

Sweetener Users Association Board Meeting

February 28, 2022

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SUA February 2022: What's Happening in Sugar?

- **Domestic 2021-22**
 - A bit more supply as USDA raises S-T-U ratio to 14.7%.
 - Very strong deliveries in December and Oct.-Dec., though in part attributed to high-tier and N-R imports.
 - Spot prices were raised from January to 52c NE for cane, 42c Midwest for beet, and remain firm.
 - Minimal sales so far for 2022-23 with prices only slightly below current spot values.
- **Global 2021-22**
 - Strong production in India and Thailand continue to limit price gains; uncertainty in Brazil due to weather, energy.
 - Higher energy prices providing support.
 - World raw prices remain mostly rangebound.
 - Russia-Ukraine may spill over to sweeteners due to impact on ethanol – esp. on the corn side – and rising crude prices.
- **COVID continued to impact logistics and labor**

- **US Sugar supply/demand – February 2022**
 - **For 2020-21:** No revisions from January in February WASDE.
 - **For 2021-22:** Modest revisions lifted S-T-U ratio to 14.73%.
 - Cane sugar production raised 49,000 tons in Louisiana.
 - Beet and total sugar production forecast record high.
 - Total/TRQ imports lowered 4,000 tons due to slow entry of 2020-21;
 - High-tier was unchanged.
 - Imports from Mexico unchanged.
 - Deliveries for food were unchanged (up 65,000 tons from 2020-21, down 46,000 tons from 2019-20).
 - Ending stocks raised 45,000 tons; S-T-U raised to 14.7% from 14.4%.
- **For March: Expect adjustments to Mexico (lower), maybe high-tier (higher), maybe deliveries for food (higher).**

SUA February 2022: USDA February WASDE

1000 short tons raw value	Feb.	Feb.	Change from Jan.		Change from 20-21		RS-SPC-1	RS-SPC-2
	<u>20-21</u>	<u>21-22</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>21-22</u>	<u>21-22</u>
Begin. Stocks	1,618	1,705	-	0.0%	87	5.4%	1,700	1,700
Production	9,233	9,442	49	0.5%	209	2.3%	9,400	9,400
Beet	5,092	5,401	-	0.0%	309	6.1%	5,375	5,375
Cane	4,141	4,041	49	1.2%	(100)	-2.4%	4,025	4,025
Imports	3,195	3,012	(4)	-0.1%	(183)	-5.7%	2,900	3,000
T.R.Q.	1,749	1,547	(4)	-0.3%	(202)	-11.5%	1,550	1,550
Other Prog.	292	250	-	0.0%	(42)	-14.4%	250	250
Mexico	968	1,065	-	0.0%	97	10.0%	900	1,000
High Tier	186	150	-	0.0%	(36)	-19.4%	200	200
Ttl Supply	14,046	14,158	45	0.3%	112	0.8%	14,000	14,100
Exports	49	35	-	0.0%	(14)	-28.6%	35	35
Deliveries	12,252	12,305	-	0.0%	53	0.4%	12,330	12,330
Food	12,135	12,200	-	0.0%	65	0.5%	12,225	12,225
Other	116	105	-	0.0%	(11)	-9.5%	105	105
Misc.	40	-	-	-	(40)	-100.0%	-	-
Total Use	12,341	12,340	-	0.0%	(1)	0.0%	12,365	12,365
Ending Stocks	1,705	1,818	45	2.5%	113	6.6%	1,635	1,735
Stocks-to-use	13.8%	14.7%	+0.3		+0.9		13.2%	14.0%

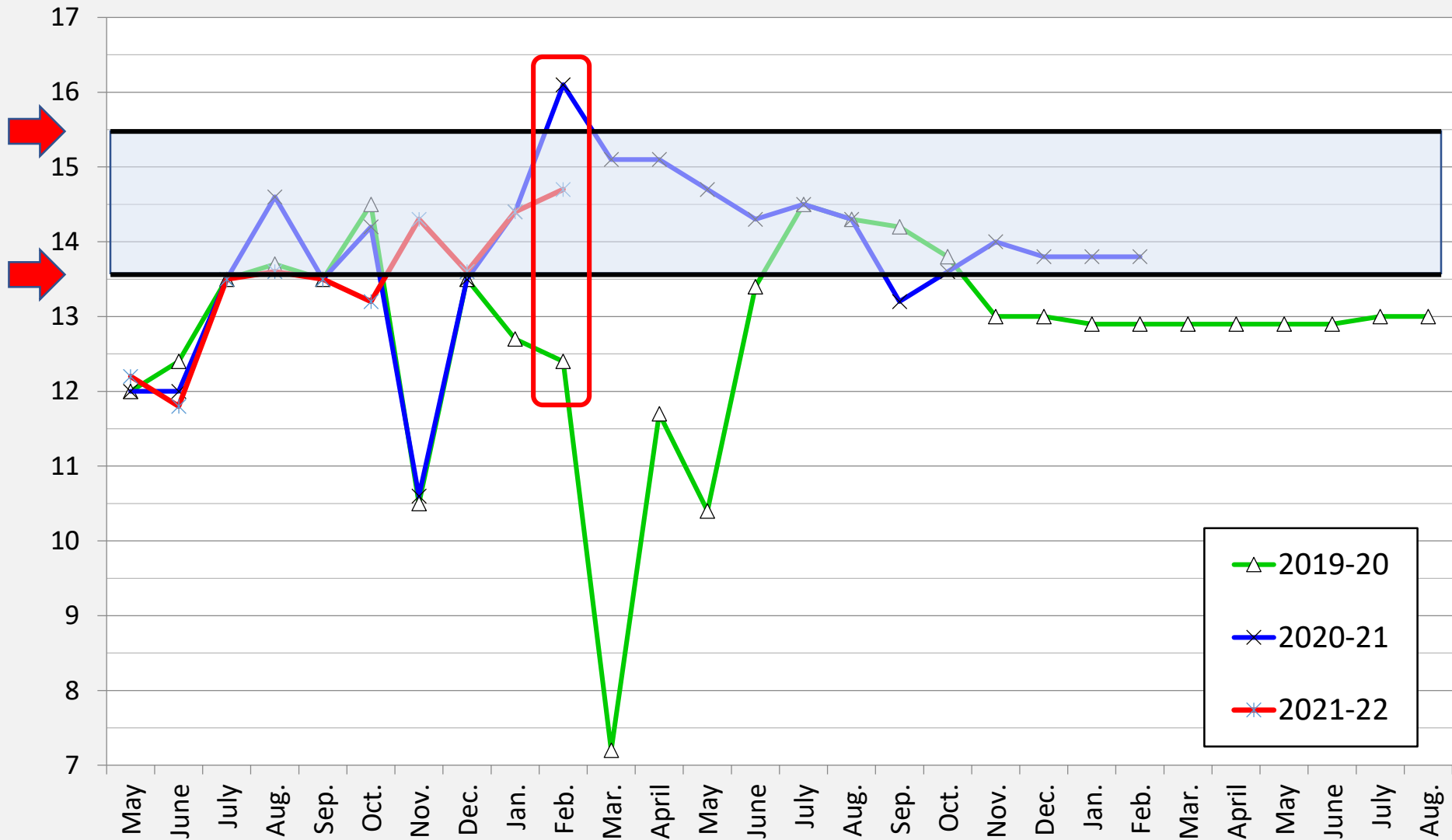
In RS-SPC-1, I have where I think it really is.

