is 6,800 acres, or 0.6%, with total area the most since 1,198,000 acres in 2013, if realized. Plantings of 1,169,000 acres may equate to 5.0 million to 5.1 million tons of sugar production in 2021-22, assuming average yields, shrink and sucrose recovery. **Need to watch dryness in North Dakota.**

# SUA April 2021: Sugar Beet, Sugarcane Crops

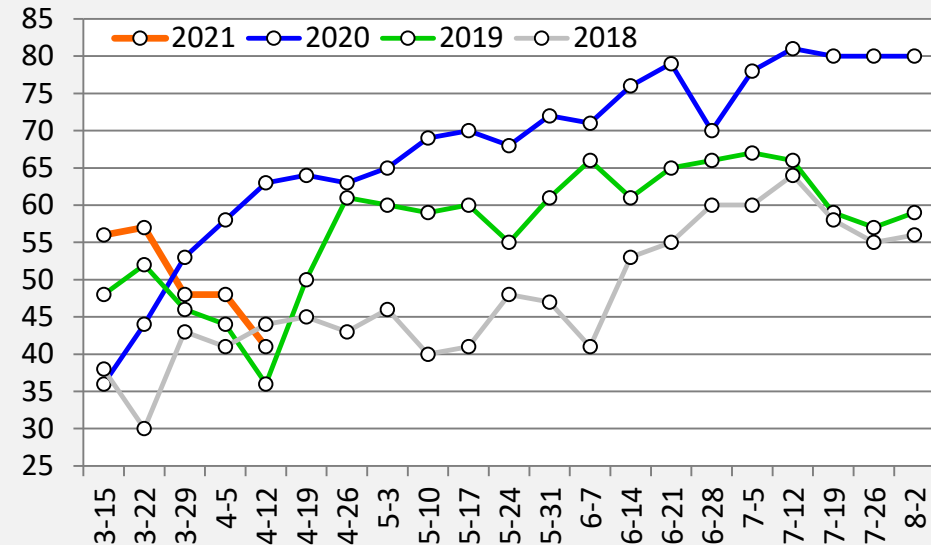
In per cent. Source: USDA/state Crop Progress reports as of April 11, 2021.

Sugar beet planting progress



Sugar beet planting is underway in most states and mostly near five-year average except Michigan, which is far ahead due to very favorable planting weather, and Idaho, also well ahead.

Louisiana sugarcane good/excellent ratings



Louisiana sugarcane ratings are falling, perhaps as damage from earlier freeze becomes evident, but it's still early in the season. At 41% good/excellent, far below 63% at same time last year.

# SUA April 2021: Cash Sugar Prices

<b>Beet sugar 2020-21</b>	Offers are steady at about 36.5c f.o.b. Midwest, 39c in Michigan and near 40c on the West Coast.
<b>Cane sugar 2020-21</b>	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 Feb.
<b>Beet &amp; cane 2021-22</b>	Oct.-Dec. 2021 well covered but limited coverage for rest of marketing year; offers about flat with spot (Mich. 38c).

## Recent developments and factors to watch in cash sugar market

- Small amounts of spot sugar are selling; inquiries more active than typical for date.
- Refiners/processors indicate strong deliveries in March and early April.
- Activity for January 2022 forward remains slow. Expect contracting to pop in late April and during May/June.
- Sellers are seeking flat pricing from 2020-21 for next year, in part citing high raw sugar futures, location of raws and “feel” of market tighter than 15.1%.
- Buyers are hoping for lower prices in part due to 15.1% S-T-U ratio.
- Major unknown is impact on sugar demand as country emerges from COVID-19, with recent case increases adding uncertainty.



