

Sweetener Users Association Conference Call Board Meeting

January 14, 2022

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SUA January 2022: What's Happening in Sugar?

- **Domestic, 2021-22:**
 - USDA raises domestic production forecast (mainly cane).
 - Cane harvest running longer in Louisiana; beet slicing about as expected if not a little better.
 - USDA lowers import forecast.
 - **Oct.-Nov. deliveries for food per SMD up 6.5% from 2020-21 after 14.6% jump in October, but November down 1.8%.**
 - Prices firm at 49c NE for cane, 39c to 41c Midwest for beet.
 - No. 16s off recent highs amid better raw supplies.
- **Global raw sugar prices recover some from 5½-month low.**
 - Raw supplies more available as cane harvests pick up.
 - Higher energy prices providing support.
- **Higher corn sweetener prices kick in.**
- **COVID is back big time, but for how long?**

SUA January 2022: S/D Overview

- **US Sugar supply/demand – January 2022**
 - **For 2020-21:** Minor change in supply; S-T-U ratio stays at 13.8%.
 - **For 2021-22:** Beet and total sugar supply still forecast record high.
 - Cane sugar production raised 144,000 tons in Louisiana (was lowered 72,000 tons in December WASDE).
 - Total/TRQ imports lowered 60,000 tons; high-tier unchanged.
 - Imports from Mexico unchanged.
 - Deliveries for food unchanged (up 65,000 tons from 2020-21, down 46,000 tons from 2019-20).
 - Ending stocks raised 95,000 tons; S-T-U raised to 14.4% from 13.6%.
- **Corn sweetener supply/demand**
 - New contract pricing began for 2022 up sharply from 2021.
 - Dextrose prices are out of sight amid tight to lacking supplies.
 - USDA raised corn used for glucose/dextrose 5 million bushels from Dec.
 - Mexico's annual HFCS use forecasts unchanged from December; Oct.-Nov. use down 10% from year earlier.