In RS-SPC-2, I have what I think USDA will do (short of other major changes).

Neither is great for prices or supply.

SUA February 2022: Monthly S-T-U Ratios

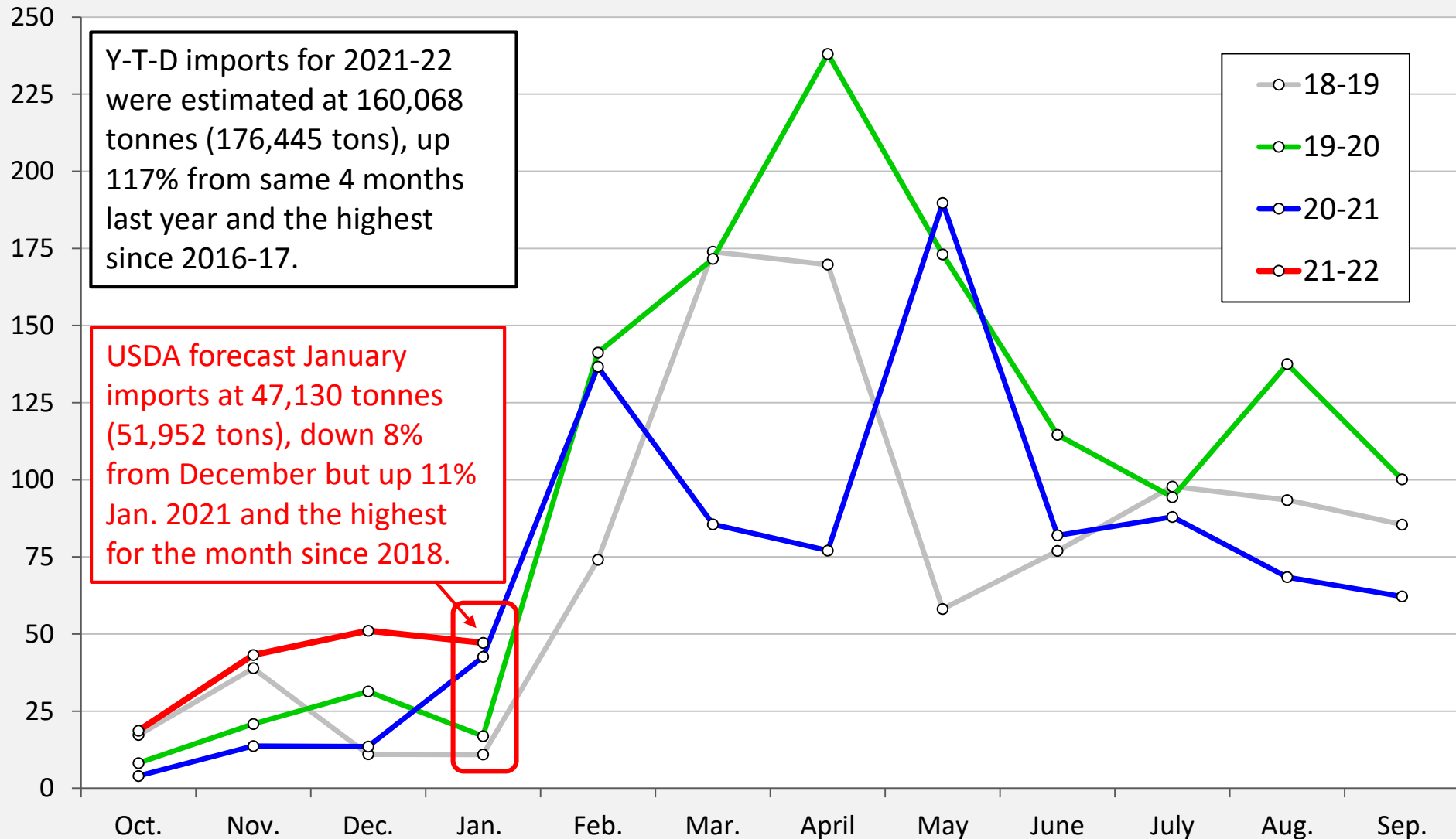
Monthly S-T-U ratios starting in May with initial USDA projection. In percent.



Sources: USDA.

