

# **Sweetener Users Association Board Meeting Conference Call**

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# SUA April 2022: What's Happening in Sugar?

## ■ Domestic

- USDA sees lower production, higher use, drops s-t-u to 12.5%.
- Michigan Sugar declares force majeure.
- Strong deliveries continue.
- Spot beet prices mostly nominal or no quote.
- Beet plantings running behind last year – important.
- Sales for 2022-23 ahead of average pace; prices higher.

## ■ Global

- USDA raises 2021-22 forecast for sugar production in Mexico.
- India production, exports forecast record high.
- Brazil harvest still delayed due to low sugar content in cane.
- France beet plantings down.
- Energy prices continue to support sugar (Brazil ethanol).
- World raw prices trading above 20c a lb.

# SUA April 2022: S/D Overview - Sugar

- **US Sugar supply/demand – April 2022**
  - USDA lowers forecast total sugar production by 75,000 tons (50,000 beet, 25,000 cane).
  - USDA boosts forecast deliveries for food by 65,000 tons (up 165,000 tons in last two months).
  - TRQ imports unchanged.
  - Mexico imports unchanged.
  - High-tier imports raised 15,000 tons.
  - Total supply lowered 60,000 tons.
  - Ending stocks lowered 125,000 tons.
  - USDA lowers S-T-U ratio to 12.5% from 13.6%.
- **USDA SMD report (April with February data)**
  - Production down 3.3% in February (down 2.6% Oct.-Feb.).
  - Total deliveries up 5.9% in February (up 6.3% Oct.-Feb.).
  - Non-Reporter deliveries surge in February.

# SUA April 2022: USDA April WASDE

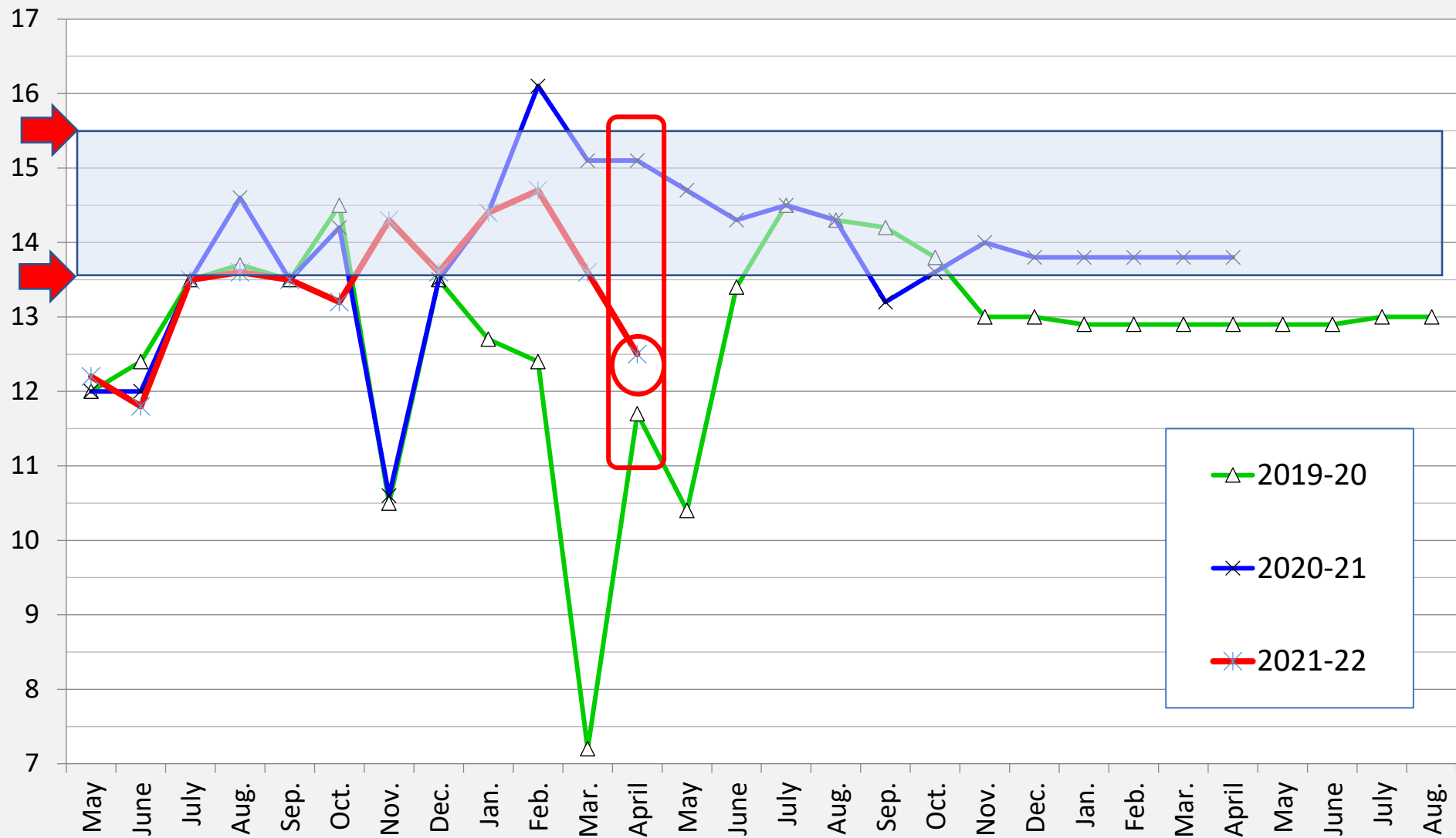
1000 short tons raw value	April	April	Change from March		Change from 20-21		RS-SPC	RS-SPC
	<u>20-21</u>	<u>21-22</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>21-22</u>	<u>21-22</u>
Begin. Stocks	1,618	1,705	-	0.0%	87	5.4%	1,700	1,700
<b>Production</b>	9,233	9,309	(75)	-0.8%	76	0.8%	9,275	9,275
<b>Beet</b>	5,092	5,338	(51)	-1.0%	246	4.8%	5,315	5,315
<b>Cane</b>	4,141	3,971	(25)	-0.6%	(170)	-4.1%	3,960	3,960
Imports	3,195	3,058	15	0.5%	(137)	-4.3%	3,070	3,230
T.R.Q.	1,749	1,568	-	0.0%	(181)	-10.3%	1,560	1,670
Other Prog.	292	250	-	0.0%	(42)	-14.4%	250	250
<b>Mexico</b>	968	1,050	-	0.0%	82	8.5%	1,050	1,100
<b>High Tier</b>	186	190	15	8.1%	4	2.2%	210	210
Total Supply	14,046	14,072	(60)	-0.4%	26	0.2%	14,045	14,205
Exports	49	35	-	0.0%	(14)	-28.6%	35	35
Deliveries	12,252	12,470	65	0.5%	218	1.8%	12,480	12,480
<b>Food</b>	12,135	12,365	65	0.5%	230	1.9%	12,375	12,375
Other	116	105	-	0.0%	(11)	-9.5%	105	105
Misc.	40	-	-	-	(40)	-100.0%	-	-
Total Use	12,341	12,505	65	0.5%	164	1.3%	12,515	12,515
Ending Stocks	1,705	1,567	(125)	-7.3%	(138)	-8.1%	1,530	1,690
Stocks-to-use	13.8%	12.5%	(1.1)		-1.3%		12.2%	13.5%

Green column – where I think we are actually at.