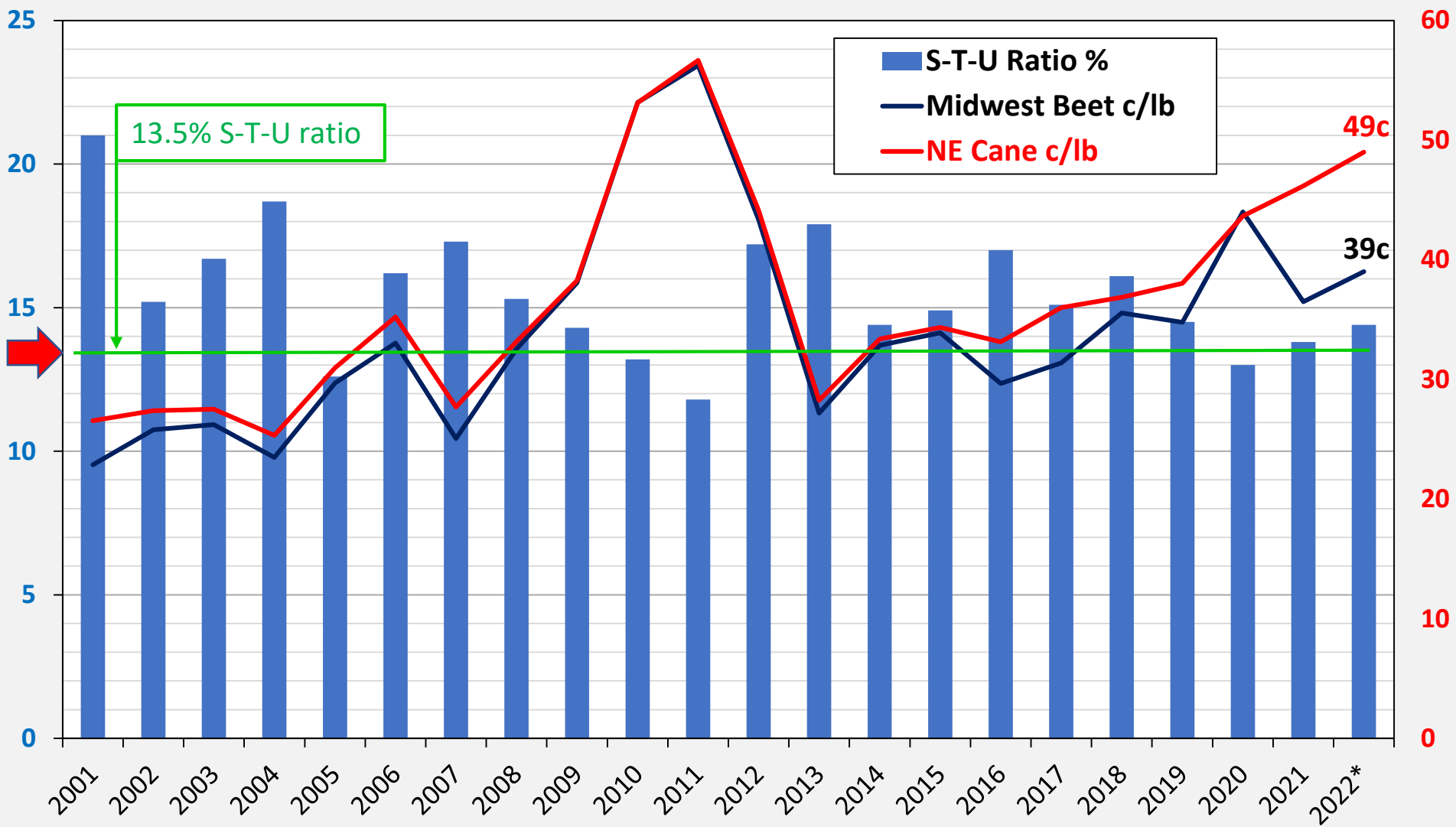
SUA January 2022: USDA January WASDE

1,000 STRV	Jan.	Chg	Jan.	Chg from Dec.		Chg from 20-21		RS-SPC
	20-21	Dec.	21-22	Tons	%	Tons	%	21-22
Begin. Stocks	1,618	-	1,705	3	0.2%	87	5.4%	1,775
Production	9,233	3	9,393	152	1.6%	160	1.7%	9,350
Beet	5,092	-	5,401	8	0.1%	309	6.1%	5,375
Cane	4,141	2	3,992	145	3.8%	(149)	-3.6%	3,975
Imports	3,195	-	3,016	(60)	-2.0%	(179)	-5.6%	3,025
T.R.Q.	1,749	-	1,551	(60)	-3.7%	(198)	-11.3%	1,600
Other Prog.	292	-	250	-	0.0%	(42)	-14.4%	250
Mexico	968	1	1,065	-	0.0%	97	10.0%	1,000
High Tier	186	(1)	150	-	0.0%	(36)	-19.4%	175
Ttl Supply	14,046	3	14,113	95	0.7%	67	0.5%	14,150
Exports	49	-	35	-	0.0%	(14)	-28.6%	35
Deliveries	12,252	-	12,305	-	0.0%	53	0.4%	12,330
Food	12,135	-	12,200	-	0.0%	65	0.5%	12,225
Other	116	-	105	-	0.0%	(11)	-9.5%	105
Misc.	40	-	-	-	-	(40)	-100.0%	-
Total Use	12,341	-	12,340	-	0.0%	(1)	0.0%	12,365
End. Stocks	1,705	3	1,773	95	5.7%	68	4.0%	1,785
Stocks-to-use	13.8%	-	14.4%	+0.8		+0.6		14.4%

I have sugar production modestly below USDA and deliveries slightly above, with high-tier also slightly higher. To balance for 13.5%, Mexico would have to be lowered to 880,000 tons; can't fall below 852,000; depends on extra 150,000 tons.

SUA January 2022: S-T-U vs cash sugar

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

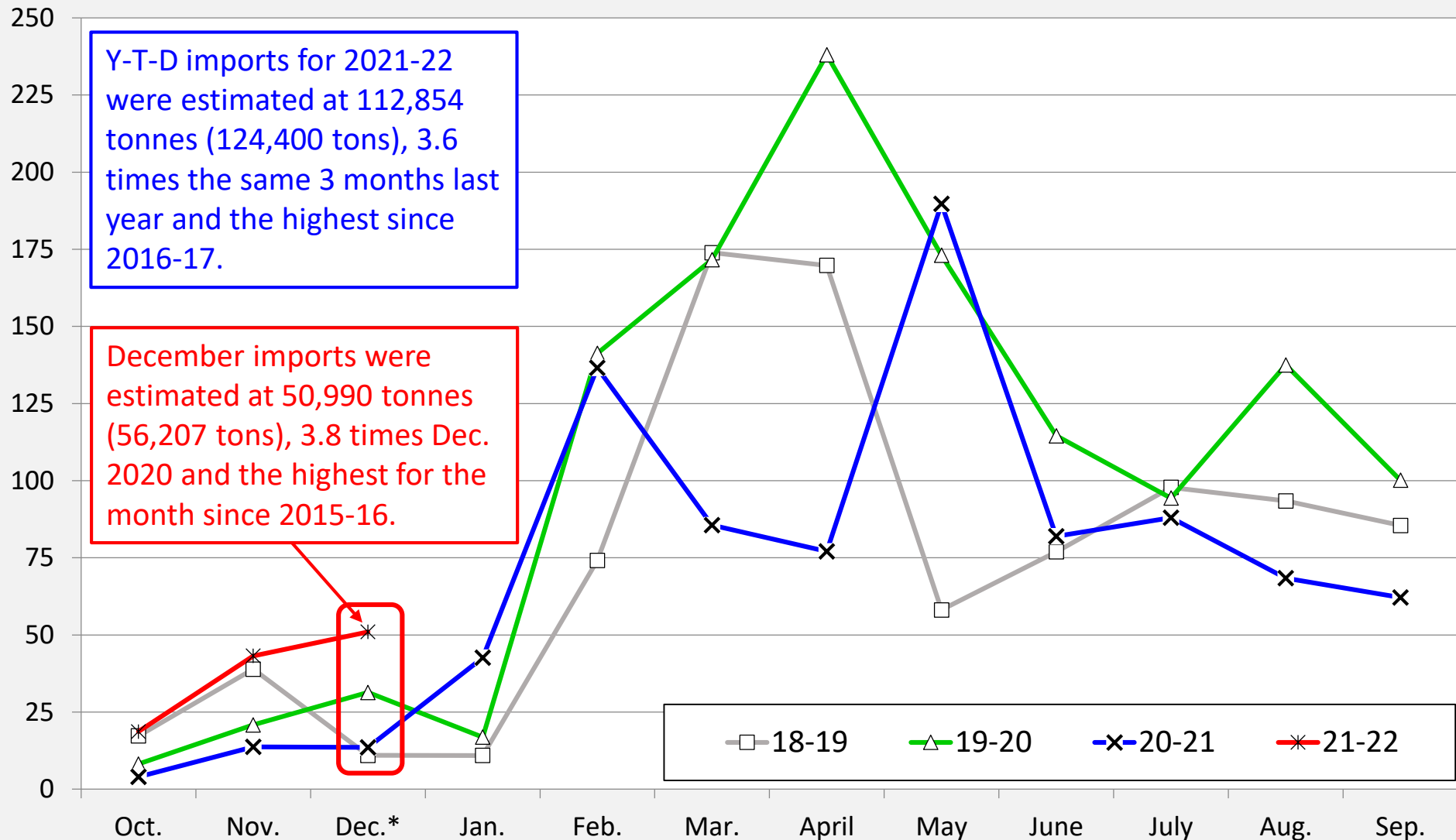


Sources: USDA and Sosland Publishing Co.