SUA February 2022: Imports from Mexico

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



SUA February 2022: Year-To-Date Sugar Imports

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

	Oct.-Jan. 2021-22	% of Projected	Full-year Forecast
33% of 2021-22 elapsed			
WTO Raw TRQ	598,218	56%	1,072,570
WTO Refined TRQ	144,912	60%	241,457
FTA Sugar in TRQs	56,562	24%	233,211
Total Quota	799,692	52%	1,547,238
Re-export Program	97,417	39%	250,000
Mexico	176,445	17%	1,064,712
High-duty Sugar	113,337	76%	150,000
Total Imports	1,186,890	39%	3,011,950

- Total quota forecast is down slightly from January due to adjustment for non-entry of extended 2020-21 TRQ.
- TRQ imports typically are “front loaded” in first half of year.
- Mexico typically is light Oct.-Jan. and picks up in Feb. as harvest advances.
- **Note high-duty imports already at 76% of annual projection.**

SUA February 2022: SMD February 2022

Source: USDA.

-- Year-to-Date --

<i>Short tons,</i>	Oct.-Dec.	% change
<i>Raw value</i>	<u>2021-22</u>	<u>from 2020-21</u>
Beginning stocks	1,704,830	+5.4%
Total production	4,610,047	-0.6%
Beet	2,225,021	-2.5%
Cane	2,385,027	+1.3%
Total imports	998,315	+25.2%
Total supply	7,313,192	+3.7%
Total exports	5,429	-66.5%
Total deliveries	3,227,724	+9.7%
Deliveries, human use	3,197,236	+9.6%
Misc. supply adj.	17,813	+39.0%
Total use	3,250,965	+9.5%
Ending stocks	4,062,227	-0.5%

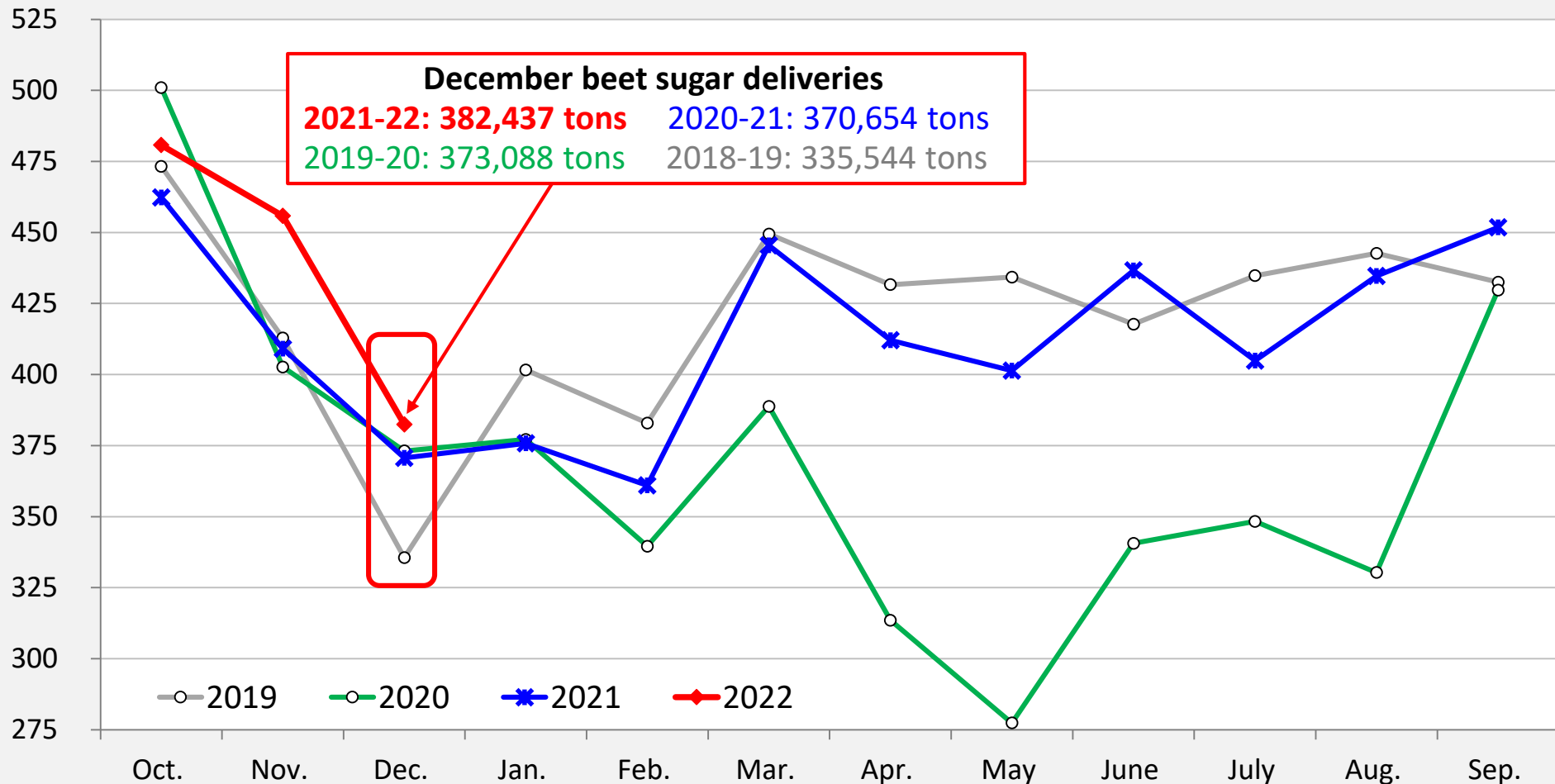
Oct.-Dec. production was down 0.6% from Oct.-Dec. 2021 but December production was up 3.9% from a year ago. Oct.-Dec. imports were up 25.2%.

Oct.-Dec. deliveries for food were up 9.6% from Oct.-Dec. 2021 with December deliveries up 14.5%.

December beet sugar deliveries were strong, refined cane was on the weak side, and N-R was very strong.