Far right grey column – what's needed to get to 13.5% S-T-U.

# SUA April 2022: Monthly S-T-U Ratios

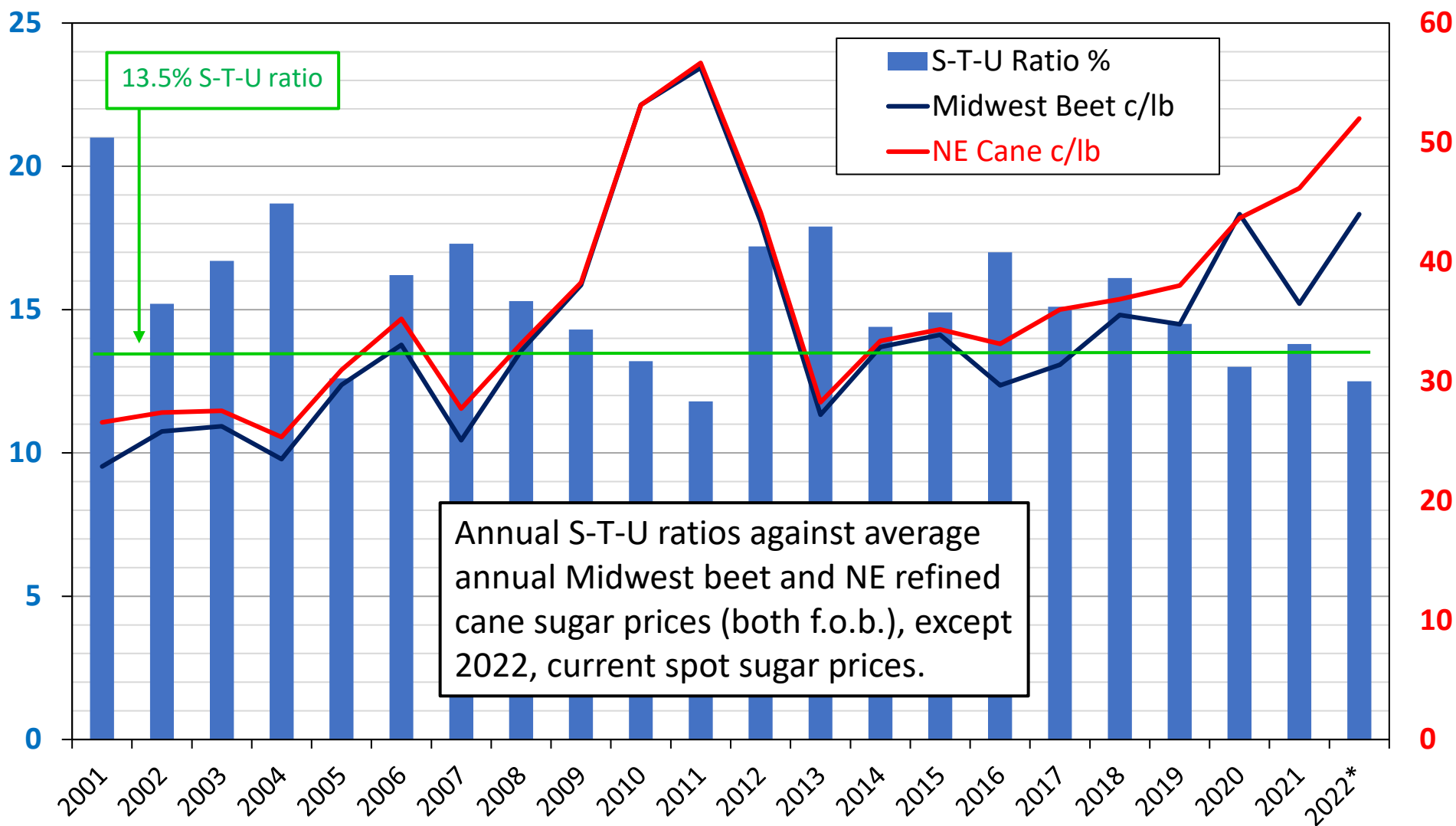
Monthly S-T-U ratios starting in May with initial USDA projection. In percent.



Sources: USDA.

# SUA April 2022: S-T-U Ratios and Sugar Prices

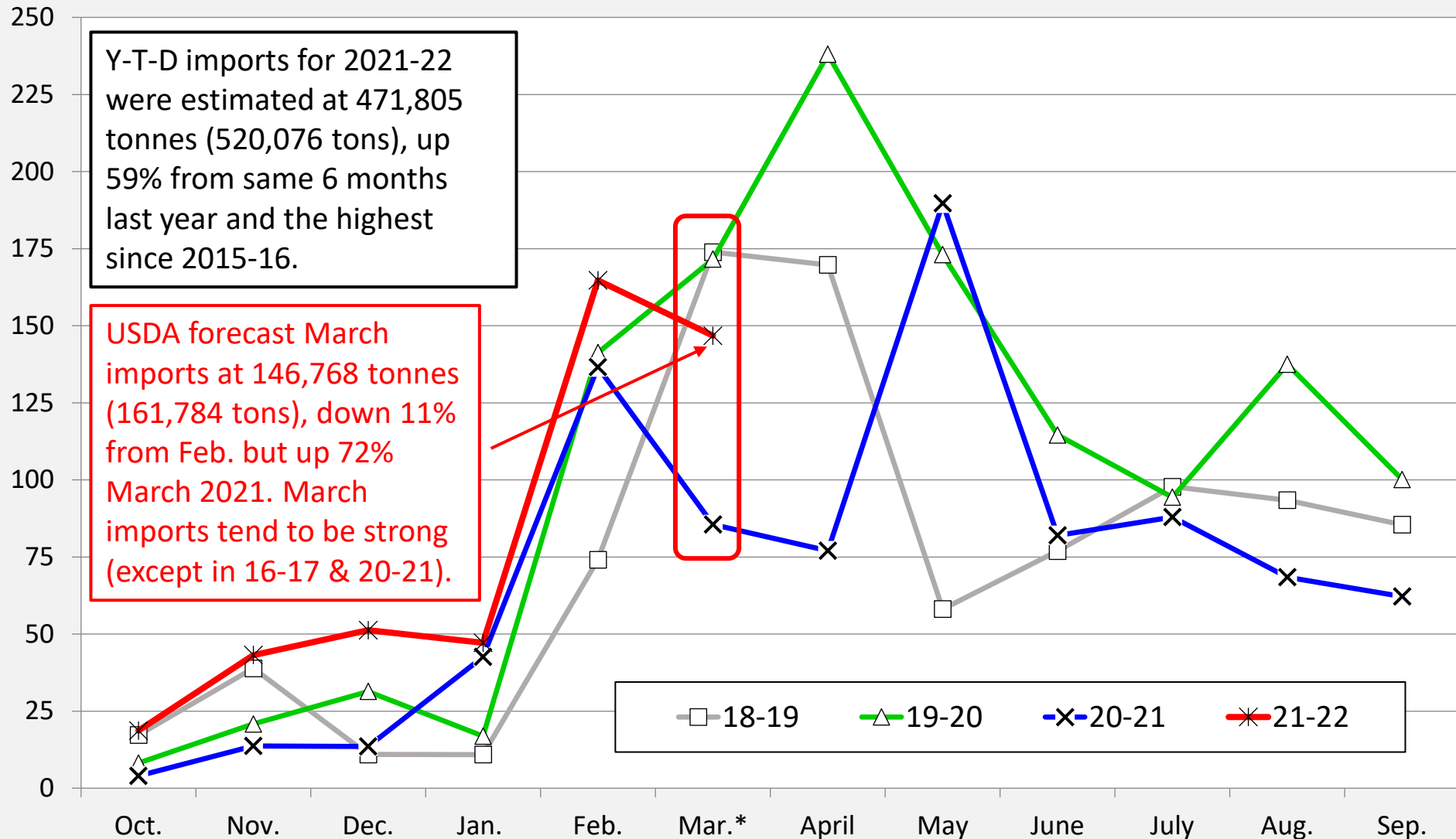
Annual S-T-U ratios and refined sugar prices; \*2022 is current ratio and spot prices.



