

# Sweetener Users Association Conference Call Board Meeting

December 14, 2021

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# SUA December 2021: What's Happening in Sugar?

- **Domestic, 2020-21:**
  - USDA raises sugar deliveries slightly.
- **Domestic, 2021-22:**
  - DOC raises exports from Mexico by 150,000 tons for raw sugar.
  - USDA lowers domestic production forecast.
  - USDA raises import forecast slightly.
  - **Deliveries for food per SMD jump 14.6% from October 2020.**
  - Beet harvest wraps up with production exceeding processing capacity; lower sugar content in Michigan beets.
  - Prices firm at 49c NE for cane, 39c to 41.50c Midwest for beet.
- **US DOJ stops United States Sugar purchase of Imperial; for now**
- **Corn sweetener contracting wrapping up at sharply higher prices**
- **Global raw sugar prices consolidate just below 20c a lb; firm tone**
- **COVID is back – kind of**

# SUA December 2021: S/D Overview

- **US Sugar supply/demand – December 2021**
  - **For 2020-21:** Deliveries for food raised 26,000 tons.
  - Ending stocks lowered 26,000 tons; S-T-U ratio at 13.8%.
  - **For 2021-22:** Beet sugar production lowered 20,000 tons (still record).
  - Cane sugar production lowered 72,000 tons in Louisiana.
  - Total imports raised 31,000 tons on boost in high-tier.
  - Imports from Mexico lowered 19,000 tons.
  - Deliveries for food unchanged (up from 2020-21).
  - Ending stocks lowered 87,000 tons.
  - S-T-U lowered to 13.6%.
- **Corn sweetener supply/demand**
  - Annual contracting for 2022 mostly completed.
  - Prices up sharply from 2021 contracted levels.
  - Dextrose prices are out of sight amid tight supplies.
  - Mexico's annual HFCS use forecasts unchanged from November; October below year ago.

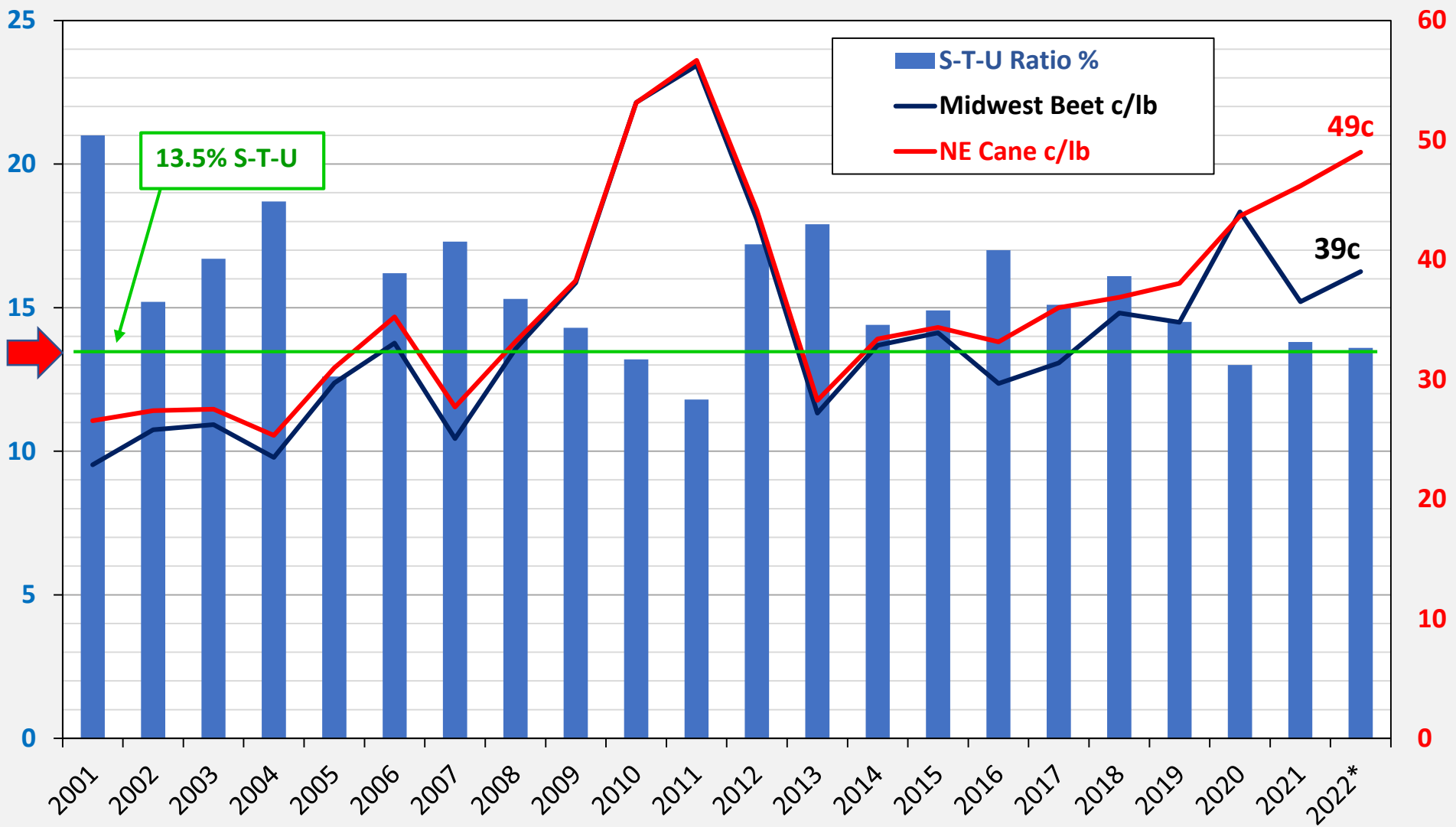
# SUA December 2021: USDA December WASDE