SUA January 2022: Imports from Mexico

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



SUA January 2022: Year-To-Date Sugar Imports

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

	Oct.-Dec. 2021-22	% of Projected	Full-year Forecast
25% of 2021-22 elapsed			
WTO Raw TRQ	590,804	55%	1,076,306
WTO Refined TRQ	77,025	32%	241,457
FTA Sugar in TRQs	38,840	17%	233,211
Total Quota	706,669	46%	1,550,974
Re-export Program	21,775	9%	250,000
Mexico	124,400	12%	1,064,712
High-duty Sugar	90,517	60%	150,000
Total Imports	943,361	31%	3,075,895

Total quota is about 60,000 tons less than in December because of lower raw and FTA TRQs as noted in WASDE. Total imports slightly ahead of pace due to raw and refined TRQs and high-duty imports. Mexico is running behind projected pace, which is common at this point in time. Re-export program imports didn't change from December.

SUA January 2022: SMD January 2022

Source: USDA.

-- Year-to-Date --

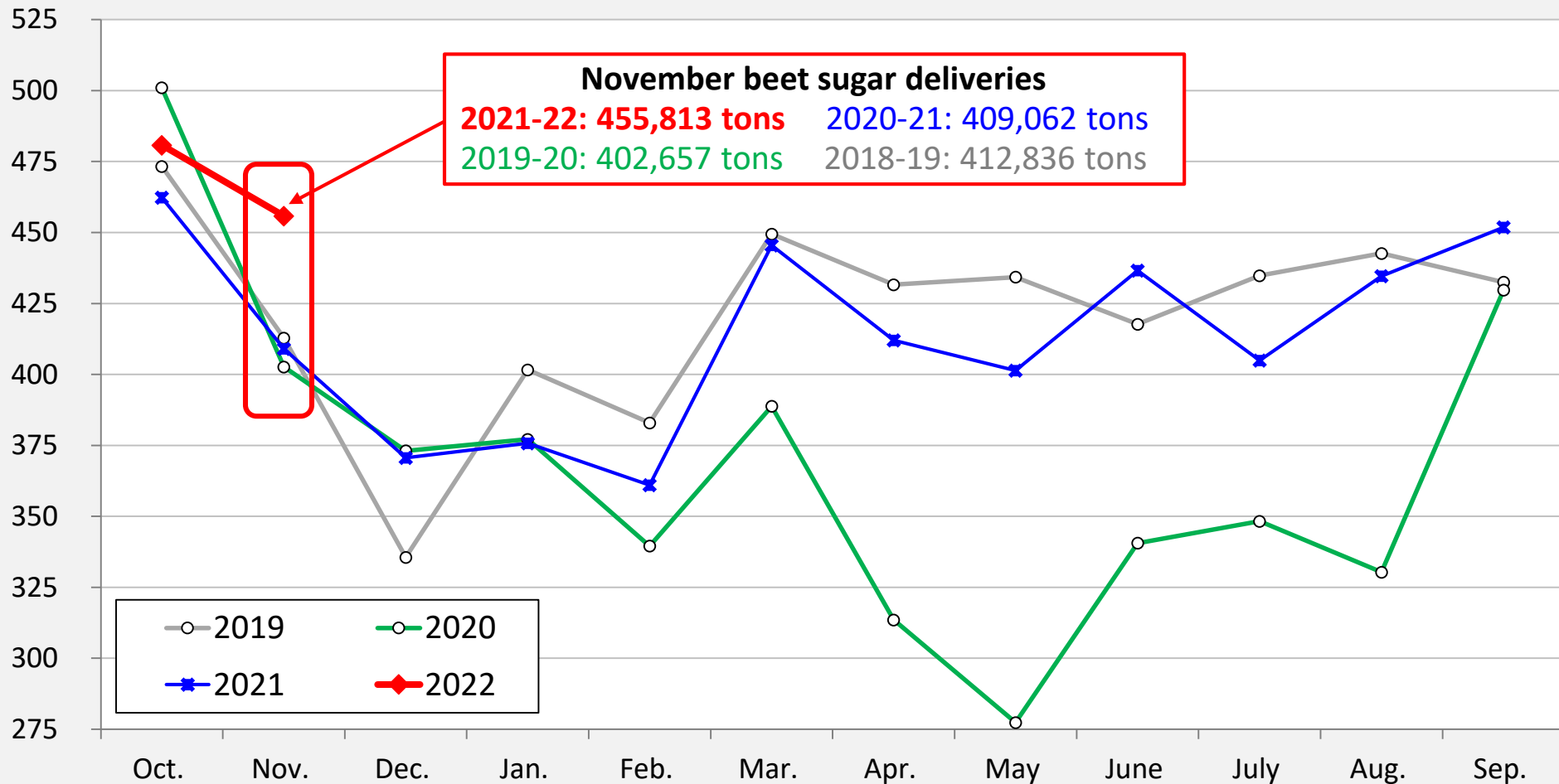
<i>Short tons, Raw value</i>	Oct.-Nov. 2021-22	% change from 2020-21
Beginning stocks	1,704,830	+5.4%
Total production	2,919,222	-3.0%
Beet	1,497,013	-3.9%
Cane	1,422,210	-2.1%
Total imports	695,945	+7.5%
Total supply	5,319,997	+0.9%
Total exports	4,022	-70.6%
Total deliveries	2,243,729	+6.6%
Deliveries, human use	2,222,762	+6.5%
Misc. supply adj.	11,113	+392.4%
Total use	2,258,864	+6.5%
Ending stocks	3,061,134	-2.9%

Oct.-Nov. production was down 3% from fiscal 2021 but was much better than October alone at down 11.5%. November alone was up 4.7% from a year ago.

Deliveries for food were down 1.8% in November but Oct.-Nov. still was up 6.5% due to strong October (up 14.6%). Most processors noted strong deliveries in Oct.-Nov. but slower in December, which is typical. USDA projects deliveries for food use in 2021-22 flat with 2020-21.