# SUA April 2021: Mexico WASDE

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

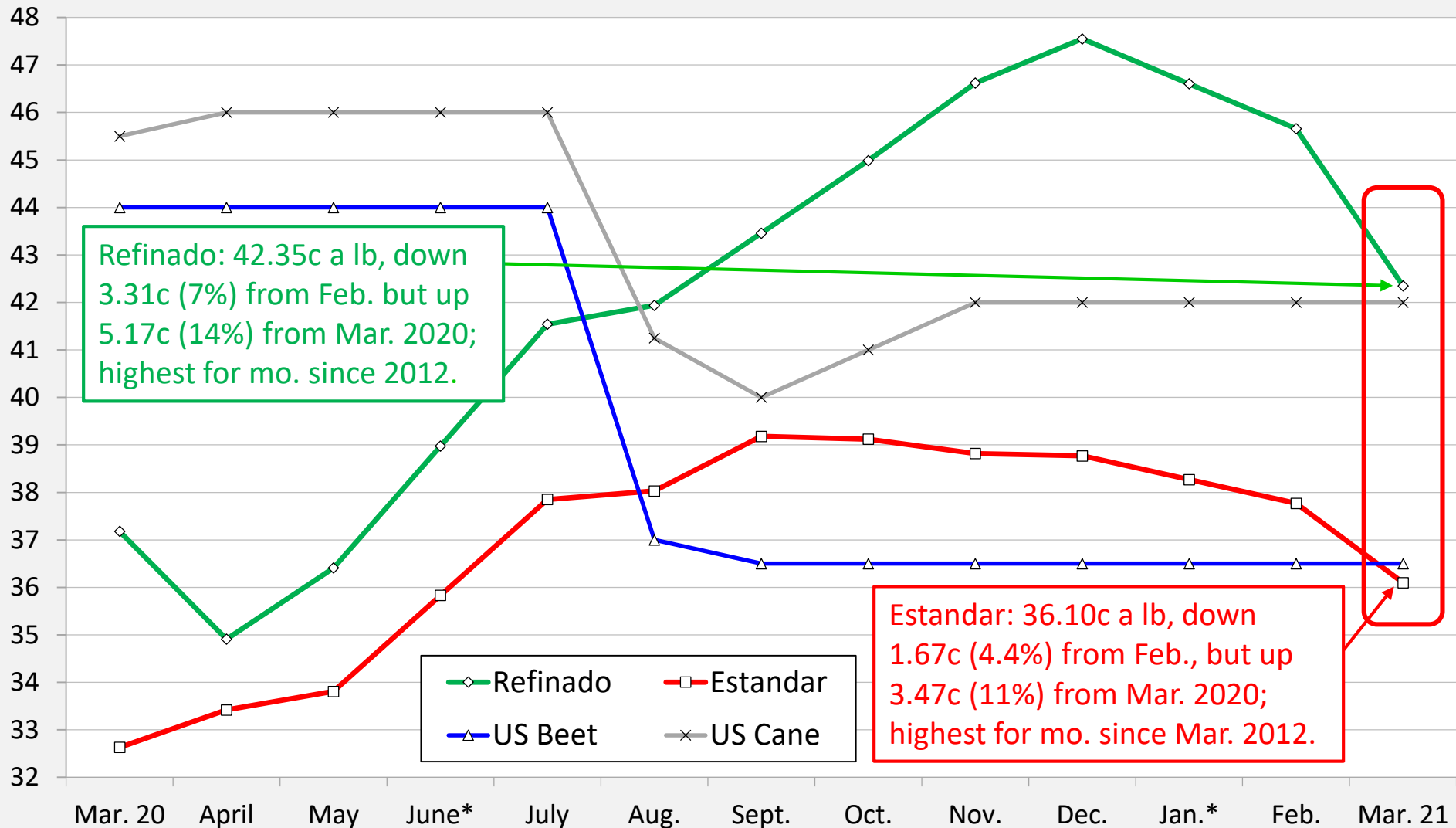
	April	Change from March		Change from 19-20	
	<u>20-21</u>	<u>Tonnes</u>	<u>%</u>	<u>Tonnes</u>	<u>%</u>
Begin. Stocks	858	-	0.0%	(311)	-26.6%
Production	5,900	-	0.0%	622	11.8%
Imports	105	-	0.0%	28	36.4%
Total Supply	6,863	-	0.0%	339	5.2%
Exports	1,492	-	0.0%	280	23.1%
Domestic Use	4,445	-	0.0%	(10)	-0.2%
Total Use	5,937	-	0.0%	270	4.8%
Ending Stocks	926	-	0.0%	68	7.9%
S-T-U (total)	15.6%	-	-	+0.5	
S-T-U (domestic)	20.8%	-	-	+1.5	