SUA February 2022: Beet Sugar Deliveries

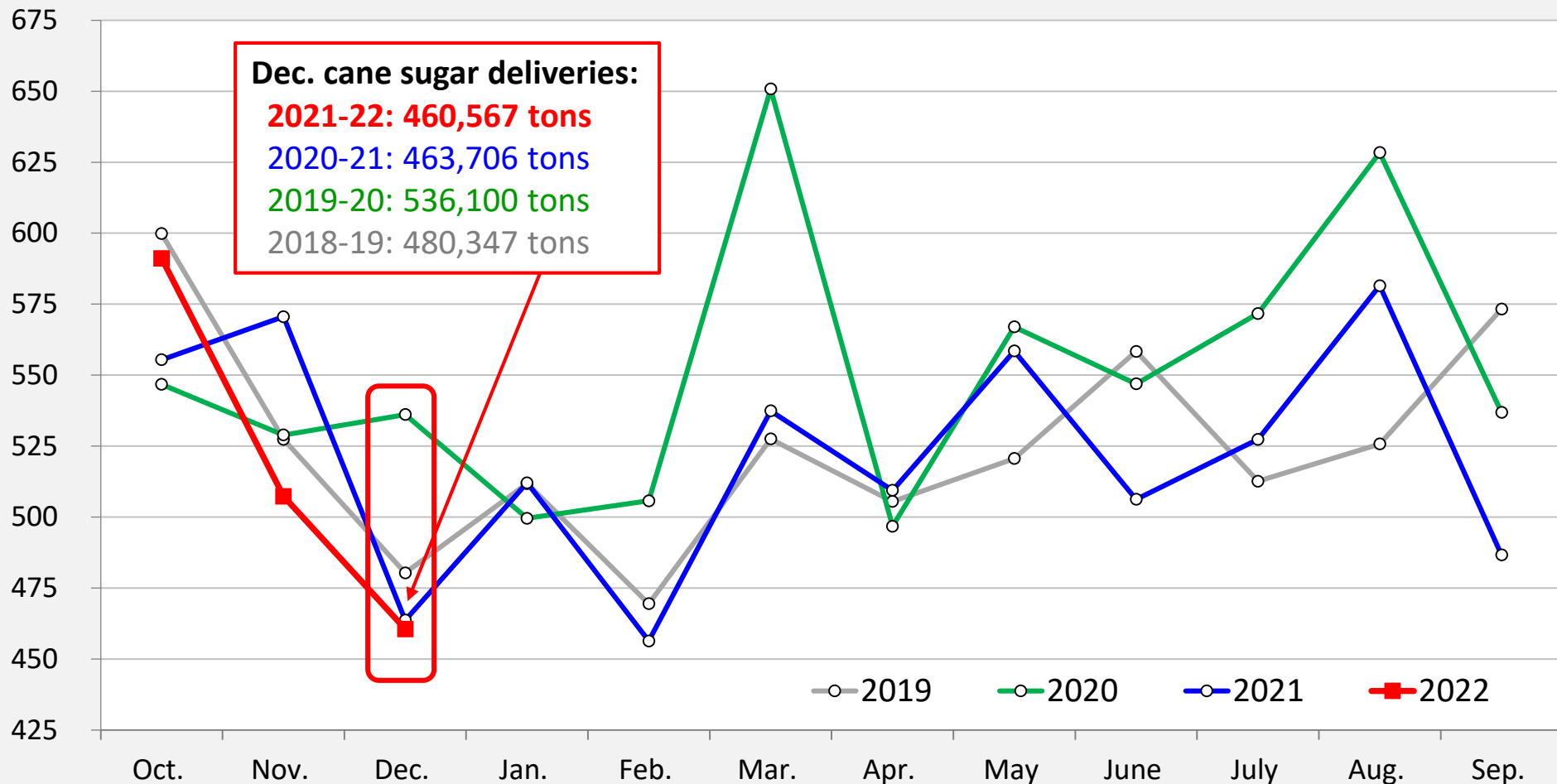
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



December beet sugar deliveries of 382,437 tons were down 16% from November but were up 3% from a year ago and the highest for December since 2017-18 and the third highest on record for the month (after 2016-17 and 2017-18). Oct.-Dec. beet sugar deliveries were up 6% from a year earlier.

SUA February 2022: Refined Cane Deliveries

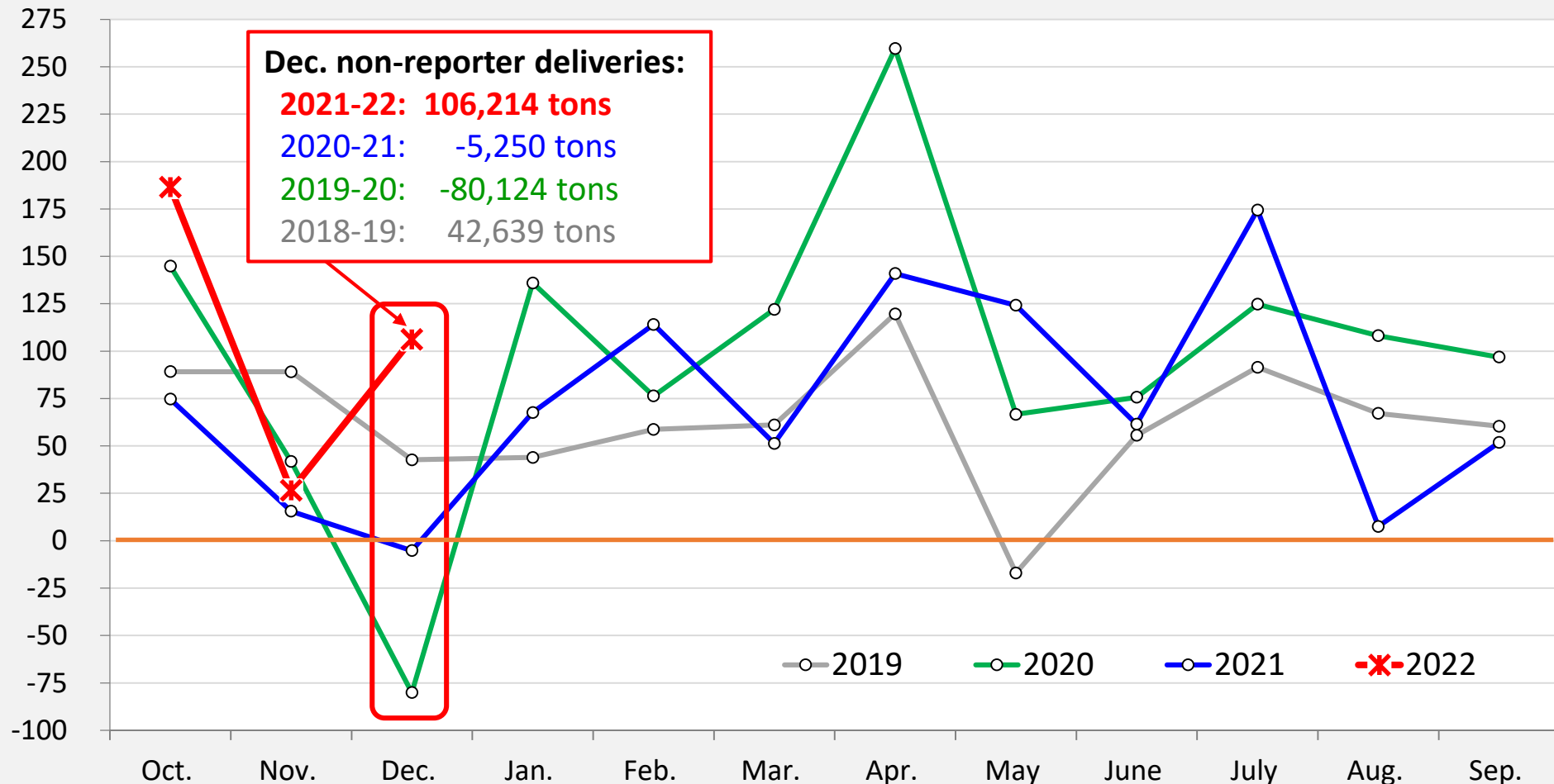
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