Sources: USDA and Sosland Publishing Co.

# SUA April 2022: Imports from Mexico

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



# SUA April 2022: Year-To-Date Sugar Imports

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

	<b>Oct.-March 2021-22</b>	<b>% of Projected</b>	<b>Full-year Forecast</b>
50% of 2021-22 elapsed			
WTO Raw TRQ	717,910	66%	1,093,161
WTO Refined TRQ	146,620	61%	241,457
FTA Sugar in TRQs	111,878	48%	233,211
<b>Total Quota</b>	<b>976,407</b>	<b>62%</b>	<b>1,567,829</b>
Re-export Program	147,507	59%	250,000
Mexico	<b>520,076</b>	<b>50%</b>	<b>1,050,212</b>
High-duty Sugar	134,989	<b>71%</b>	<b>189,662</b>
<b>Total Imports</b>	<b>1,778,979</b>	<b>58%</b>	<b>3,057,703</b>

- Total USDA import forecast is up about 15,000 tons from March due to increase in high-duty forecast; all others unchanged.
- TRQ imports typically are “front loaded” in first half of year; remain strong.
- **Mexico jumped from 34% in Oct.-Feb. to 50% in Oct.-March.**



# SUA April 2022: SMD April 2022

Source: USDA.

-- Year-to-Date --

<i>Short tons,</i>	<b>Oct.-Feb.</b>	<b>% change</b>
<i>Raw value</i>	<b><u>2021-22</u></b>	<b><u>from 2020-21</u></b>
Beginning stocks	1,704,830	+5.4%
Total production	<b>6,657,748</b>	<b>-2.6%</b>
Beet	<b>3,379,113</b>	<b>-4.2%</b>
Cane	<b>3,278,635</b>	<b>-0.8%</b>
Total imports	<b>1,507,312</b>	<b>+18.5%</b>
Total supply	9,869,890	+1.5%
Total exports	8,828	-55.6%
Total deliveries	5,152,122	+6.3%
<b>Deliveries, human use</b>	<b>5,102,835</b>	<b>+6.2%</b>
Misc. supply adj.	2,736	-130.3%
<b>Total use</b>	<b>5,163,686</b>	<b>+6.3%</b>
Ending stocks	4,706,203	-3.3%

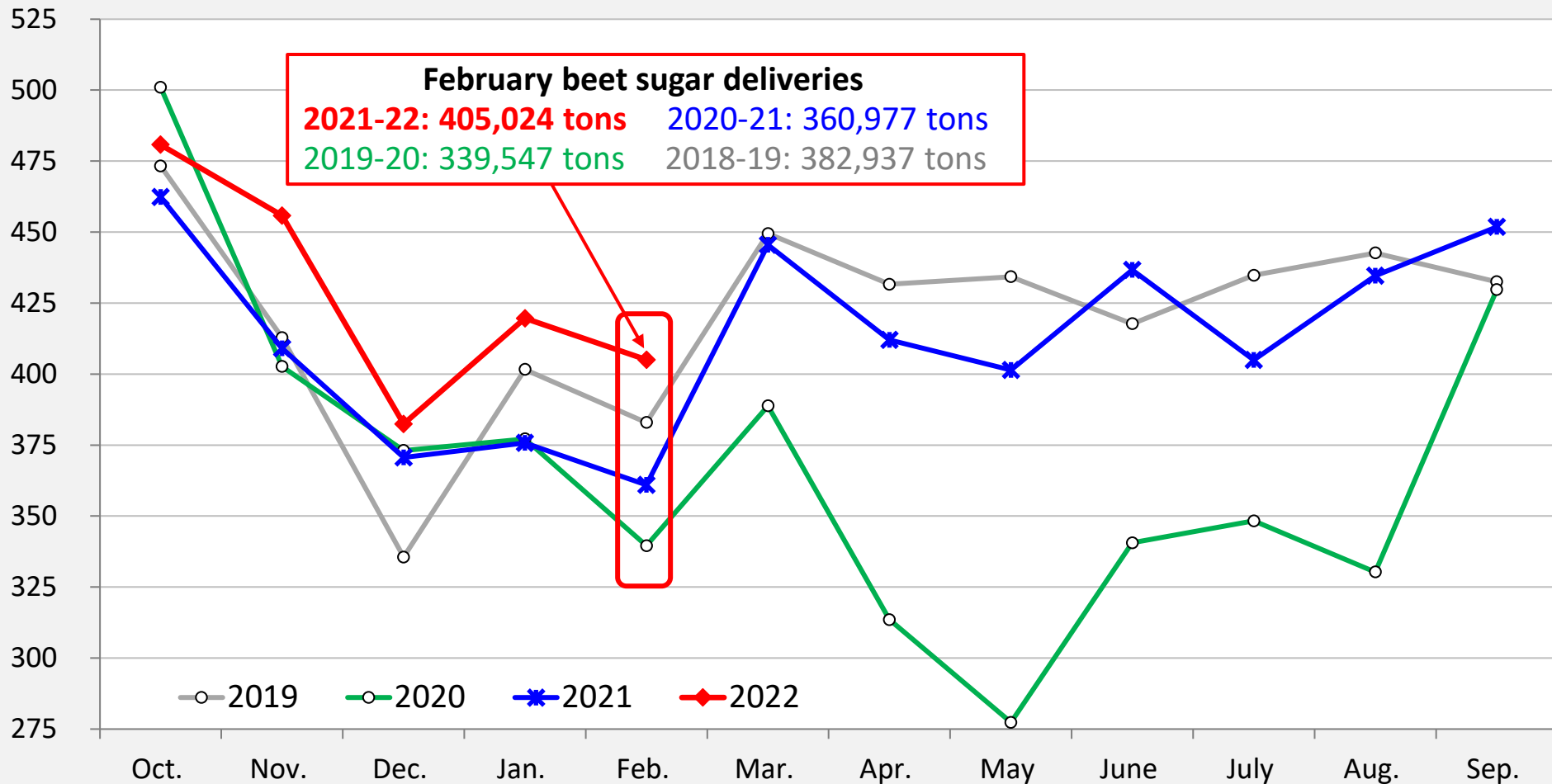
Oct.-Feb. production was down 2.6% from 2021 with February down 3.3% (beet down 4.9%, cane down 0.6%). Oct.-Feb. imports were up 18.5% with February down 18.1%.