**For 2019-20:** No changes from March.

**For 2020-21:** No changes from March.

# SUA April 2021: US & Mexico Sugar Prices

Average monthly cash prices in cents/lb. \*Prices average of before/after months.



Sources: USDA and Sosland Publishing Company.

# SUA April 2021: New York #16 Raw Futures

ICE domestic raw sugar futures as of April 9, 2021, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFN21 (D10)	31.25 S	0.25	31.20	31.20	507	3096	1:08:16 PM EDT - 04/09/21	31.25 S
ESFU21 (D10)	31.20 S	0.20	31.20	31.15	50	2364	1:08:16 PM EDT - 04/09/21	31.20 S
ESFX21 (D10)	29.24 S	0.09	29.25	29.25	11	1559	1:08:16 PM EDT - 04/09/21	29.24 S
ESFF22 (D10)	28.20 S	0.00			0	547	1:08:16 PM EDT - 04/09/21	28.20 S
ESFH22 (D10)	28.15 S	0.00			0	425	1:08:16 PM EDT - 04/09/21	28.15 S
ESFK22 (D10)	28.20 S	0.00			0	295	1:08:16 PM EDT - 04/09/21	28.20 S
ESFN22 (D10)	28.20 S	0.00			0	474	1:08:16 PM EDT - 04/09/21	28.20 S
ESFU22 (D10)	28.20 S	0.00			0	255	1:08:16 PM EDT - 04/09/21	28.20 S
ESFX22 (D10)	27.90 S	0.00			0	100	1:08:16 PM EDT - 04/09/21	27.90 S
ESFF23 (D10)	27.40 S	0.00			0		1:08:16 PM EDT - 04/09/21	27.40 S
ESFH23 (D10)	27.40 S	0.00			0		1:08:16 PM EDT - 04/09/21	27.40 S

Nearby months have held above 31c a lb for more than a week. Most support seen coming from situation in Louisiana where excess raws need to be shipped to US East Coast. Two nearby months have about a 2c premium to November 2021, 3c premium to most 2022 months. Nearby raws likely to stay high until Louisiana situation is resolved, more raws are imported from Mexico or there is a TRQ reallocation.

# SUA April 2021: Global Sugar Overview

- **Global supply/demand fundamentals (2020-21)**
  - Uncertainty about Brazil's cane crop (new MY year began April 1) and amount allocated to ethanol. Last 2 weeks of March had cane harvest down 33% from year ago, sugar down 23%, ethanol down 18%.
  - France must replant more than 10% of beet crop due to freeze losses, with planted area already down 6% from last year.
  - Indications Philippines will reallocate all sugar to domestic needs, thus not fulfilling 142,160-tonne US TRQ; subject to change.
  - Strong harvest continues in India; exports active amid container issues.
- **Global supply/demand balance**
  - Forecasts for size of 2020-21 deficit mixed; shifting to modest global surplus in 2021-22.
- **Pricing**
  - London May white contract expires April 13; recently at 3-month low suggesting weak nearby demand; some supply concerns persist.
  - Funds have been liquidating longs in NY raws.