SUA January 2022: Beet Sugar Deliveries

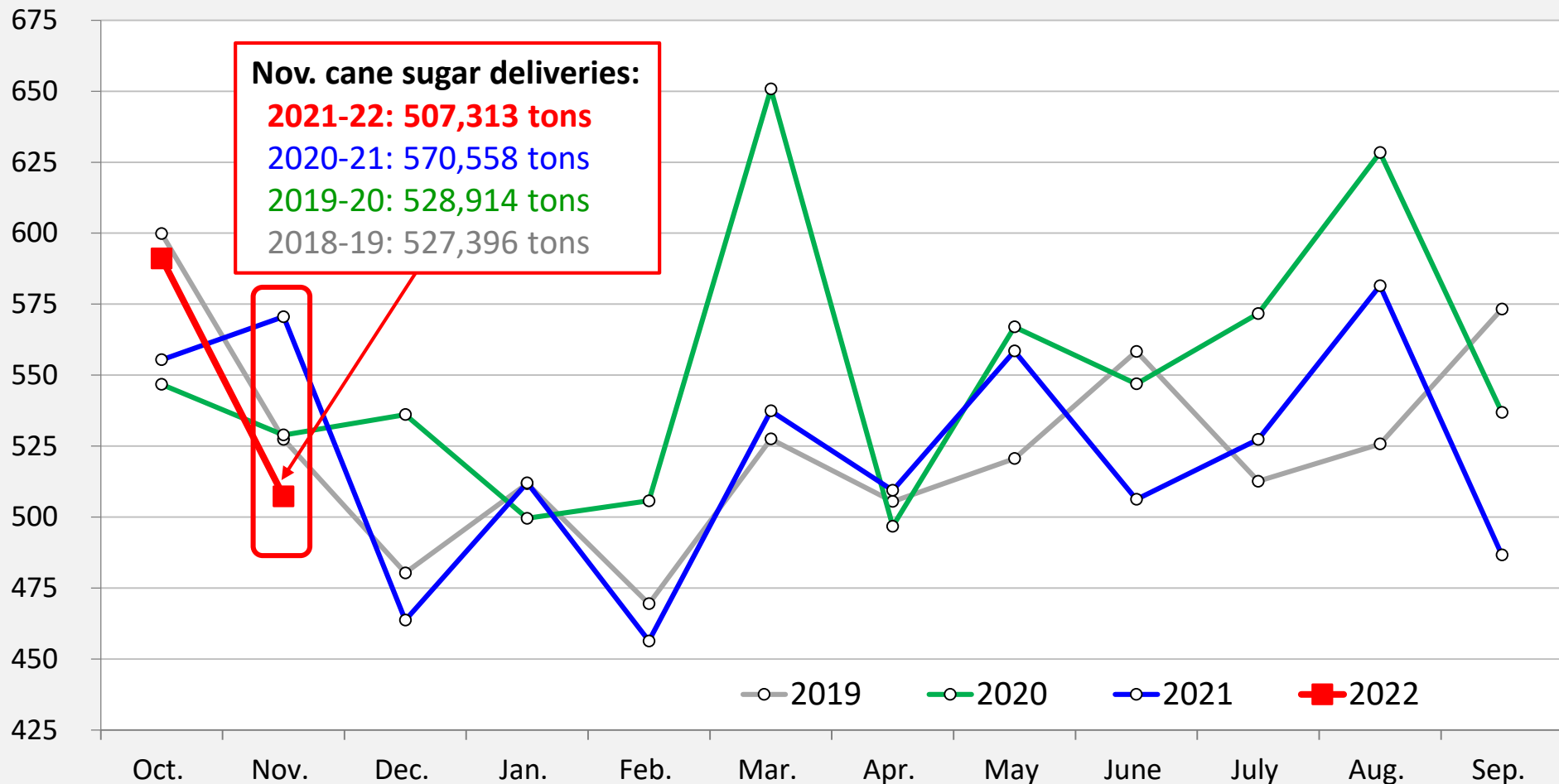
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



November beet sugar deliveries of 455,813 tons were down 5% from October but were up 11.5% from a year ago and the highest for November since 2017-18, which was record high for the month.

SUA January 2022: Refined Cane Deliveries

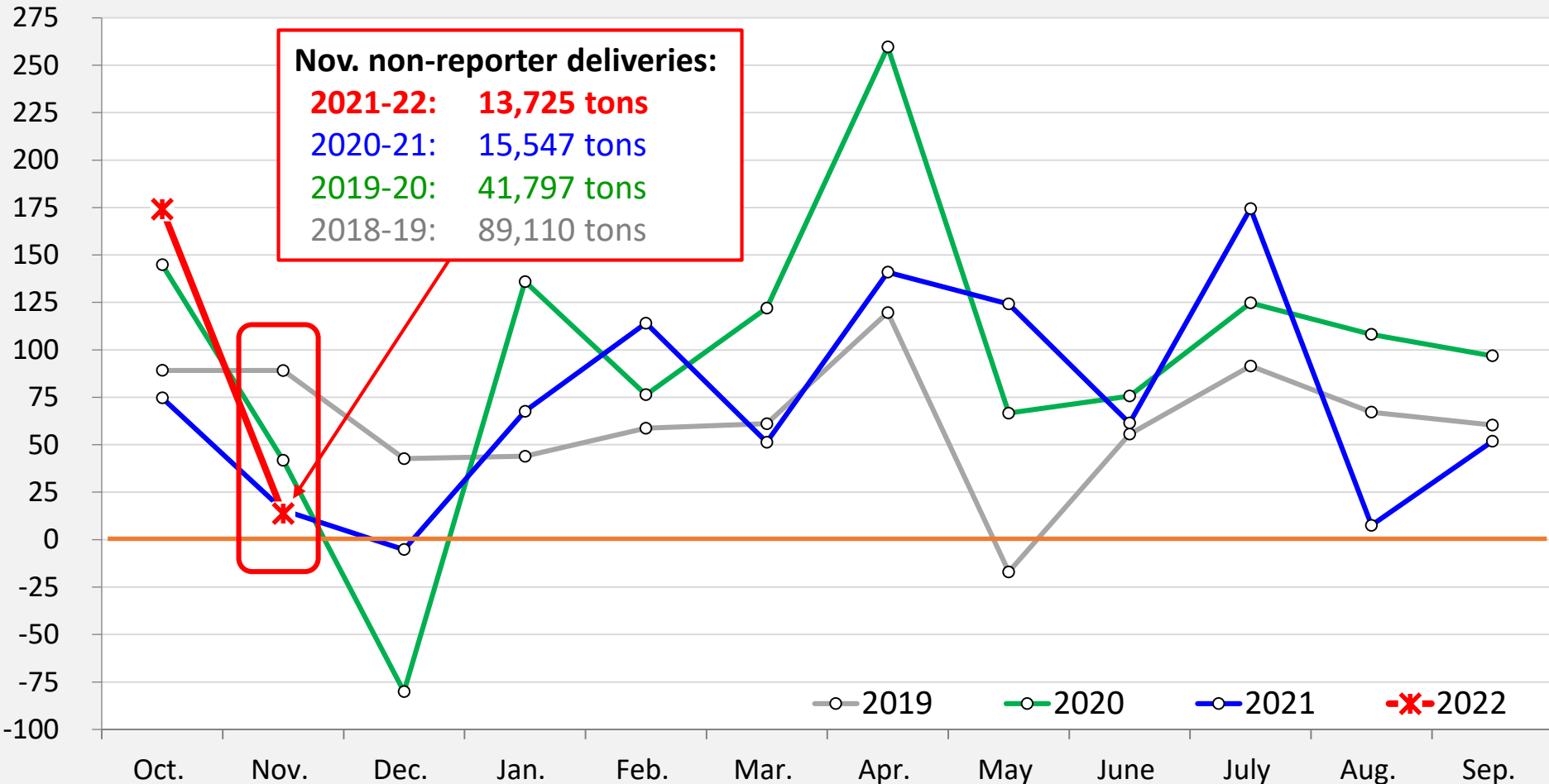
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