Oct.-Feb. deliveries for food were up 6.2% from 2021 with February deliveries up 5.8%.

One major processor reported record-high deliveries in March. Strong deliveries continue.

# SUA April 2022: Beet Sugar Deliveries

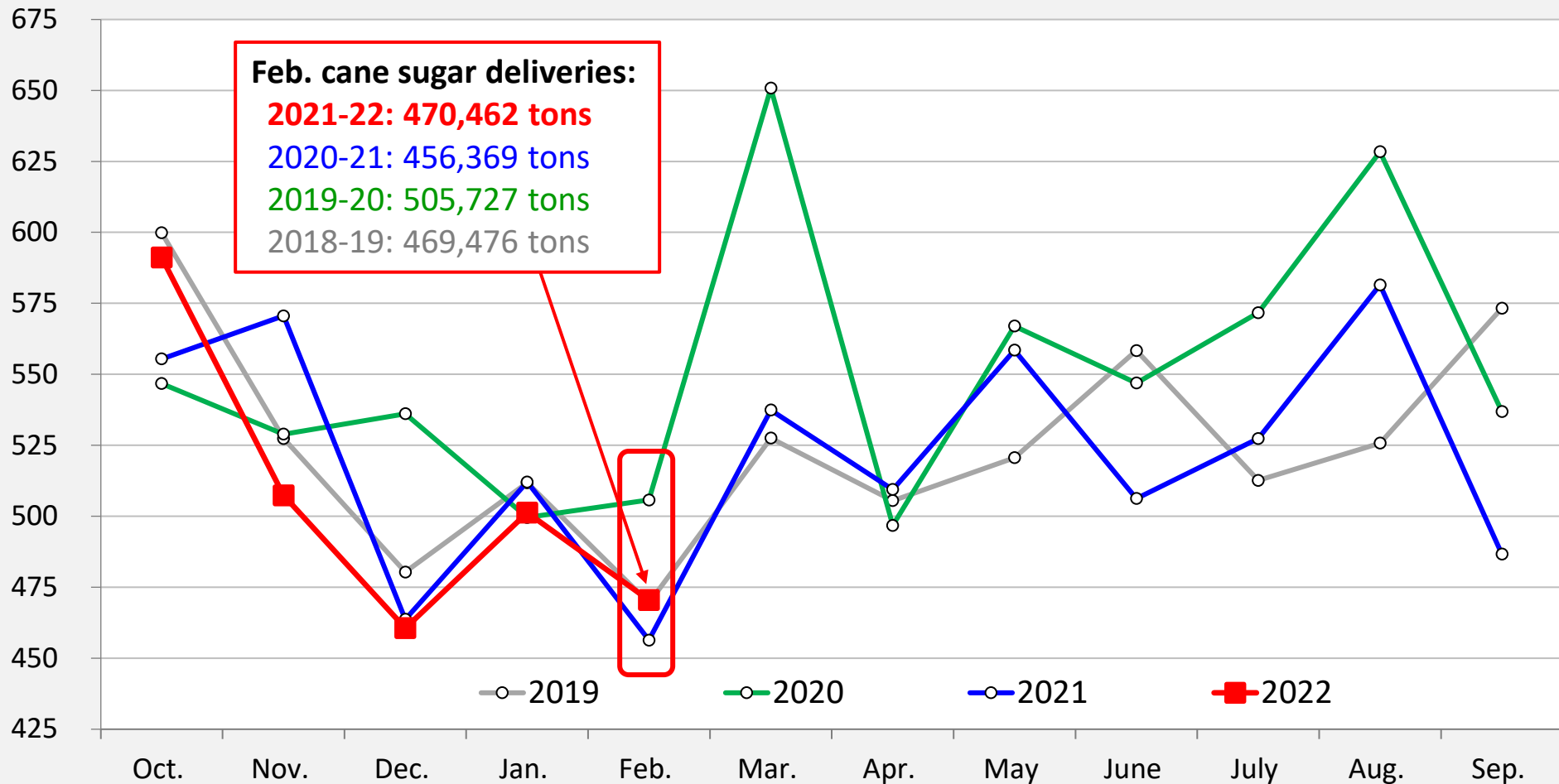
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



February beet sugar deliveries of 405,024 tons were down 3.5% from January, but were up 12% from a year ago, were the highest for February since 2017-18 and the second highest on record for the month. Oct.-Feb. deliveries were up 8% from a year earlier and were second highest on record for the period.

# SUA April 2022: Refined Cane Deliveries

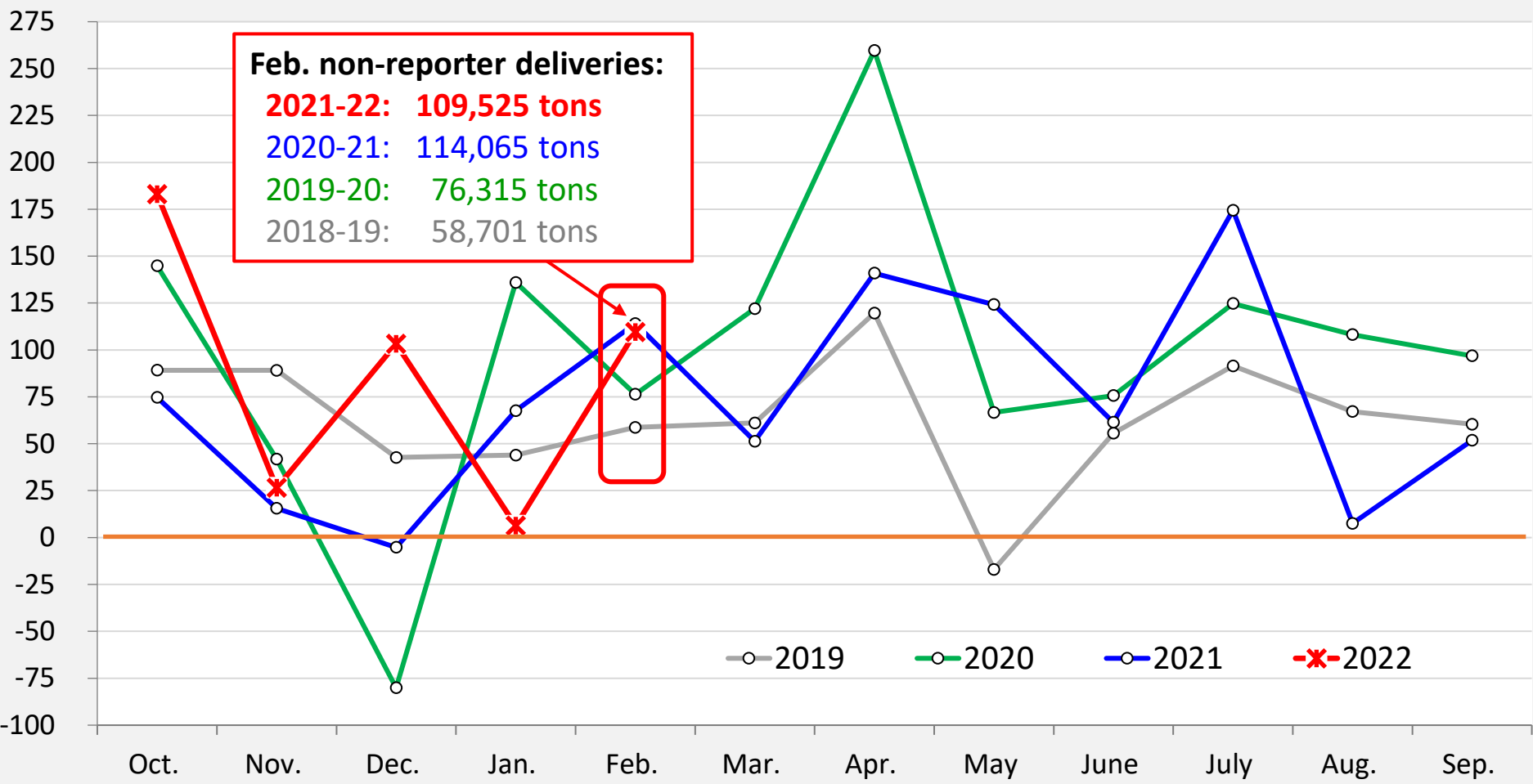
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