December cane sugar deliveries of 460,567 tons fell 9% from November, eased 0.6% from a year ago and were the lowest since 2017-18. Cane deliveries typically are lighter in December as beet sugar output is in full swing. Oct.-Dec. cane sugar deliveries are down 2% from a year earlier.

SUA February 2022: Non-Reporter Deliveries

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



December N-R deliveries of 106,214 tons were 4x the upwardly-revised November number, were compared with -5,250 tons a year ago and were the highest on record for December. Oct.-Dec. N-R deliveries of 319,256 tons are 3.75X the year-ago amount and the second highest on record after 2007-08.

SUA February 2022: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	FY 2022	FY 2021	Oct.-Dec.	Oct.-Nov.
	<u>Oct.-Dec.</u>	<u>Oct.-Dec.</u>	<u>% change</u>	<u>% change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	2,710,639	2,663,754	1.8	1.9
1-Bakery, cereal, and related products	611,779	600,047	2.0	1.3
5-Confectionery and related products	284,904	253,805	12.3	7.3
6-Ice cream and dairy products	200,965	201,582	-0.3	-0.6
7-Beverages	171,089	160,020	6.9	9.3
8-Canned, bottled and frozen foods	102,664	98,291	4.4	5.6
4-Multiple and all other food uses	284,961	286,387	-0.5	8.5
10-Non-food uses	29,765	30,796	-3.3	0.1
11-Hotels, restaurants, institutions	24,271	23,438	3.6	1.9
2-Wholesale grocers, jobbers, dealers	591,548	573,080	3.2	0.6
3-Retail grocers, chain stores	343,672	363,458	-5.4	-3.5
12-Government agencies	4,253	4,294	-1.0	-4.4
9-All other deliveries	60,769	68,556	-11.4	-12.6
Total Deliveries/1 (short tons, <u>raw value</u>)	2,900,384	2,850,216	1.8	1.9
Crystalline:	2,460,983	2,466,755	-0.2	-0.4
Consumer-size packages (retail)	545,799	619,294	-11.9	-10.7
Packages 50 lbs and greater	814,046	717,163	13.5	14.7
Unpackaged (bulk)	1,101,137	1,130,298	-2.6	-4.1
Non-crystalline/2	439,401	383,461	14.6	17.1

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 February 2022: Cash Sugar Prices - Firmer