# SUA April 2021: New York #11 Raw Futures

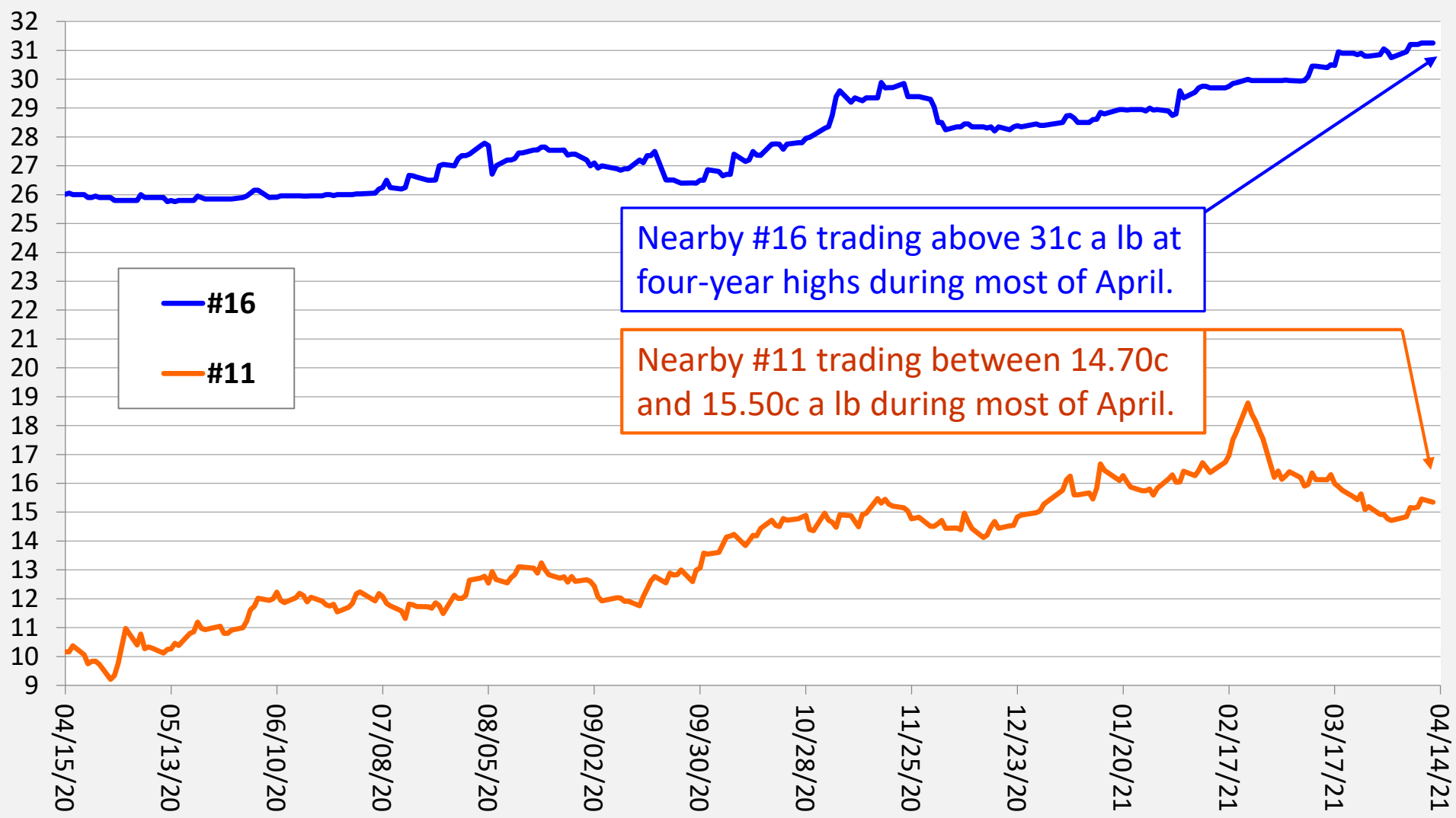
ICE world raw sugar futures as of April 9, 2021, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBK21 (D10)	15.46 S	0.28	15.72	15.22	91270	278690	1:02:57 PM EDT - 04/09/21	15.46 S
ESBN21 (D10)	15.41 S	0.23	15.64	15.21	80969	285864	1:02:57 PM EDT - 04/09/21	15.41 S
ESBV21 (D10)	15.35 S	0.16	15.59	15.21	29941	155737	1:02:57 PM EDT - 04/09/21	15.35 S
ESBH22 (D10)	15.59 S	0.14	15.78	15.46	14728	107841	1:02:57 PM EDT - 04/09/21	15.59 S
ESBK22 (D10)	14.91 S	0.09	15.07	14.83	6498	63669	1:02:57 PM EDT - 04/09/21	14.91 S
ESBN22 (D10)	14.41 S	0.03	14.55	14.36	5483	58514	1:02:57 PM EDT - 04/09/21	14.41 S
ESBV22 (D10)	14.13 S	-0.01	14.26	14.06	2097	44985	1:02:57 PM EDT - 04/09/21	14.13 S
ESBH23 (D10)	14.19 S	-0.03	14.31	14.13	1127	18554	1:02:57 PM EDT - 04/09/21	14.19 S
ESBK23 (D10)	13.64 S	-0.06	13.76	13.57	624	8506	1:02:57 PM EDT - 04/09/21	13.64 S
ESBN23 (D10)	13.26 S	-0.09	13.39	13.19	305	12580	1:02:57 PM EDT - 04/09/21	13.26 S
ESBV23 (D10)	13.06 S	-0.13	13.25	13.01	142	8425	1:02:57 PM EDT - 04/09/21	13.06 S
ESBH24 (D10)	13.13 S	-0.21	13.16	13.12	34	35	1:02:57 PM EDT - 04/09/21	13.13 S