February cane sugar deliveries of 470,462 tons were down 6% from January but were up 3% from a year ago. Oct.-Feb. cane sugar deliveries were down 1.1% from a year earlier.

# SUA April 2022: Non-Reporter Deliveries

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



February N-R deliveries of 109,525 tons were 17 times those of 6,350 tons in January but were down 3.5% from Feb. 2021. Oct.-Feb. N-R deliveries of 428,532 tons were up 61% from the same period a year earlier and were the highest on record for the period.



# SUA April 2022: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	<u>Oct.-Feb. % change</u>	<u>Oct.-Jan. % change</u>	
<b>Total Deliveries/1</b> (short tons, <u>actual weight</u> )	3.1	2.2	
<b>1-Bakery, cereal, and related products</b>	<b>3.6</b>	2.5	
<b>5-Confectionery and related products</b>	<b>13.5</b>	11.1	
<b>6-Ice cream and dairy products</b>	0.1	-0.5	
<b>7-Beverages</b>	10.3	10.3	
<b>8-Canned, bottled and frozen foods</b>	6.4	6.5	
<b>4-Multiple and all other food uses</b>	-6.2	-4.9	
<b>10-Non-food uses</b>	-7.7	-5.6	
<b>11-Hotels, restaurants, institutions</b>	<b>4.6</b>	4.0	
<b>2-Wholesale grocers, jobbers, dealers</b>	<b>6.3</b>	5.5	
3-Retail grocers, chain stores	-2.4	-4.4	improved
12-Government agencies	1.1	0.0	
9-All other deliveries	-8.7	-11.6	improved
<b>Total Deliveries/1</b> (short tons, <u>raw value</u> )	3.1	2.2	
Crystalline:	2.1	0.8	
Consumer-size packages (retail)	-9.0	-10.8	improved
Packages 50 lbs and greater	13.1	13.2	
<b>Unpackaged (bulk)</b>	<b>0.7</b>	-1.0	
Non-crystalline/2	9.5	10.9	

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

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

Source: USDA

# SUA April 2022: USDA 2022 Beet Plantings

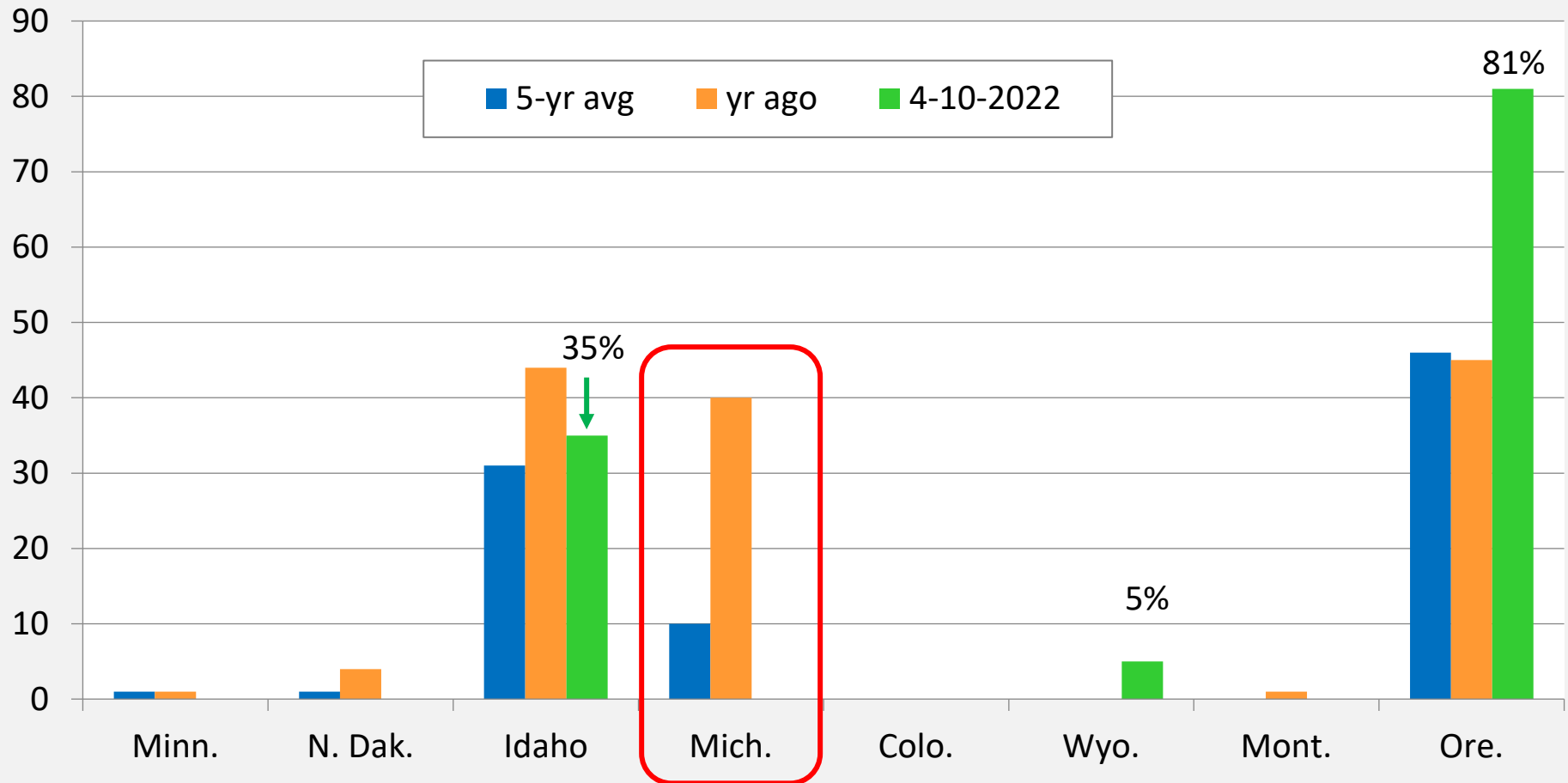
In 1,000 acres. Source: USDA Prospective Plantings report.