November cane sugar deliveries of 507,313 tons fell 14% from October, were down 11% from a year ago, were the lowest since 2017-18 and were the second lowest in the past nine years. Impact from tight raw supplies and hangover from Gulf hurricane.

SUA January 2022: Non-Reporter Deliveries

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



November N-R deliveries of 13,725 tons plunged 92% from October, were down 12% (1,822 tons) from a year ago and were the lowest for the month since 2017-18.

SUA January 2022: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	<u>FY 2022</u> <u>Oct.-Nov.</u>	<u>FY 2021</u> <u>Oct.-Nov.</u>	<u>Oct.-Nov.</u> <u>% change</u>	<u>October</u> <u>% change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	1,915,946	1,879,408	1.9	5.4
1-Bakery, cereal, and related products	424,972	419,386	1.3	-1.8
5-Confectionery and related products	200,197	186,609	7.3	20.1
6-Ice cream and dairy products	138,146	138,935	-0.6	0.7
7-Beverages	118,533	108,439	9.3	11.6
8-Canned, bottled and frozen foods	72,843	69,011	5.6	11.5
4-Multiple and all other food uses	213,070	196,328	8.5	5.9
10-Non-food uses	21,383	21,358	0.1	12.5
11-Hotels, restaurants, institutions	17,141	16,827	1.9	535.5
2-Wholesale grocers, jobbers, dealers	411,820	409,303	0.6	-9.6
3-Retail grocers, chain stores	253,788	263,097	-3.5	0.5
12-Government agencies	3,044	3,185	-4.4	19.3
9-All other deliveries	41,009	46,930	-12.6	-19.6
Total Deliveries/1 (short tons, <u>raw value</u>)	2,050,062	2,010,966	1.9	5.4
Crystalline:	1,734,782	1,741,761	-0.4	1.4
Consumer-size packages (retail)	401,017	448,916	-10.7	-0.5
Packages 50 lbs and greater	572,483	499,230	14.7	23.3
Unpackaged (bulk)	761,283	793,614	-4.1	-10.5
Non-crystalline/2	315,280	269,206	17.1	31.4

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 January 2022: 2021 Sugar Beet Production

In 1,000 tons. Source: USDA Jan. 12 Annual Crop Production report.

	Jan.	Change from Nov.		Change from 2020	
	2022	Tons	%	Tons	%
Minnesota	12,276	(717)	-6.4%	1,079	9.6%
N. Dakota	6,482	210	3.9%	1,054	19.4%
Idaho	6,715	(119)	-1.7%	(89)	-1.3%
Michigan	5,311	280	6.4%	953	21.9%
Nebraska	1,397	102	7.2%	(20)	-1.4%
Montana	1,296	(31)	-2.6%	103	8.6%
California	1,095	12	1.1%	5	0.5%
Colorado	795	6	0.8%	53	7.1%
Wyoming	903	(16)	-1.8%	(3)	-0.3%
Oregon	394	(12)	-3.1%	10	2.6%
Washington	87	(4)	-4.4%	(4)	-4.4%
US Total	36,751	(289)	-0.9%	3,141	9.3%

USDA lowered total sugar beet production by 289,000 tons, or about 1%, from November, but the total was up 3,141,000 tons, or 9.3%, from 2020. Large declines from November in Minnesota and Idaho more than offset moderate to large increases in N. Dakota, Michigan and Nebraska. Higher sugar production will have to come from strong sucrose content and less shrink.

SUA January 2022: 2021 Cane/Sugar Production

In 1,000 tons. Source: USDA Jan. 12 Annual Crop Production & WASDE reports.

<i>Sugar</i>	Dec.	Change from Nov.		Change from 2020	
<i>Cane</i>	2021	Tons	%	Tons	%
Florida	17,140	(194)	-1.0%	(1,655)	-8.8%
Louisiana	14,735	(210)	-1.3%	(1,432)	-8.9%
Texas	1,155	(24)	-2.1%	17	1.5%
US Total	33,030	(428)	-1.2%	(3,070)	-8.5%

USDA lowered sugar cane production from Dec. by 428,000 tons, or 1.2%, as lower yields in all three states more than offset higher harvested area in Florida and Louisiana.