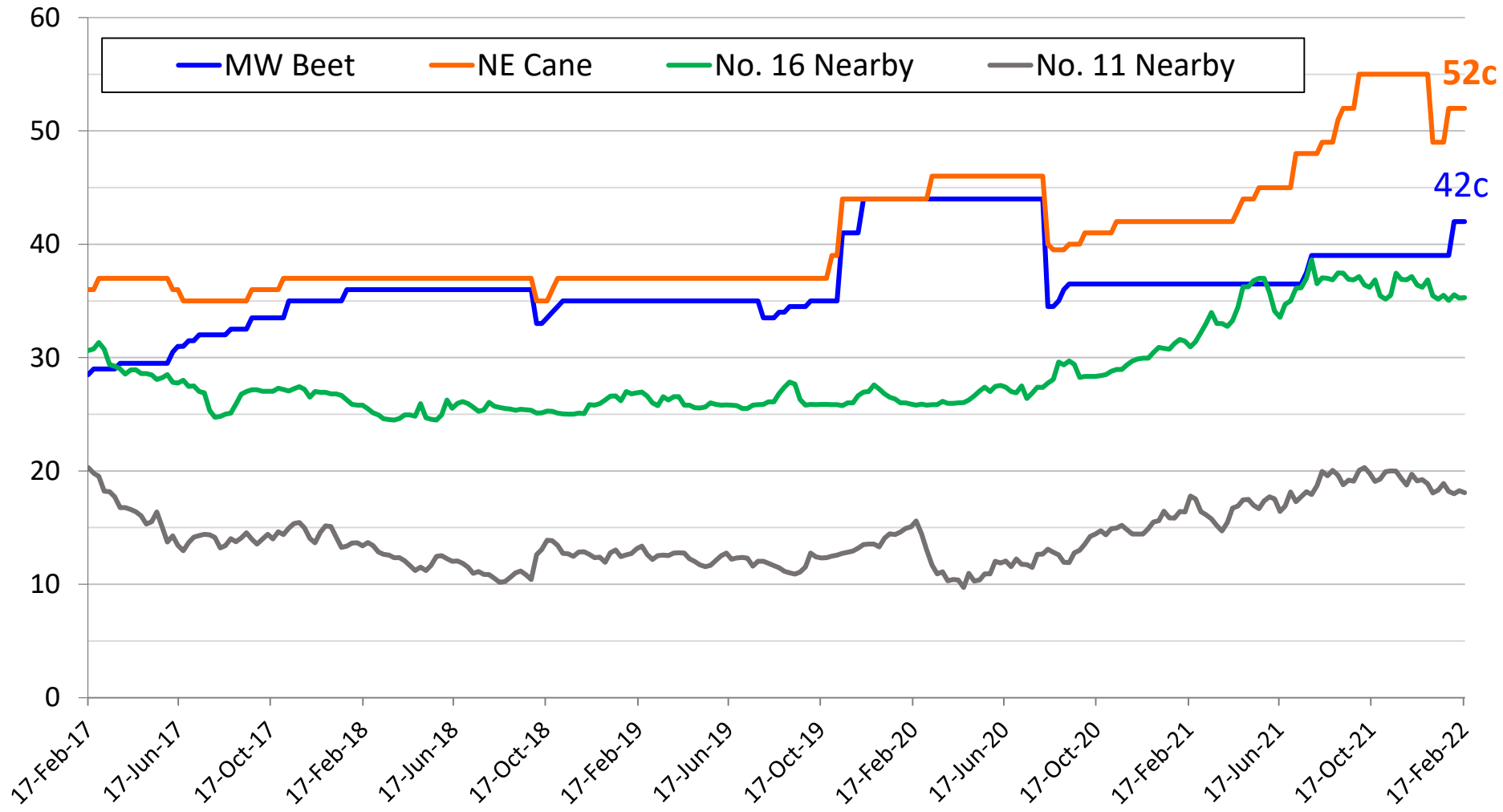
Beet sugar 2021-22	Offered at 41c to 42c a lb f.o.b. Midwest; West Coast at 42c a lb f.o.b. and above; Michigan is still out of the market.
Cane sugar 2021-22	Offered Northeast and West Coast at 52c a lb f.o.b.; Southeast and Gulf both around 46c to 51c a lb f.o.b.
Pricing for 2022-23	Midwest mostly offered at 38c to 39c a lb f.o.b.; Southeast offered at 43c a lb f.o.b.; Gulf offered around 45c a lb f.o.b.;

Recent developments and factors to watch in cash sugar market

- Spot prices have been raised about 3c a lb since January report.
- Most beet processors are well sold, and some are awaiting final production before committing to further sales.
- Cane refiners range from sold out to having capacity available.
- Large cane premium to beet allows beet processors to maintain strong prices despite record-high production.
- Initial pricing for 2022-23 is only slightly below spot levels and may signal a new “plateau” for sugar prices.
- Higher freight costs may add considerably to delivered prices.

SUA February 2022: Cash & Futures Prices

Refined MW beet, NE cane; nearby #11, #16 raws
weekly, cents/lb (Sosland Publishig Co., ICE Futures U.S.)



SUA February 2022: New York #16 Raw Futures

ICE domestic raw sugar futures as of Feb. 18, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFK22 (D10)	35.00 S	-0.05	35.00	35.00	43	2744	1:09:49 PM EST - 02/18/22	35.00 S
ESFN22 (D10)	35.45 S	-0.05			0	1085	1:09:49 PM EST - 02/18/22	35.45 S
ESFU22 (D10)	35.65 S	-0.05			0	1085	1:09:49 PM EST - 02/18/22	35.65 S
ESFX22 (D10)	35.40 S	0.00			0	1359	1:09:49 PM EST - 02/18/22	35.40 S
ESFF23 (D10)	33.25 S	0.00			0	770	1:09:49 PM EST - 02/18/22	33.25 S
ESFH23 (D10)	33.25 S	0.00			0	1122	1:09:49 PM EST - 02/18/22	33.25 S
ESFK23 (D10)	33.25 S	0.00			0	1010	1:09:49 PM EST - 02/18/22	33.25 S
ESFN23 (D10)	33.25 S	0.00			0	1130	1:09:49 PM EST - 02/18/22	33.25 S
ESFU23 (D10)	33.25 S	0.00			0	410	1:09:49 PM EST - 02/18/22	33.25 S
ESFX23 (D10)	33.25 S	0.00			0		1:09:49 PM EST - 02/18/22	33.25 S
ESFF24 (D10)	33.25 S	0.00			0		1:09:49 PM EST - 02/18/22	33.25 S

- The nearby No. 16 domestic raws (May-September) are down about 1c from a month ago; 2023 months are about 0.75c higher month-over-month.
- Spot remains at discount to rest of 2022 months.
- Deferred (2023 months) are at about a 2c discount to 2022.
- Trading volume has varied, but mostly light to moderate.