1,000 STRV	Dec.	Chg	Chg from 19-20		Dec.	Chg from Nov.		Chg from 20-21		RS-SPC
	20-21	Nov.	Tons	%	21-22	Tons	%	Tons	%	21-22
Begin. Stocks	1,618	-	(165)	-9.3%	1,702	(26)	-1.5%	84	5.2%	1,700
Production	9,230	-	1,081	13.3%	<b>9,241</b>	<b>(91)</b>	<b>-1.0%</b>	11	0.1%	<b>9,190</b>
Beet	5,092	-	741	17.0%	<b>5,393</b>	<b>(20)</b>	<b>-0.4%</b>	301	5.9%	<b>5,350</b>
Cane	4,139	-	341	9.0%	<b>3,847</b>	<b>(72)</b>	<b>-1.8%</b>	(292)	-7.1%	<b>3,840</b>
Imports	3,195	-	(970)	-23.3%	3,076	31	1.0%	(119)	-3.7%	3,145
T.R.Q.	1,749	-	(403)	-18.7%	1,611	-	0.0%	(138)	-7.9%	1,600
Other Prog.	292	-	(140)	-32.4%	250	-	0.0%	(42)	-14.4%	250
Mexico	967	(1)	(409)	-29.7%	1,065	(19)	-1.8%	98	10.1%	<b>1,120</b>
High Tier	187	1	(18)	-8.8%	<b>150</b>	<b>50</b>	<b>50.0%</b>	(37)	-19.8%	<b>175</b>
Ttl Supply	14,043	-	(54)	-0.4%	14,018	(87)	-0.6%	(25)	-0.2%	14,035
Exports	49	-	(12)	-19.7%	35	-	0.0%	(14)	-28.6%	35
Deliveries	<b>12,252</b>	<b>27</b>	(92)	-0.7%	12,305	-	0.0%	53	0.4%	12,330
Food	<b>12,135</b>	<b>26</b>	(111)	-0.9%	12,200	-	0.0%	65	0.5%	<b>12,225</b>
Other	116	-	18	18.4%	105	-	0.0%	(11)	-9.5%	105
Misc.	40	-	(34)	-45.9%	-	-	-	(40)	-100.0%	-
Total Use	12,341	26	(138)	-1.1%	12,340	-	0.0%	(1)	0.0%	12,365
End. Stocks	<b>1,702</b>	<b>(26)</b>	84	5.2%	<b>1,678</b>	<b>(87)</b>	<b>-4.9%</b>	(24)	-1.4%	1,670
Stocks-to-use	<b>13.8%</b>	<b>-0.2</b>	+0.8		<b>13.6%</b>	<b>-0.7</b>		-0.2		13.5%

I think sugar production (esp. beet) will be lower and deliveries will be higher. Without other adjustments, that would leave S-T-U at 12.9%. I boost Mexico and high-tier to get to 13.5%, which is still tight, esp. if deliveries go still higher.

# SUA December 2021: S-T-U vs cash sugar

Annual S-T-U ratios against annual average Northeast cane and Midwest beet sugar prices.

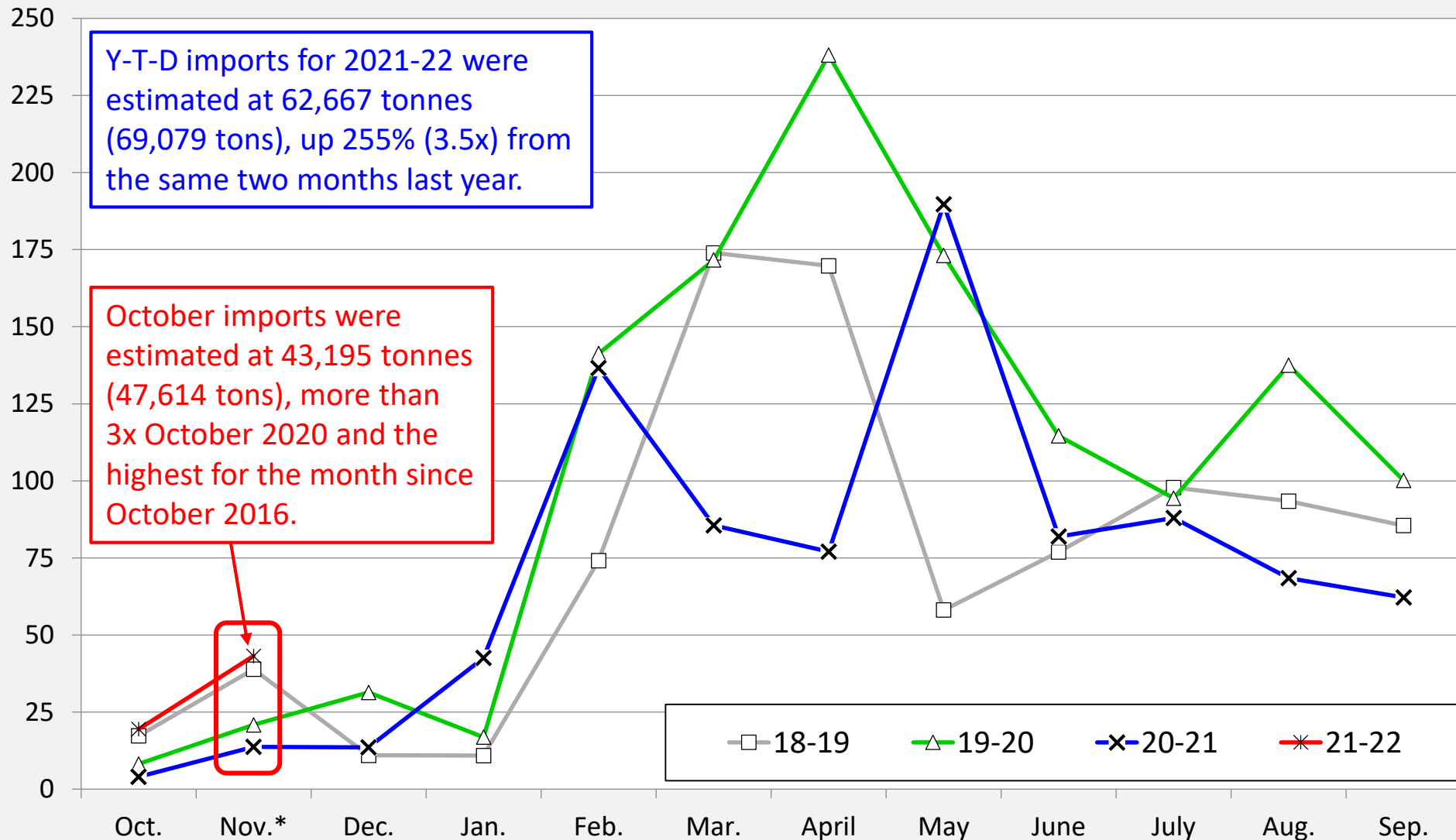


Sources: USDA and Sosland Publishing Co.