	2021	2022	Change from 2021	
	<u>Planted</u>	<u>Intended</u>	<u>Acres</u>	<u>Percent</u>
Minnesota	427.0	424.0	-3.0	-0.7%
N. Dakota	226.0	226.0	0.0	0.0%
Idaho	172.0	170.0	-2.0	-1.2%
<b>Michigan</b>	<b>155.0</b>	<b>145.0</b>	<b>-10.0</b>	<b>-6.5%</b>
Nebraska	44.4	45.0	0.6	1.4%
Montana	43.7	43.0	-0.7	-1.6%
Wyoming	31.2	31.0	-0.2	-0.6%
Colorado	24.3	25.0	0.7	2.9%
California	24.0	24.0	0.0	0.0%
Oregon	10.5	8.5	-2.0	-19.0%
Washington	1.9	1.9	0.0	0.0%
<b>U.S.</b>	<b>1,160.0</b>	<b>1,143.4</b>	<b>-16.6</b>	<b>-1.4%</b>

Top four states are down 15,000 acres, or 1.5%, from 2021, with Michigan down 10,000 acres, or 6.5%. Only increases are in Nebraska and Colorado. Michigan does not plan to increase planted area after producing so many beets in 2021 that some were left in the field, plus current low sugar content issue. Some beets also were left unharvested in Minnesota last year. Other crops provide competitive profit margins.

# SUA April 2022: Sugar Beet Planting Progress

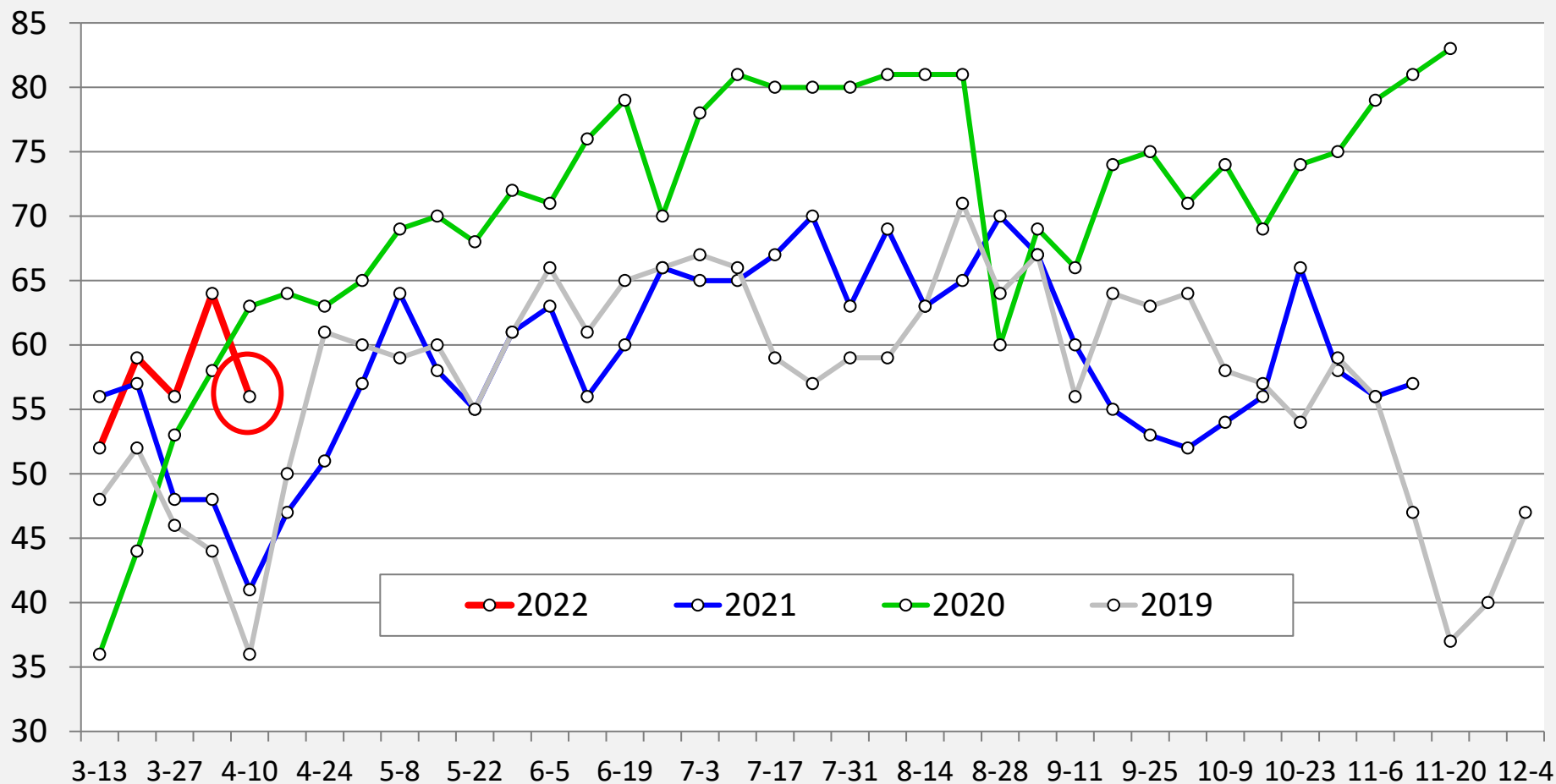
Source: USDA weekly crop progress reports.



Planting off to a slow start in some states. This week's blizzard across N.D. will delay planting even more. Critical to get beets planted early to achieve early harvest, esp. this year with supplies lacking. Not a good sign for Michigan. But, remember planting can happen very quickly once fields dry out.

# SUA April 2022: USDA Louisiana Cane Rating

Source: USDA weekly crop progress reports.



Louisiana sugar cane ratings have fluctuated but are beginning the season high relative to most recent years. Good-to-excellent rating 56% as of April 10.



# SUA April 2022: Cash Sugar Prices - Higher

- Beet sugar 2021-22** Most recent spot offers were 42c to 44c a lb f.o.b. MW; processors have either pulled offers or are reassessing; Michigan is oversold by 50,000 to 60,000 tons.
- 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 beet raised to 40.50c to 41.50c a lb; Southeast cane offered at 44.50c a lb f.o.b.;

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

- Michigan force majeure has changed 2021-22 supply dynamic (no uncommitted beet sugar) and 2022-23 price dynamic (higher).
- USDA noted in WASDE several factors that may tighten sugar supplies further.
- Only uncommitted sugar for 2021-22 is refined cane, pending early beet harvest.
- Planting delays may limit sugar available in 2021-22 from early harvest.
- Beet sugar sales for 2022-23 are ahead of average pace, from 50% to 75%, with one processor ready to raise prices further to slow sales.
- Imports from Mexico should be available, but prices there are high.
- Higher freight costs may add considerably to delivered prices.
- Logistics continue to slow imports and domestic shipments.