SUA February 2022: Mexico WASDE

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

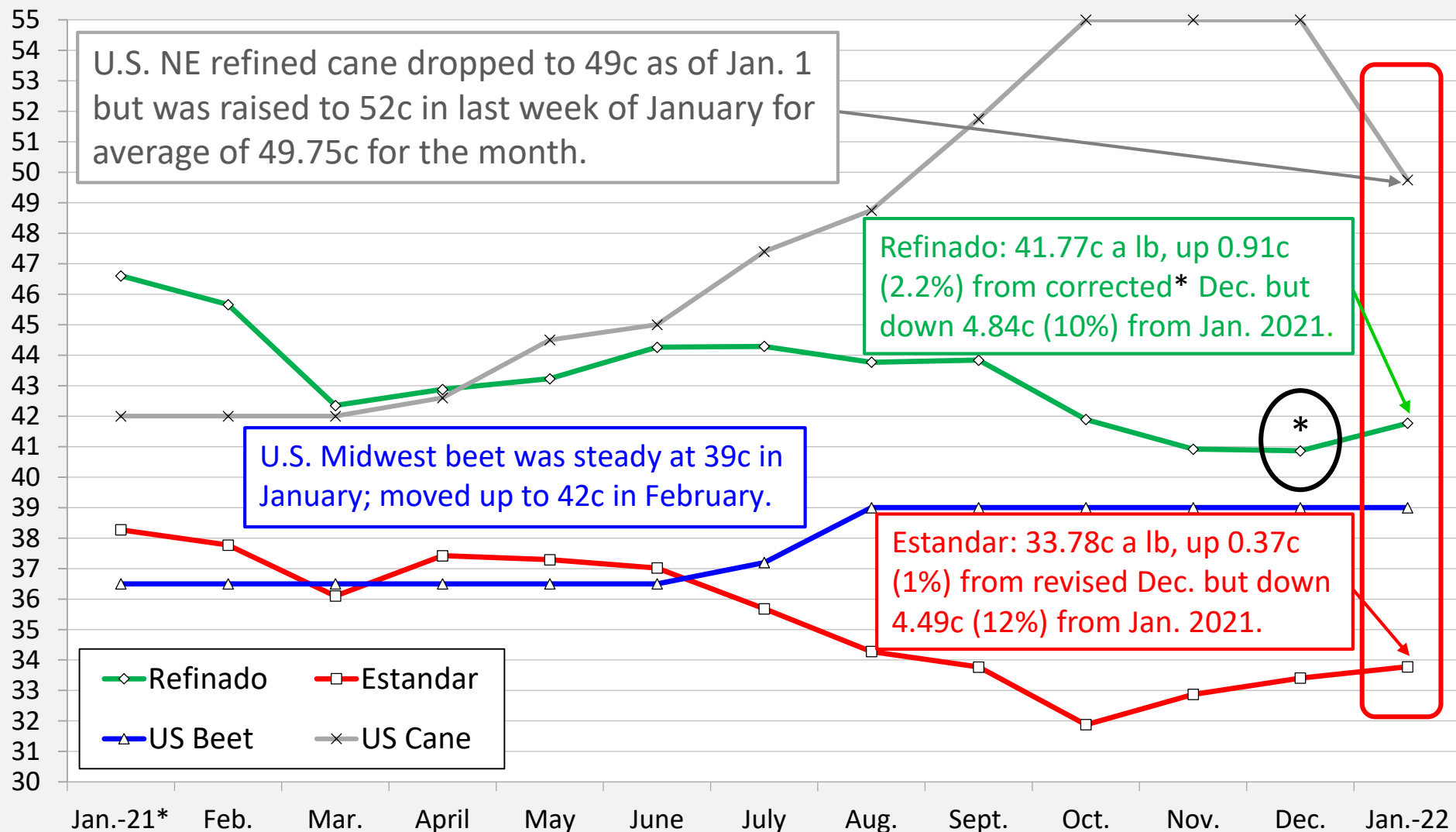
	February	February	2021-22 change from			
	<u>20-21</u>	<u>21-22</u>	<u>Jan.</u>	<u>%</u>	<u>20-21</u>	<u>%</u>
Begin. Stocks	858	1,053	-	0.0%	195	22.7%
Production	5,715	5,979	-	0.0%	264	4.6%
Imports	65	54	(9)	-14.3%	(11)	-16.9%
Total Supply	6,638	7,086	(9)	-0.1%	448	6.7%
Exports	1,165	1,755	(22)	-1.2%	590	50.6%
Domestic Use	4,420	4,412	11	0.2%	(8)	-0.2%
Total Use	5,585	6,167	(11)	-0.2%	582	10.4%
Ending Stocks	1,053	919	2	0.2%	(134)	-12.7%
S-T-U (total)	18.9%	14.9%	+0.1		- 4.0	
S-T-U (dom.)	23.8%	20.8%	-		- 3.0	

2020-21: No changes from January.

2021-22: Minor changes including slight drop to imports, modest decline in exports partially offset by higher domestic use; net change very minor.

SUA February 2022: US & Mexico Sugar Prices

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



*USDA last month reported Mexico's Dec. refined price at 50.06c a lb; changed to 40.86c in Feb. report. Sources: USDA and Sosland Publishing Company.

SUA February 2022: Global Sugar Overview

■ Global supply/demand fundamentals

- Both India and Thailand harvests are going strong.
- India's unsubsidized export sales reach 4.6 million tonnes; 6 million expected (vs 7.2 million last year of which 6 million was subsidized).
- Brazil's harvest is about to start. Increased demand of cane for ethanol expected, but much uncertainty remains.
- COVID-19 impact declining, although logistics remain problematic.

■ Pricing

- Nearby raws have been range-bound mostly between 18c and 18.5c since late January.
- Funds have greatly reduced their net long position in world raws.
- Crude oil prices have been supportive but ethanol sales/prices in Brazil have been weak.
- Exports from India have kept a lid on prices.
- Russia-Ukraine conflict may create demand for ethanol, affecting both Brazil and India; sugar futures prices may skew higher.