# SUA December 2021: Imports from Mexico

In 1,000 tonnes, raw value. \*2021-22 forecast. Sources: USDA and US Census Bureau



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

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

	<b>Oct.-Nov. 2021-22</b>	<b>% of Projected</b>	<b>Full-year Forecast</b>
17% of 2021-22 elapsed			
WTO Raw TRQ	454,542	40%	1,131,366
WTO Refined TRQ	75,475	31%	241,457
FTA Sugar in TRQs	30,633	13%	238,360
Total Quota	560,651	35%	1,611,183
Re-export Program	21,775	9%	250,000
Mexico	69,079	6%	1,064,712
High-duty Sugar	50,452	34%	150,000
<b>Total Imports</b>	<b>701,957</b>	<b>23%</b>	<b>3,075,895</b>

Import numbers roughly are in line with same period last year when raw TRQ was at 40%, refined TRQ at 30%, FTA at 14%, total quota at 35%; Re-export was at 10%, Mexico at 2%, high-tier at 50% and total imports were at 22% of full-year forecast. Remember the forecasts can be adjusted as the year goes on.

# SUA December 2021: SMD December 2021

Source: USDA.

-- Month --

<i>Short tons, Raw value</i>	<b>October 2021-22</b>	<b>% change from 2020-21</b>
Beginning stocks	1,701,915	+5.2%
Total production	<b>1,259,499</b>	<b>-11.5%</b>
Beet	<b>743,467</b>	<b>-7.0%</b>
Cane	<b>516,033</b>	<b>-17.3%</b>
Total imports	<b>467,467</b>	<b>+23.3%</b>
Total supply	3,428,881	+0.3%
Total exports	2,678	-74.9%
Total deliveries	1,263,252	+14.7%
<b>Deliveries, human use</b>	<b>1,252,414</b>	<b>+14.6%</b>
Misc. supply adj.	-1,983	-113.4%
<b>Total use</b>	<b>1,263,947</b>	<b>+12.2%</b>
Ending stocks	2,164,934	-5.6%

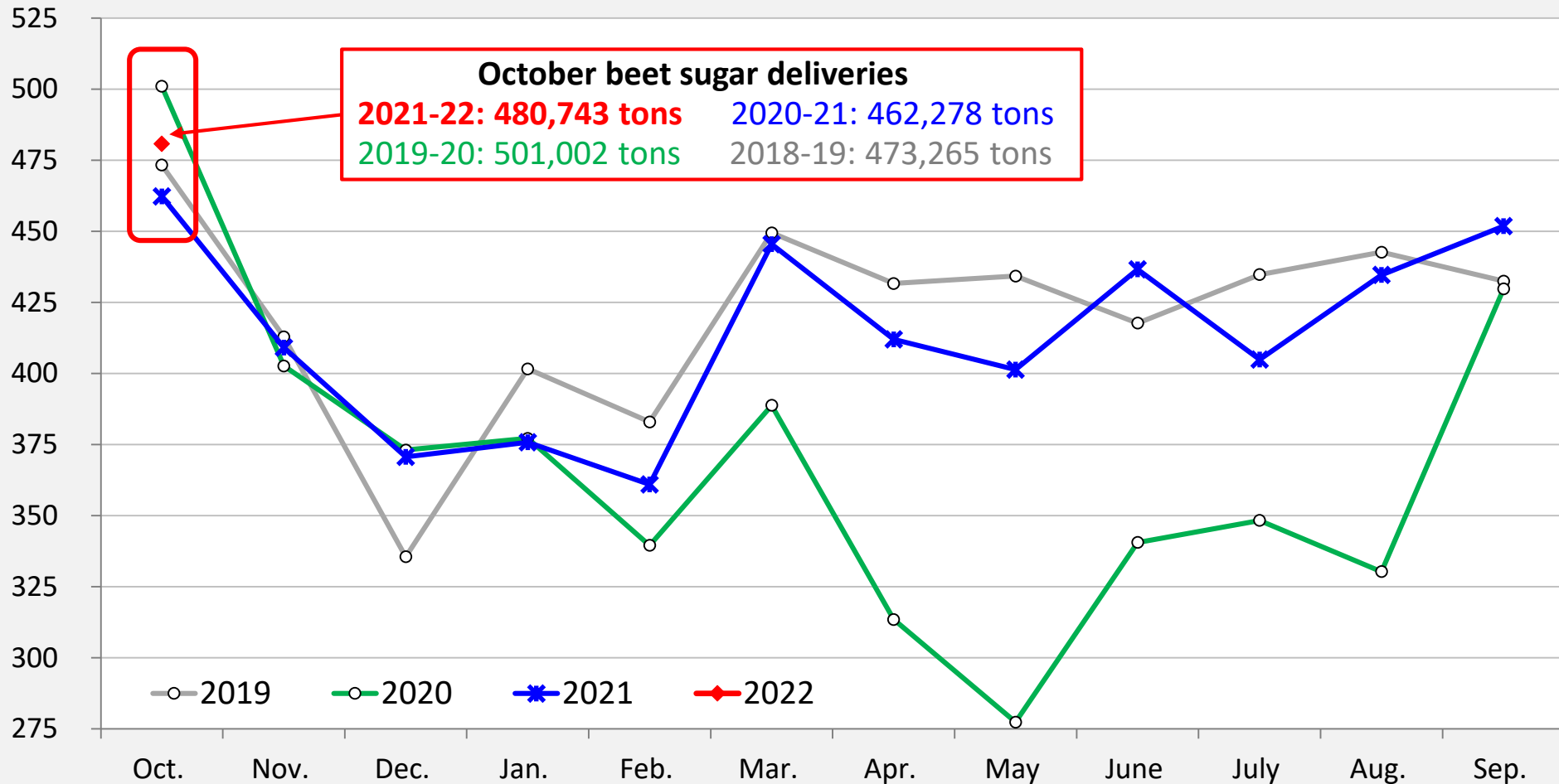
October production was down 11.5% from October 2020. Weak cane sugar production reflected continued fallout from Hurricane Ida with Louisiana down 83,304 tons from October 2020.

Deliveries for food soared 14.6% with total deliveries up 14.7%, total use up 12.2% and ending stocks down 5.6%. October deliveries at least in part were boosted by strong non-reporter deliveries during the month, as well as by high-tier imports, although beet and cane sugar deliveries also were strong.