<i>Cane</i>	Dec.	Change from Nov.		Change from 2020	
<i>Sugar</i>	2021	Tons	%	Tons	%
Florida	2,005	-	0.0%	-85	-4.1%
Louisiana	1,857	145	8.5%	-59	-3.1%
Texas	130	-	0.0%	-4	-3.0%
US Total	3,992	145	3.8%	-149	-3.6%

But USDA raised cane sugar production by about 144,333 tons, all in Louisiana, more than offsetting last month's 72,000 decline.

“The sugar cane harvest is finishing very strong with good reported sucrose content and will continue longer than usual into the second half of January,” the USDA said concerning the Louisiana cane crop.

SUA January 2022: Cash Sugar Prices - Steady

- Beet sugar 2021-22** Offered at 39c to 41c a lb f.o.b. Midwest; West Coast at 42c a lb f.o.b. and above; Michigan is currently out of the market.
- Cane sugar 2021-22** Offered Northeast and West Coast at 49c a lb f.o.b.; Southeast at 43c to 47c a lb f.o.b.; Gulf at 45c to 47c a lb f.o.b.
- Pricing for 2022-23** Some beet sugar sold at 37c to 38c f.o.b. Midwest; Starting point of 44c to 45c a lb f.o.b. Gulf; Most not talking yet about 2023.

Recent developments and factors to watch in cash sugar market

- Major beet processors, except Michigan, still have sugar available for 2021-22, but not in abundance; they are sticking to recent price levels.
- Major cane refiners are mixed, with one having capacity available but at least one mostly sold out for the year.
- Low prices in Midwest (39c) and Florida (43c) have 0.50c fuel/freight cost added.
- Powdered sugar supplies are tight and prices high due to dextrose shortage.
- There does not appear to be a lot of “give” yet on pricing for 2022-23 with talks to pick up at the Colloquium.

SUA January 2022: New York #16 Raw Futures

ICE domestic raw sugar futures as of Jan. 12, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFH22 (D10)	35.45 S	0.00			0	2097	1:09:19 PM EST - 01/12/22	35.45 S
ESFK22 (D10)	36.00 S	0.25	36.40	36.40	65	2313	1:09:19 PM EST - 01/12/22	36.00 S
ESFN22 (D10)	36.50 S	0.35	36.90	36.90	88	1096	1:09:19 PM EST - 01/12/22	36.50 S
ESFU22 (D10)	36.50 S	0.35	36.95	36.90	165	999	1:09:19 PM EST - 01/12/22	36.50 S
ESFX22 (D10)	35.40 S	0.00			0	1391	1:09:19 PM EST - 01/12/22	35.40 S
ESFF23 (D10)	32.50 S	0.00			0	770	1:09:19 PM EST - 01/12/22	32.50 S
ESFH23 (D10)	32.50 S	0.00			0	1022	1:09:19 PM EST - 01/12/22	32.50 S
ESFK23 (D10)	32.50 S	0.00			0	660	1:09:19 PM EST - 01/12/22	32.50 S
ESFN23 (D10)	32.50 S	0.00			0	780	1:09:19 PM EST - 01/12/22	32.50 S
ESFU23 (D10)	32.50 S	0.00			0	70	1:09:19 PM EST - 01/12/22	32.50 S
ESFX23 (D10)	32.50 S	0.00			0		1:09:19 PM EST - 01/12/22	32.50 S

The nearby No. 16 domestic raw has dropped about 1.5c from its recent high on Jan. 3 but has held at 35.45 for about a week. Pressure said to have come from increase in raw sugar supplies. Spot month remains at a discount to May through September but is at a 3c premium to 2023 months.

SUA January 2022: Mexico WASDE

In 1,000 tonnes, actual weight. Source: USDA January 2022 WASDE.

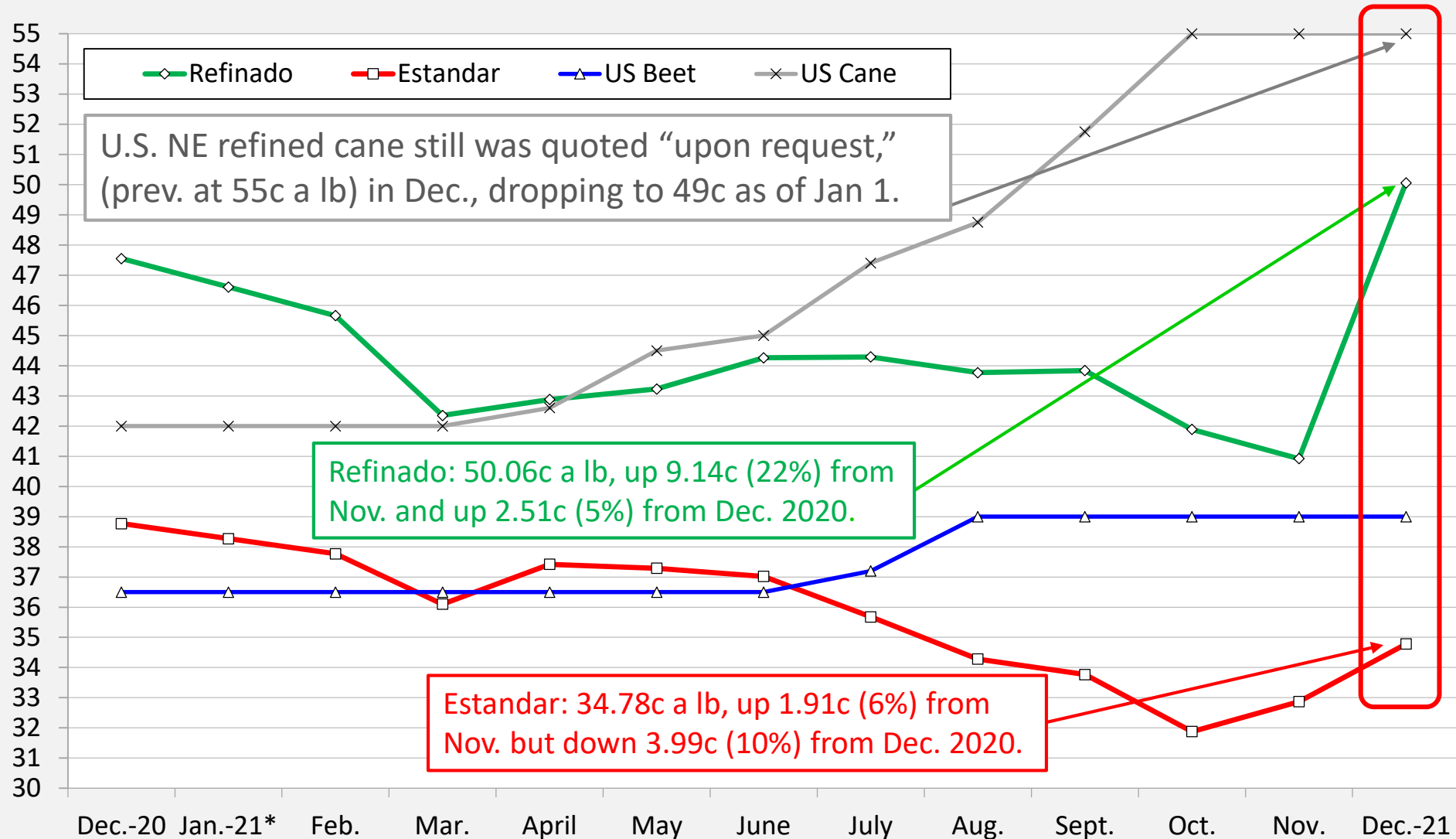
	January	Change from		January	2021-22 change from			
	<u>20-21</u>	<u>Dec.</u>	<u>19-20</u>	<u>21-22</u>	<u>Dec.</u>	<u>%</u>	<u>20-21</u>	<u>%</u>
Begin. Stocks	858	-	(311)	1,053	-	-	195	22.7%
Production	5,715	-	437	5,979	-	-	264	4.6%
Imports	65	-	(12)	63	-	-	(2)	-3.1%
Total Supply	6,638	-	114	7,095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