SUA February 2022: New York #11 Raw Futures

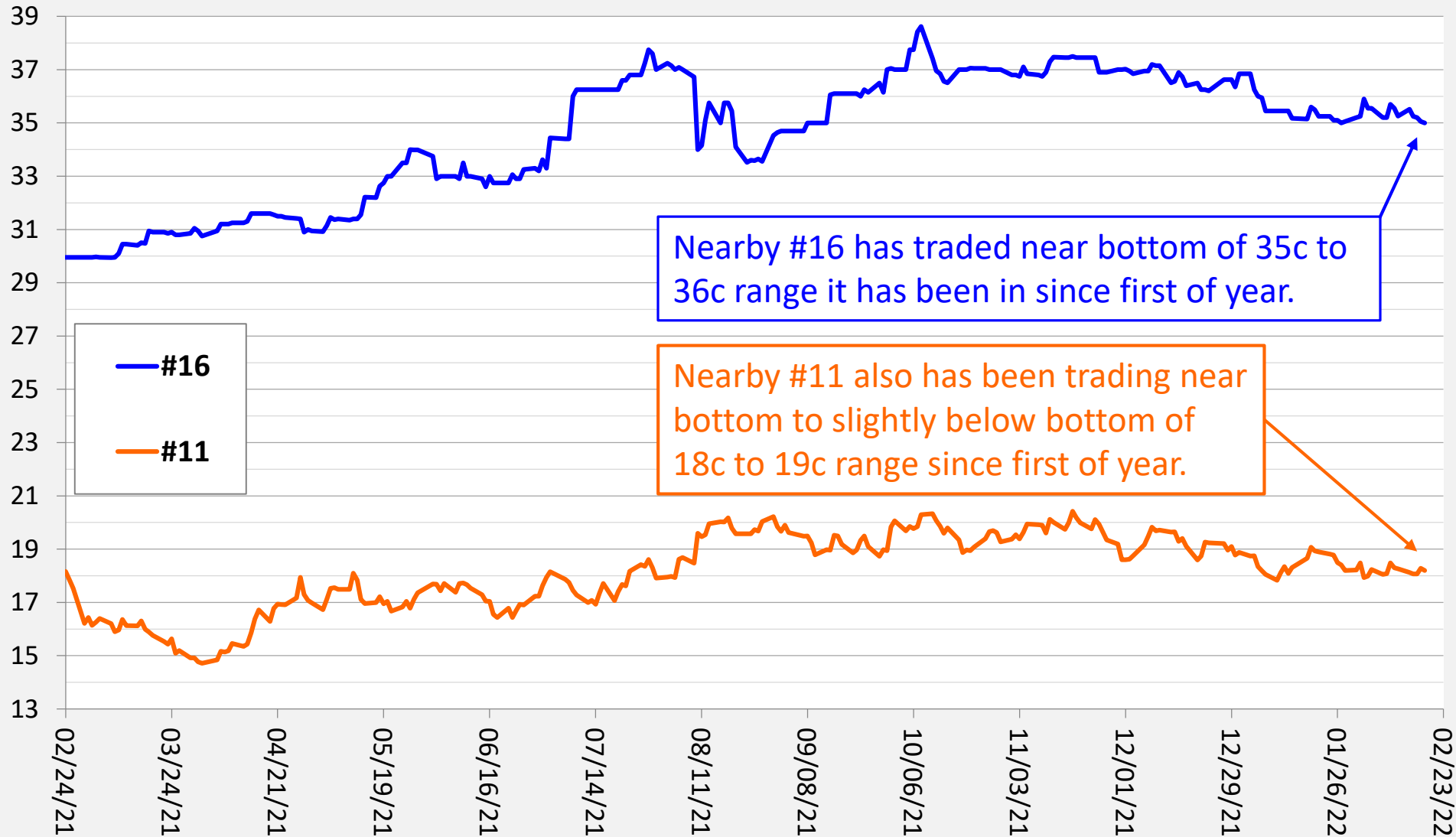
ICE world raw sugar futures as of Feb. 18, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBH22 (D10)	18.20 S	-0.08	18.48	18.11	30935	88316	1:01:52 PM EST - 02/18/22	18.20 S
ESBK22 (D10)	17.62 S	-0.12	17.91	17.54	45327	322309	1:01:52 PM EST - 02/18/22	17.62 S
ESBN22 (D10)	17.52 S	-0.12	17.76	17.45	17773	149140	1:01:52 PM EST - 02/18/22	17.52 S
ESBV22 (D10)	17.70 S	-0.12	17.92	17.64	9612	127544	1:01:52 PM EST - 02/18/22	17.70 S
ESBH23 (D10)	18.08 S	-0.11	18.26	18.01	2703	71682	1:01:52 PM EST - 02/18/22	18.08 S
ESBK23 (D10)	17.47 S	-0.06	17.60	17.41	508	33651	1:01:52 PM EST - 02/18/22	17.47 S
ESBN23 (D10)	17.02 S	-0.02	17.10	16.97	231	30354	1:01:52 PM EST - 02/18/22	17.02 S
ESBV23 (D10)	16.75 S	-0.01	16.82	16.73	99	22706	1:01:52 PM EST - 02/18/22	16.75 S
ESBH24 (D10)	16.82 S	-0.02	16.89	16.81	57	7797	1:01:52 PM EST - 02/18/22	16.82 S
ESBK24 (D10)	16.28 S	-0.03			2	2529	1:01:52 PM EST - 02/18/22	16.28 S
ESBN24 (D10)	15.93 S	-0.03			1	4982	1:01:52 PM EST - 02/18/22	15.93 S
ESBV24 (D10)	15.85 S	-0.03			0	1648	1:01:52 PM EST - 02/18/22	15.85 S

- World raws are down slightly from a month ago spot through October 2022 but 2023 and 2024 months are mostly higher.
- Strong global production, increased exportable supplies, and smaller fund long position have pressured nearby prices.
- Trading volume has been light to moderate.
- Most deferred months are at a discount to nearby.

SUA February 2022: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of Feb. 18, 2022.



SUA February 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

Defer to Craig's Feb. 28 session for corn sweetener outlook.

Demand for dextrose and glucose appears strong, with the dextrose situation critical. Some refiners are implementing higher freight costs allowed for by annual contracts.

USDA left annual forecasts for HFCS consumption in Mexico unchanged from January. Oct.-Dec. consumption was down 3.6% from year earlier vs Oct.-Nov. down 10%. USDA has noted consistently that sweetener consumption, both sugar and HFCS, is continuing to decline in Mexico.

There were no changes from January for US corn supply and use projections in the February WASDE. Globally, South America was lowered due to drought. Global demand for US corn could get boost from Russia-Ukraine as latter is a major corn exporter, with dryness in S. America also bullish for US exports.

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

- **Domestic Sweetener Market**
 - Sugar supplies are highly committed for 2021-22, but sugar is available at a price.
 - Watch deliveries closely to see if strength continues.
 - Large domestic crop may limit raw sugar imports.
 - Strong N-R and high-duty imports may limit raw sugar imports.
 - Trapped stocks again likely in Louisiana.
 - 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.
 - Russia-Ukraine conflict adding more uncertainty, and likely will give a boost to sugar and corn sweeteners due to higher crude oil prices and increased export demand for US corn.