# SUA December 2021: Beet Sugar Deliveries

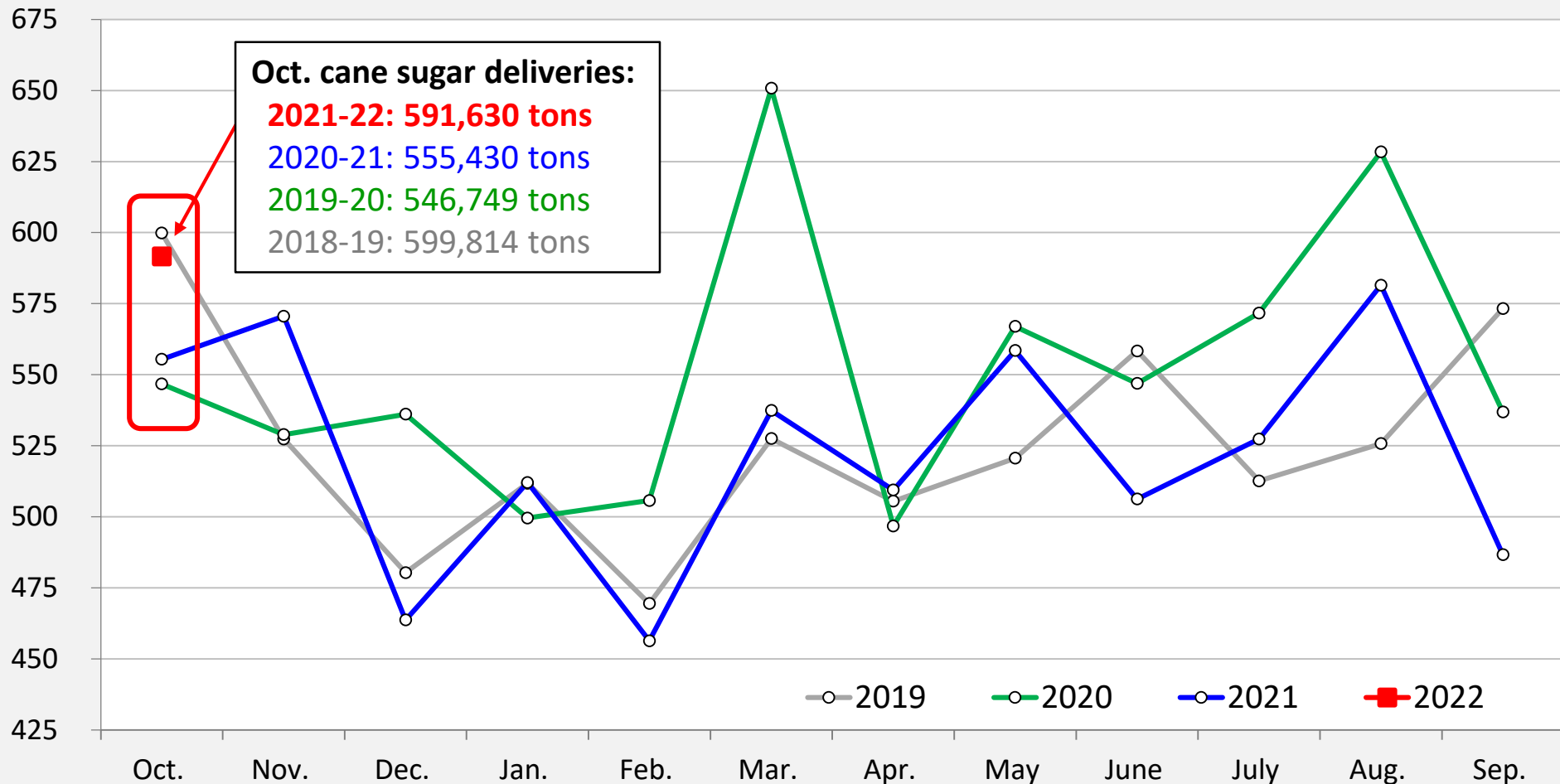
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



October beet sugar deliveries of 480,743 tons were up 6.4% from September, up 5.1% from a year ago and the highest for any month since 501,002 tons in October 2019-20.

# SUA December 2021: Refined Cane Deliveries

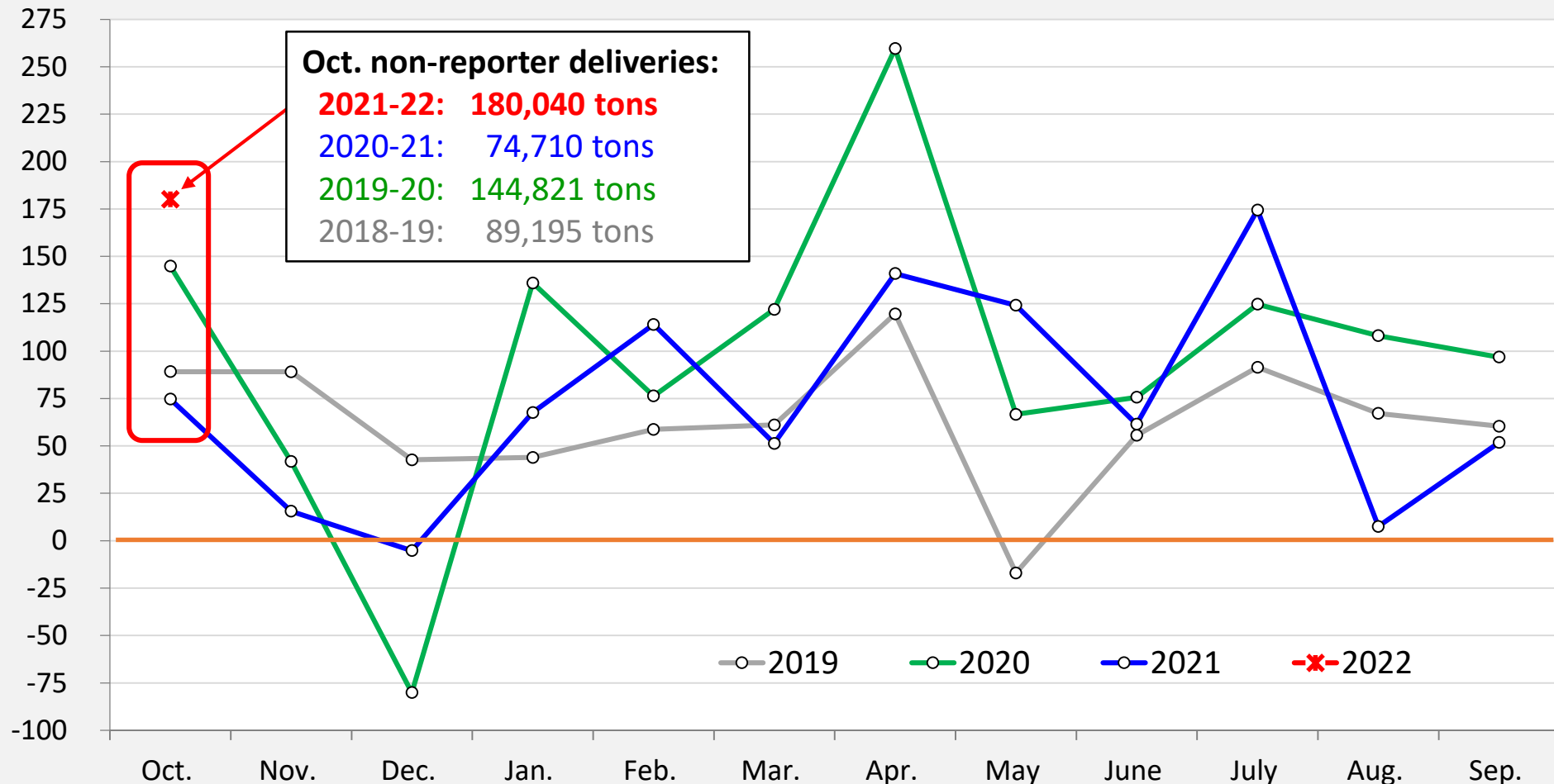
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



October cane sugar deliveries of 591,630 tons jumped 22% from September, were up 6.5% from last year, were the second highest ever for October (599,814 tons in 2018-19) and were the fourth highest on record for any month.