2020-21: No changes from December.

2021-22: No changes from December.

SUA January 2022: US & Mexico Sugar Prices

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



Sources: USDA and Sosland Publishing Company.

SUA January 2022: Global Sugar Overview

- **Global supply/demand fundamentals**
 - Logistics continue to be problematic globally.
 - Both India and Thailand harvests have started strong.
 - Brazil's harvest has ended. New crop (as of April 1) not expected to start as early in March as usual as the cane crop is given more time to benefit from recent rainfall after last year's drought; but that bodes well for a larger 2022-23 crop and sugar production.
 - COVID-19 adds uncertainty back into the market esp. for demand.
- **Pricing**
 - Nearby raws have come off recent highs above 20c a lb due to fund selling, strong harvests in India and Thailand, improved prospects in Brazil and uncertainty about demand.
 - Funds have greatly reduced their net long position in world raws.
 - Recent strength in energy prices has underpinned the market as more sugar may be used for ethanol in Brazil and India.
 - Export sales by India have slowed as prices fell back under 20c a lb, also providing some support.

SUA January 2022: New York #11 Raw Futures

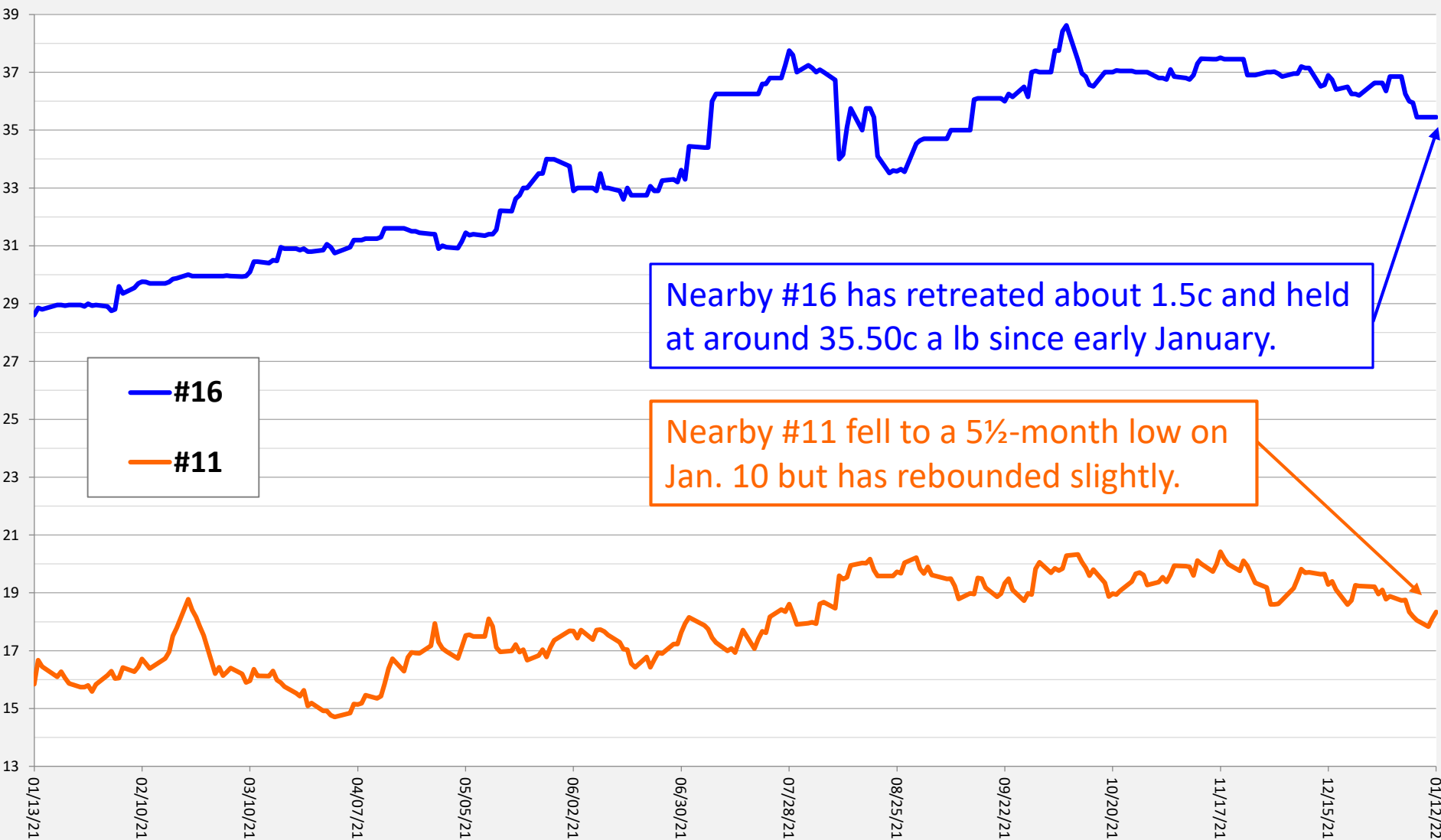
ICE world raw sugar futures as of Jan. 12, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBH22 (D10)	18.34 S	0.23	18.47	18.15	53050	336635	1:00:14 PM EST - 01/12/22	18.34 S
ESBK22 (D10)	18.08 S	0.25	18.17	17.86	28941	157110	1:00:14 PM EST - 01/12/22	18.08 S
ESBN22 (D10)	17.90 S	0.24	17.95	17.69	19893	129522	1:00:14 PM EST - 01/12/22	17.90 S
ESBV22 (D10)	17.80 S	0.17	17.89	17.67	13674	110292	1:00:14 PM EST - 01/12/22	17.80 S
ESBH23 (D10)	17.92 S	0.15	18.01	17.82	2996	56614	1:00:14 PM EST - 01/12/22	17.92 S
ESBK23 (D10)	17.19 S	0.14	17.26	17.13	909	27945	1:00:14 PM EST - 01/12/22	17.19 S
ESBN23 (D10)	16.72 S	0.14	16.79	16.65	561	27454	1:00:14 PM EST - 01/12/22	16.72 S
ESBV23 (D10)	16.45 S	0.13	16.50	16.42	107	22387	1:00:14 PM EST - 01/12/22	16.45 S
ESBH24 (D10)	16.54 S	0.11	16.56	16.51	40	7103	1:00:14 PM EST - 01/12/22	16.54 S
ESBK24 (D10)	16.09 S	0.09	16.10	16.08	19	2236	1:00:14 PM EST - 01/12/22	16.09 S
ESBN24 (D10)	15.84 S	0.08	15.85	15.84	14	4773	1:00:14 PM EST - 01/12/22	15.84 S
ESBV24 (D10)	15.89 S	0.06	15.90	15.90	12	938	1:00:14 PM EST - 01/12/22	15.89 S