Spot month (May) dipped to 3-month low in early April largely due to fund selling. Prices since have firmed to 15c to 15.50c range as some buying kicked in near lows. Prices about flat spot through March 2022, then decline into low- to mid-13c range in 2023. Lack of nearby premium indicates adequate supplies and/or weaker demand. No indication of an expected bump in demand due to easing of COVID-19, based on forward prices. May contract expires April 30.

# SUA April 2021: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of April 9, 2021.



Nearby #16 trading above 31c a lb at four-year highs during most of April.

Nearby #11 trading between 14.70c and 15.50c a lb during most of April.



# SUA April 2021: Corn Sweeteners

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

No changes in forecast use of corn for sweeteners/starch in the April WASDE.

USDA reported Mexico's October-February HFCS consumption at 537,000 tonnes, dry weight, down 34,000 tonnes, or 6%, from same period year ago, which again was a faster rate of decline than last month. April forecast for 2020-21 HFCS use unchanged from February at 1,377,000 tonnes, down 0.8% from 2019-20.

High corn prices and freight rates may prompt refiners to seek higher prices in 2022, although continued weakening demand may provide some offset.

No changes in glucose and dextrose from last month. Demand for both remains good.

## 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

USDA raised feed and ethanol use of corn and raised exports in April WASDE, lowering ending stocks by 150 million bus.

# SUA April 2021: Conclusions

- **Domestic Sweetener Market**
  - S-T-U of 15.1% not indicative of current supply situation due to raws in Louisiana, possible import delays.
  - Spot inquiries above expectations; March/April deliveries active.
  - What will demand do as country emerges from COVID-19?
  - Cash prices remain steady nearby and flat into 2021-22.
  - Contracting for 2021-22 moving slowly for January forward.
  - Corn sweetener demand continues to wane, but prices expected steady to firm into 2022 due to higher corn prices, freight.
- **Global Sugar Market**
  - Nearby world raw and white prices influenced by weak demand but ongoing supply concerns.
  - Brazil, Europe, Philippines need to be closely watched.
  - India exports ongoing amid container issues.
  - COVID-19 mixed signals – vaccines up; cases up.
  - May WASDE will have first 2021-22 projections.