# SUA December 2021: Non-Reporter Deliveries

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



October N-R deliveries of 180,040 tons surged 247% from September, were up 141% from a year ago and were the second highest for the month since 2010-11.

# SUA December 2021: Deliveries for Human Use

**- NOT UPDATED -**

<b><u>PRODUCT OR BUSINESS OF BUYER</u></b>	<b><u>FY 2022 October</u></b>	<b><u>FY 2021 October</u></b>	<b><u>October % change</u></b>
<b>Total Deliveries/1</b> (short tons, <u>actual weight</u> )	1,009,280	957,340	<b>5.4</b>
<b>1-Bakery, cereal, and related products</b>	217,745	221,796	<b>-1.8</b>
5-Confectionery and related products	115,039	95,768	<b>20.1</b>
6-Ice cream and dairy products	71,393	70,904	0.7
7-Beverages	61,704	55,275	11.6
8-Canned, bottled and frozen foods	40,898	36,677	11.5
4-Multiple and all other food uses	105,694	99,767	5.9
10-Non-food uses	12,184	10,835	12.5
11-Hotels, restaurants, institutions	49,634	7,810	<b>535.5</b>
2-Wholesale grocers, jobbers, dealers	184,304	203,764	-9.6
<b>3-Retail grocers, chain stores</b>	128,583	127,955	0.5
12-Government agencies	1,745	1,463	19.3
9-All other deliveries	20,357	25,326	-19.6
<b>Total Deliveries/1</b> (short tons, <u>raw value</u> )	1,079,929	1,024,354	5.4
Crystalline:	897,789	885,694	1.4
Consumer-size packages (retail)	212,573	213,576	-0.5
Packages 50 lbs and greater	305,391	247,603	<b>23.3</b>
Unpackaged (bulk)	379,824	424,514	<b>-10.5</b>
Non-crystalline/2	182,140	138,660	31.4

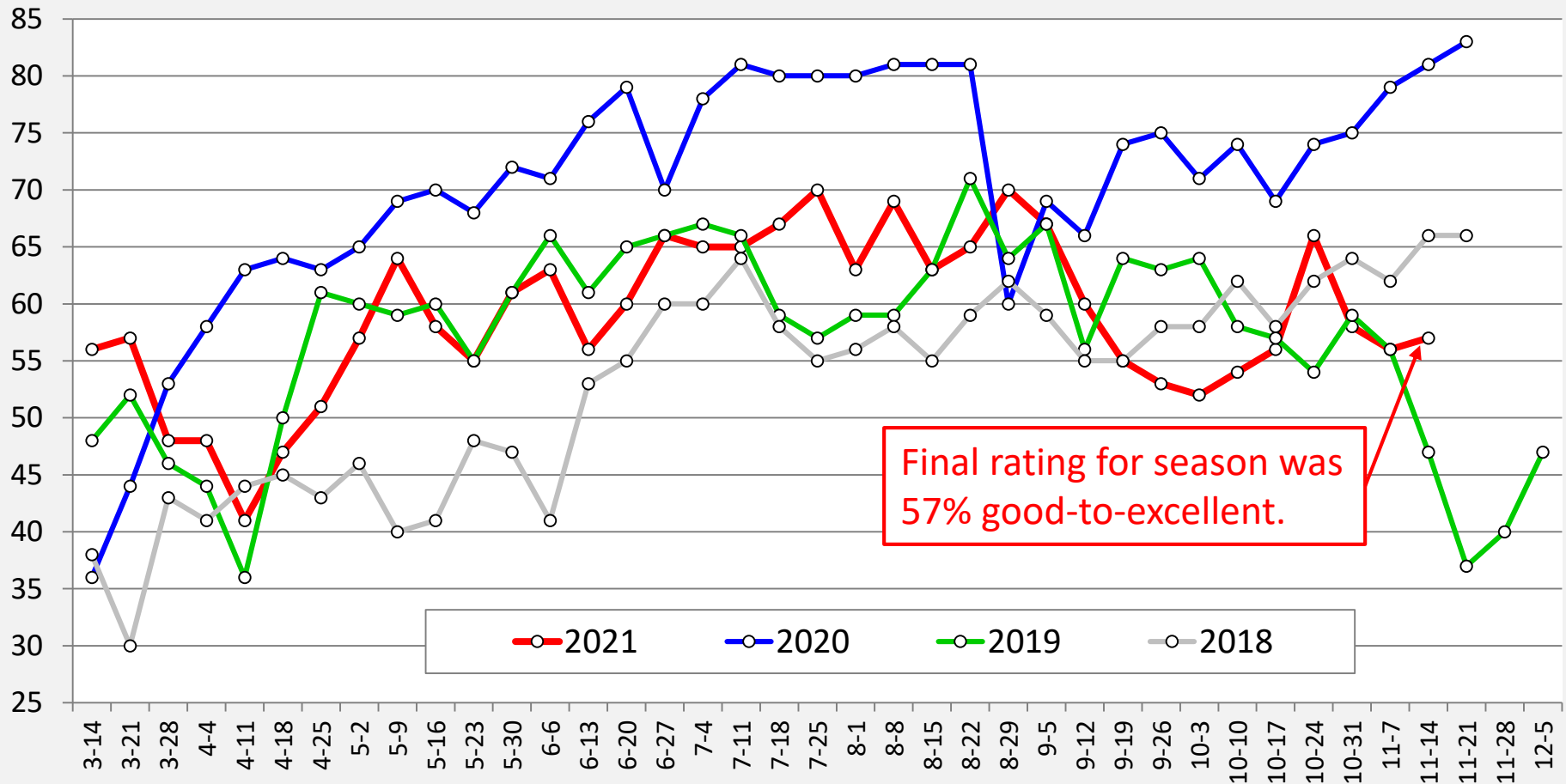
1/Deliveries from domestic sugar beet processors, sugar cane processors and refiners.