Nearby world raws fell to a 5½-month low on Jan. 10 but have recovered somewhat; still well below November highs that were above 20c. Strong harvests in India and Thailand and rain in Brazil along with fund selling brought pressure. Recent support from slowdown in fund selling and higher energy prices. Nearby still at sizable premium to deferred months, especially late 2023 and 2024.

SUA January 2022: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of Jan. 12, 2022.



SUA January 2022: Corn Sweeteners

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

42% HFCS Spot

	<u>2022</u>	<u>2021</u>
Midwest	25½-29	25½-26
Northeast	27-30½	27-27½
Southeast	27¼-30¾	27¼-27¾
South	26¾-30¼	26¾-27¼
West	27½-31¾	27½-28¾

55% HFCS Spot

	<u>2022</u>	<u>2021</u>
Midwest	32¾-38¾	32¾-33¾
Northeast	34¼-40¼	34¼-35¼
Southeast	34¼-40¼	34¼-35¼
South	34-40	34-35
West	34¾-40¾	34¾-35¾

Corn Syrup Spot

	<u>2022</u>	<u>2021</u>
Midwest	37-43	36¾-37¼
Northeast	39-45	39-39½
Southeast	39-45	39-39½
South	40-46	40-40½
West	41-47	41-41½

New pricing kicked in Jan. 1 at much higher levels than in 2021 for most products and many users. Largest increase was for dextrose, with supplies going forward limited or rationed.

The USDA in its Jan. 12 WASDE raised the forecast use of corn to make glucose and dextrose by 5 million bus from December.

USDA left annual forecasts for HFCS consumption in Mexico unchanged from December. Oct.-Nov. consumption was down 10% from Oct.-Nov. 2020. USDA has noted consistently that sweetener consumption, both sugar and HFCS, is continuing to decline in Mexico.

USDA revised 2021 corn production higher in its annual crop production report and raised its ending stocks forecast from December in its Jan. 12 WASDE, indicating more supplies may be available in 2021-22.

Dextrose Spot

	<u>2022</u>	<u>2021</u>
East	50-55	42-42½
Midwest	49-54	41-41½
South	51-56	43-43½
West	52-57	44-44½

SUA January 2022: Other Matters

- Logistics (port congestion, rail delays, truck and truck driver shortages) are ongoing major bottlenecks.
- Labor shortages continue to limit production schedules.
- GMO labeling rules took effect Jan. 1.
- Fitch outlooks sees sweetener demand declining in Canada.
- April court date for U.S. Sugar/Imperial case.

SUA January 2022: Conclusions

- **Domestic Sweetener Market**
 - Sugar supplies currently are available but not ample with most processors well sold; as result, prices are holding steady.
 - Record high beet and total domestic sugar supply and moves by USDA have pulled No. 16 futures down some, but have had minimal impact on cash sugar prices.
 - Large domestic crop may limit raw sugar imports, resulting in more high-tier imports and continued high prices.
 - Deliveries slowed considerably in November per SMD and slowed seasonally in December per sources; already picking up for some in January.
 - Logistics are making delivered sugar prices higher.
- **Global Sugar Market**
 - Nearby raws have weakened but are underpinned by energy.
 - Global sugar supplies are improving.
 - COVID adding uncertainty and volatility.