# SUA April 2022: New York #16 Raw Futures

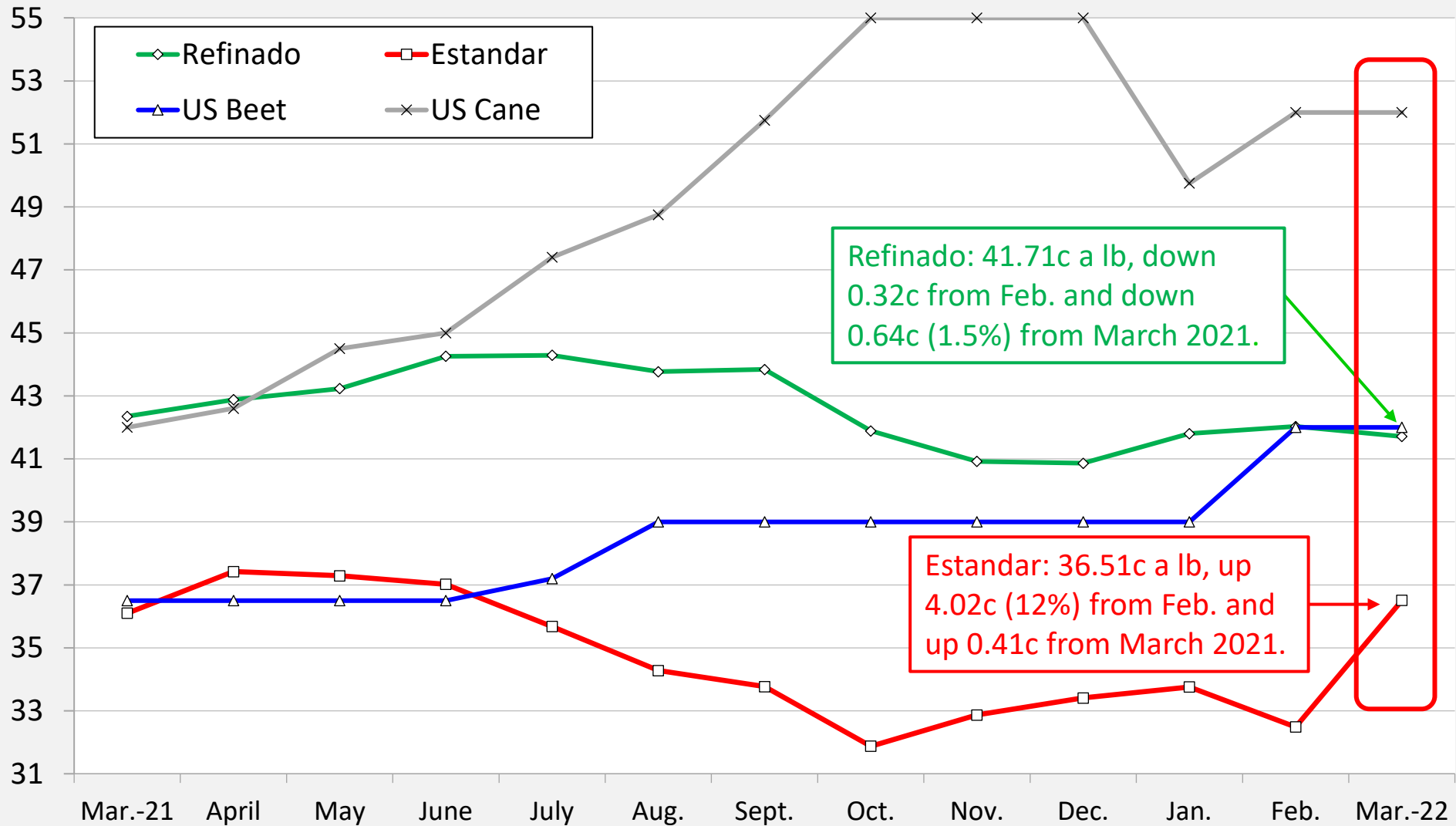
ICE domestic raw sugar futures as of April 6, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
<del>ESFK22 (D10)</del>	<del>38.00 S</del>	<del>0.25</del>	<del>38.00</del>	<del>38.00</del>	<del>2</del>	<del>202</del>	<del>1:18:21 PM EDT - 04/06/22</del>	<del>38.00 S</del>
ESFN22 (D10)	36.70 S	0.15			1	1880	1:18:21 PM EDT - 04/06/22	36.70 S
ESFU22 (D10)	36.70 S	0.15			0	1568	1:18:21 PM EDT - 04/06/22	36.70 S
ESFX22 (D10)	36.15 S	0.00			0	1414	1:18:21 PM EDT - 04/06/22	36.15 S
ESFF23 (D10)	36.00 S	0.00			0	870	1:18:21 PM EDT - 04/06/22	36.00 S
ESFH23 (D10)	36.00 S	0.00			0	1295	1:18:21 PM EDT - 04/06/22	36.00 S
ESFK23 (D10)	35.90 S	0.00			0	640	1:18:21 PM EDT - 04/06/22	35.90 S
ESFN23 (D10)	35.90 S	0.00			0	1230	1:18:21 PM EDT - 04/06/22	35.90 S
ESFU23 (D10)	35.90 S	0.00			0	525	1:18:21 PM EDT - 04/06/22	35.90 S
ESFX23 (D10)	34.45 S	0.00			0	135	1:18:21 PM EDT - 04/06/22	34.45 S
ESFF24 (D10)	33.40 S	0.00			0	9	1:18:21 PM EDT - 04/06/22	33.40 S

- May expired on April 8 at 37.20c a lb; no deliveries were posted.
- July and September have since fluctuated and closed at 36.65c a lb on April 12.
- Trading volume was heavy on April 8 but has since been light.
- Prices blipped higher after announcement of Michigan force majeure.
- Board indicates continued price strength at least through 2023.

# SUA April 2022: US & Mexico Sugar Prices

Average monthly cash prices, cents/lb. Sources: USDA and Sosland Publishing Co.



# SUA April 2022: Mexico WASDE

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

	April	April	2021-22 change from			
	<u>20-21</u>	<u>21-22</u>	<u>March</u>	<u>%</u>	<u>20-21</u>	<u>%</u>
<b>Begin. Stocks</b>	858	1,053	-	0.0%	195	22.7%
<b>Production</b>	5,715	<b>6,167</b>	188	3.1%	452	7.9%
<b>Imports</b>	65	50	-	0.0%	(15)	-23.1%
<b>Total Supply</b>	6,638	7,270	188	2.7%	632	9.5%
<b>Exports</b>	1,165	<b>1,939</b>	188	10.7%	774	66.4%
<b>Domestic Use</b>	4,420	4,412	-	0.0%	(8)	-0.2%
<b>Total Use</b>	5,585	6,351	188	3.1%	766	13.7%
<b>Ending Stocks</b>	1,053	919	-	0.0%	(134)	-12.7%
<b>S-T-U (total)</b>	18.9%	14.5%	-0.4		-4.4	
<b>S-T-U (dom.)</b>	23.8%	20.8%	-		-3.0	

**2021-22:** USDA raised forecast 2021-22 sugar production by 3.1% on higher yields and sucrose content despite lower harvested area. Exports to world market raised.