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

Source: USDA

# SUA December 2021: Final Sugar Cane Rating

Good-to-excellent ratings, in per cent. Source: USDA Louisiana state crop report.



Final rating for season was 57% good-to-excellent.

2021 2020 2019 2018

The final Louisiana sugar cane rating of Nov. 14 showed the good-to-excellent rating at 57%, up from a 52% low after Hurricane Ida but well below 70% high set twice during the year. The rating was far below last year's final at 83% G-T-E as of Nov. 21 but was far above the 2019 final rating of 47% as of Dec. 5. The crop was 62% harvested as of Nov. 28, slightly behind 63% last year and 67% as the 2016-20 average for the date.

# SUA December 2021: Cane/Sugar Production

In 1,000 tons. Current year is forecast. Source: USDA Dec. 9 Crop Production & WASDE reports.

<i>Sugar</i>	<b>Dec.</b>	<b>Change from Nov.</b>		<b>Change from 2020</b>	
<i>Cane</i>	<b>2021</b>	<b>Tons</b>	<b>%</b>	<b>Tons</b>	<b>%</b>
Florida	17,334	(2)	0.0%	-1,461	-7.8%
Louisiana	14,945	(637)	-3.9%	-1,222	-7.6%
Texas	1,179	(2)	-0.2%	41	+3.6%
<b>US Total</b>	<b>33,458</b>	<b>(641)</b>	<b>-1.8%</b>	<b>-2,642</b>	<b>-7.3%</b>

<i>Cane</i>	<b>Dec.</b>	<b>Change from Nov.</b>		<b>Change from 2020</b>	
<i>Sugar</i>	<b>2021</b>	<b>Tons</b>	<b>%</b>	<b>Tons</b>	<b>%</b>
Florida	2,005	-	0.0%	-84	-4.0%
Louisiana	1,712	(72)	-4.0%	-204	-10.6%
Texas	130	-	0.0%	-4	-3.0%
<b>US Total</b>	<b>3,847</b>	<b>(72)</b>	<b>-1.8%</b>	<b>-292</b>	<b>-7.1%</b>

USDA lowered sugar cane production by 1.8% from November based mainly on lower harvested area and yields in Louisiana.

USDA correspondingly reduced cane sugar production in Louisiana by 71,592 tons, or 1.8%, from November. Florida and Texas production was unchanged from Nov.

The USDA does not update sugar beet production in December, but it lowered beet sugar production by 19,871 tons (but still record high). Sugar beet production was strong, but sugar content was reduced mainly in Michigan due to untimely rainfall. USDA indicated sucrose recovery (thus sugar production) may be adjusted in later WASDE reports.

# SUA December 2021: Cash Sugar Prices - Firm

## Beet sugar 2021-22

Offers remain firm at 39c to 41c a lb f.o.b. Midwest, with some sales up to 42c; 43c in Michigan (up 2c); 42c and above on the West Coast. Some processors have added fuel or freight fees, making delivered prices higher than list. Some processors were selling “selectively.”

## Cane sugar 2021-22

One major refiner quoting “on request” until end of 2021; (at 55c a lb prior to “on request”). That refiner offered Jan. 1 forward at 49c f.o.b. NE and WC and 47c f.o.b. SE and Gulf; another Gulf refiner at 46c to 48c for 2021-22. Southeast offered at 43c f.o.b. Oct.-Sept. 2021-22 by one refiner, as high as 48c by another. All are unchanged.

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

- Most processors and refiners are very well sold for 2021-22; one major refiner stresses capacity is available (but at a price).
- Low prices in Midwest (39c) and Florida (43c) have 0.50c fuel/freight cost added.
- Powdered sugar supplies are tight and prices high, thought mainly due to tight/lacking supplies of corn starch.
- Little if any price relief in sight near term.

# SUA December 2021: New York #16 Raw Futures

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

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFH22 (D10)	37.15 S	0.00			0	2766	1:18:00 PM EST - 12/10/21	37.15 S
ESFK22 (D10)	37.65 S	0.00			0	1483	1:18:00 PM EST - 12/10/21	37.65 S
ESFN22 (D10)	37.60 S	0.00			0	1095	1:18:00 PM EST - 12/10/21	37.60 S
ESFU22 (D10)	37.60 S	0.00			0	1000	1:18:00 PM EST - 12/10/21	37.60 S
ESFX22 (D10)	36.30 S	0.20	36.30	36.30	110	1247	1:18:00 PM EST - 12/10/21	36.30 S
ESFF23 (D10)	33.30 S	0.00			0	770	1:18:00 PM EST - 12/10/21	33.30 S
ESFH23 (D10)	33.30 S	0.00			0	1022	1:18:00 PM EST - 12/10/21	33.30 S
ESFK23 (D10)	33.30 S	0.00			5	665	1:18:00 PM EST - 12/10/21	33.30 S
ESFN23 (D10)	33.30 S	0.00			5	785	1:18:00 PM EST - 12/10/21	33.30 S
ESFU23 (D10)	33.30 S	0.00			0	70	1:18:00 PM EST - 12/10/21	33.30 S

Domestic raws “flipped” to a spot discount (to deferred months) the week of Thanksgiving when the 150,000-ton increase in raw sugar imports from Mexico was announced; the idea is that action just pulled supply forward but may not actually increase total supply (unless Export Limit raised), thus higher prices later. That discount has persisted, even after prices tumbled about 0.60c a lb across the board on Dec. 13. Prices are historically high through 2022, with 2023 at about a 4.25c discount, but still high as well. The question is whether 32c or above is the new “plateau” for raw sugar prices.



# SUA December 2021: Mexico WASDE

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

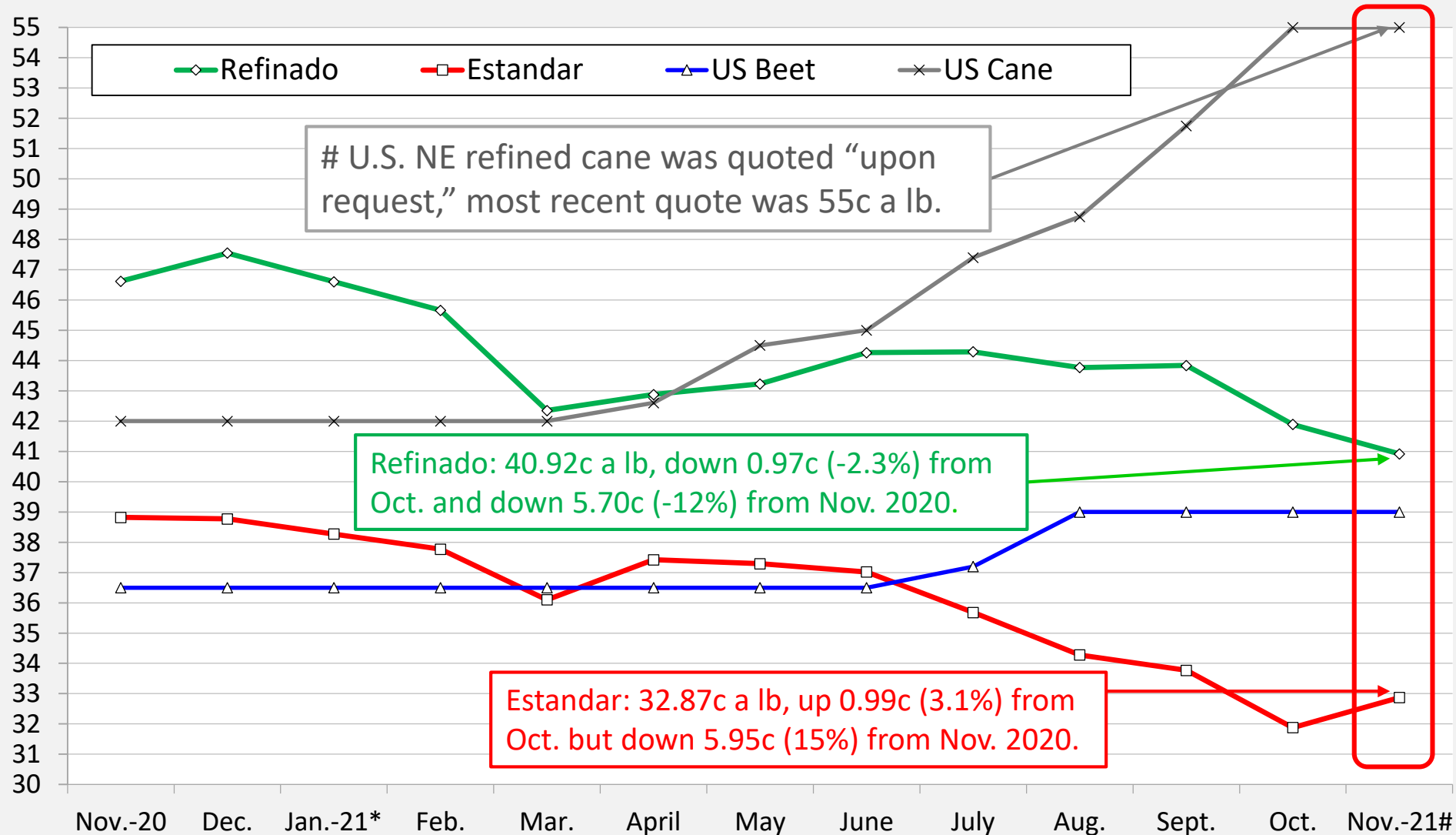
	December	Change from		December	2021-22 change from			
	20-21	Oct.	19-20		21-22	Oct.	%	20-21
Begin. Stocks	858	-	(311)	1,053	-	0.0%	195	22.7%
Production	5,715	-	437	5,979	-	0.0%	264	4.6%
Imports	65	-	(12)	63	-	0.0%	(2)	-3.1%
<b>Total Supply</b>	6,638	-	114	7,095	-	0.0%	457	6.9%
Exports	1,165	-	(47)	1,777	-	0.0%	612	52.5%
Domestic Use	4,420	-	(35)	4,401	-	0.0%	(19)	-0.4%
<b>Total Use</b>	5,585	-	(82)	6,178	-	0.0%	593	10.6%
Ending Stocks	1,053	-	195	917	-	0.0%	(136)	-12.9%
<b>S-T-U (total)</b>	18.9%	-	+3.8	14.8%	-		- 4.1	
<b>S-T-U (dom.)</b>	23.8%	-	+4.5	20.8%	-		- 3.0	

**2020-21:** No changes from November.      **2021-22:** No changes from November.

**NOTE:** USDA commented: “Calculated US Needs implied by the December 2021 US sugar WASDE as set out in the AD/CVD Suspension Agreements is 900,253 tonnes (1,051,901 short tons). This amount exceeds the export limit of 777,723 tonnes established by the DOC on Nov. 23, 2021.”

# SUA December 2021: US & Mexico Sugar Prices

Average monthly cash prices, cents/lb. \*Average of before/after months.



Sources: USDA and Sosland Publishing Company.

# SUA December 2021: Global Sugar Overview

## ■ Global supply/demand fundamentals

- Logistics continue to be problematic globally.
- India's harvest up about 10% Y-T-D (since Oct. 1) due to an early start.
- Brazil's harvest is winding down.
- Strong crops in India, Thailand, Australia expected to offset sugar lost to ethanol in Brazil, where 2022-23 cane crop is expected to rebound.
- Omicron variant of COVID-19 has added uncertainty back into the market, both for sugar demand and pricing.

## ■ Pricing

- Nearby raws have traded between 19.50c and 20c a lb in past week after dipping below 19c in late November/early December.
- Funds have reduced net long position sharply past couple weeks.
- Some analysts expect more potential for nearby prices to move above 20c than to fall below 19c due to global deficit.
- World raw prices have been following outside markets – esp. energy and equities – in recent weeks.

# SUA December 2021: New York #11 Raw Futures

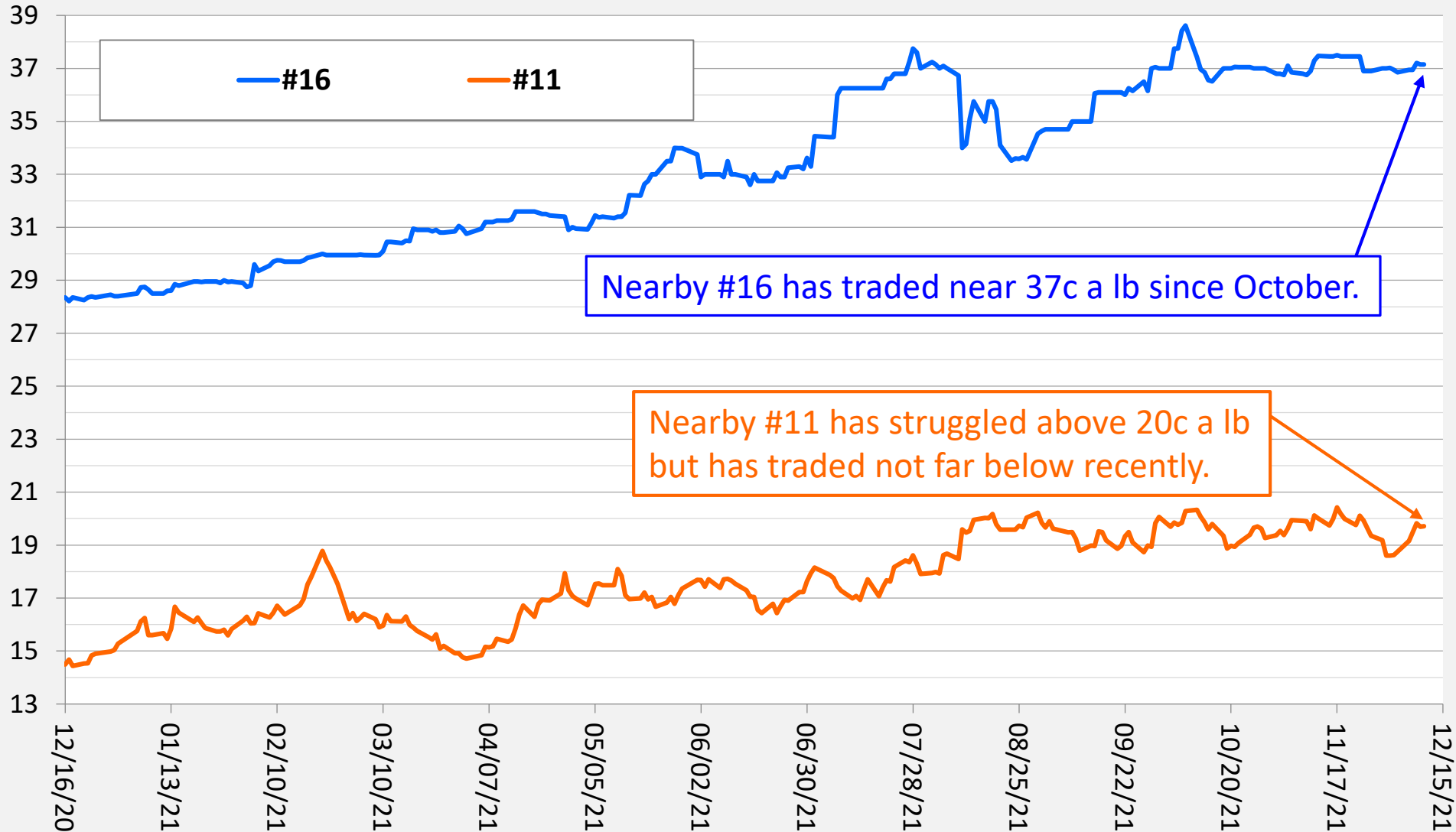
ICE world raw sugar futures as of December 10, 2021, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBH22 (D10)	19.71 S	0.02	19.84	19.52	28238	349500	1:21:23 PM EST - 12/10/21	19.71 S
ESBK22 (D10)	19.32 S	0.03	19.43	19.15	12327	148427	1:21:23 PM EST - 12/10/21	19.32 S
ESBN22 (D10)	18.89 S	0.07	18.94	18.69	12117	118103	1:21:23 PM EST - 12/10/21	18.89 S
ESBV22 (D10)	18.68 S	0.11	18.71	18.45	6126	108359	1:21:23 PM EST - 12/10/21	18.68 S
ESBH23 (D10)	18.56 S	0.15	18.59	18.31	2350	55147	1:21:23 PM EST - 12/10/21	18.56 S
ESBK23 (D10)	17.53 S	0.10	17.57	17.34	1362	25605	1:21:23 PM EST - 12/10/21	17.53 S
ESBN23 (D10)	16.86 S	0.10	16.93	16.69	414	25698	1:21:23 PM EST - 12/10/21	16.86 S
ESBV23 (D10)	16.46 S	0.11	16.50	16.27	253	22173	1:21:23 PM EST - 12/10/21	16.46 S
ESBH24 (D10)	16.42 S	0.11	16.47	16.25	24	6795	1:21:23 PM EST - 12/10/21	16.42 S
ESBK24 (D10)	15.89 S	0.11			0	2303	1:21:23 PM EST - 12/10/21	15.89 S
ESBN24 (D10)	15.55 S	0.11			0	4350	1:21:23 PM EST - 12/10/21	15.55 S
ESBV24 (D10)	15.49 S	0.11			0	932	1:21:23 PM EST - 12/10/21	15.49 S

NY world raws pushed above 20c a lb in late November only to fall to near 18.60c in early December before recovering back to 19.50c to 20c range. Prices mostly following outside markets with no dramatic changes to fundamentals. Uncertainty about demand due to COVID-19 and prospects of increased export sales by India above 20c a lb keeping a lid on prices, although firmness continues due to global sugar deficit.

# SUA December 2021: World/Domestic Futures

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



# SUA December 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

Contracting for 2022 is wrapping up with many sales said to be up \$3 to \$5.50 a cwt from 2021 contracted levels. Some buyers are holding out hoping offers will ease after first of year.

Main story in corn sweeteners is dextrose with some refiners said to have pulled offers; pricing as much as \$15 a cwt above year ago in some cases. Powdered sugar seen as replacement, but high and limited availability noted.

USDA left annual forecasts for HFCS consumption in Mexico unchanged from November. October consumption was down 12% from October 2020 (103,000 tonnes vs 117,000 tonnes).

USDA made no changes from November in December WADSE for corn use, including ethanol and industrial. Price also unchanged (up 20% from 2020-21).

## Dextrose Spot

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

USDA does not estimate corn production in December; next revision will be in January annual crop production report.

- Logistics (port congestion, rail delays, truck and truck driver shortages) are ongoing major bottlenecks.
- Labor costs are sharply higher.
- Materials for manufacturing and shipping remain in tight supply, delayed or lacking for many products.
- Some think a new sugar price plateau has been reached due in part to non-GMO demand.
- Sugar reduction efforts continue globally.

# SUA December 2021: Conclusions

- **Domestic Sweetener Market**
  - Beet sugar production is running full with several cooperatives leaving some beets unharvested as supply exceeds capacity.
  - Despite forecast record high sugar beet supply, most sugar is contracted, leaving spot supplies tight.
  - Beet sugar may be revised down due to low sugar content.
  - Watch deliveries closely after strong October numbers.
  - Hurricane Ida illustrates how easily market can be disrupted.
  - Logistics are making delivered sugar prices much higher.
  - Don't expect significant price relief anytime soon.
- **Global Sugar Market**
  - Nearby raws continue to trade between 19c and 20c a lb; more (but still limited) upside than downside price potential.
  - World sugar prices tending to follow energy and equity markets.
  - COVID uncertainty adding volatility.