Prices remain high in Mexico, but additional supplies should be available to export to United States.

# SUA April 2022: Global Sugar Overview

- **Global supply/demand fundamentals**
  - India's sugar production and exports forecast record in 2021-22; may cap exports; world raws near 20c a lb pull sugar from India; no export subsidies on India's export sugar this year.
  - Stronger production expected in Thailand, lower in China.
  - Brazil's 2022-23 season started April 1; harvest in March far behind year ago due to low sugar content in cane.
  - Runs on retail sugar by Russian consumers prompt investigations.
  - Russia importing significantly more sugar than expected.
- **Pricing**
  - Nearby raws have firmed above 20c a lb mainly on high energy prices.
  - Strong exports from India may offer resistance to further price gains.
  - Global sugar supplies are not necessarily tight, but prices are high because of high energy prices and potential increased use of sugar to make ethanol in Brazil.

# SUA April 2022: New York #11 Raw Futures

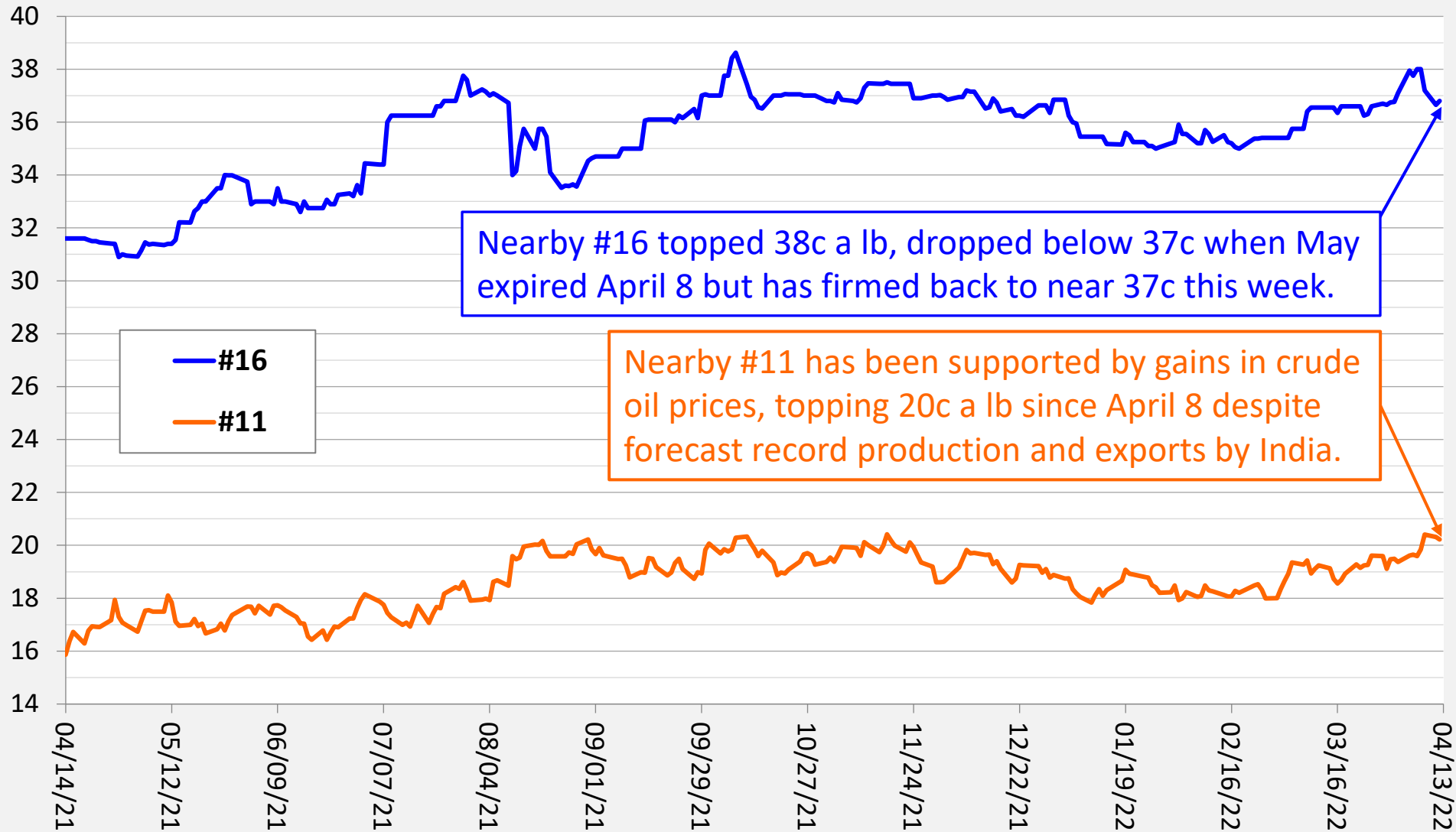
ICE world raw sugar futures as of April 6, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBK22 (D10)	19.59 S	-0.06	19.76	19.45	68330	270734	1:04:57 PM EDT - 04/06/22	19.59 S
ESBN22 (D10)	19.44 S	-0.06	19.59	19.30	55978	216874	1:04:57 PM EDT - 04/06/22	19.44 S
ESBV22 (D10)	19.50 S	-0.05	19.61	19.36	16798	140744	1:04:57 PM EDT - 04/06/22	19.50 S
ESBH23 (D10)	19.68 S	-0.01	19.74	19.52	7635	98651	1:04:57 PM EDT - 04/06/22	19.68 S
ESBK23 (D10)	18.91 S	0.01	18.92	18.72	2519	48965	1:04:57 PM EDT - 04/06/22	18.91 S
ESBN23 (D10)	18.40 S	0.04	18.40	18.18	1512	34543	1:04:57 PM EDT - 04/06/22	18.40 S
ESBV23 (D10)	18.10 S	0.08	18.10	17.85	580	25702	1:04:57 PM EDT - 04/06/22	18.10 S
ESBH24 (D10)	18.15 S	0.10	18.15	17.89	325	11644	1:04:57 PM EDT - 04/06/22	18.15 S
ESBK24 (D10)	17.56 S	0.13	17.52	17.35	74	2904	1:04:57 PM EDT - 04/06/22	17.56 S
ESBN24 (D10)	17.16 S	0.16	17.18	16.96	44	5921	1:04:57 PM EDT - 04/06/22	17.16 S
ESBV24 (D10)	17.04 S	0.22	17.05	16.83	108	3183	1:04:57 PM EDT - 04/06/22	17.04 S
ESBH25 (D10)	17.20 S	0.29			0	6	1:04:57 PM EDT - 04/06/22	17.20 S

- Since this table was printed April 6, May 2022 through March 2023 have moved above 20c a lb; volume in two nearby months has been very heavy.
- Some analysts doubt prices can be sustained above 20c due to forecast record exports by India, higher exports by Thailand.
- Crude oil prices near or above \$100 per bbl have been supportive, with prolonged Russia-Ukraine war adding uncertainty.
- Slow start to Brazil's cane harvest has been supportive.

# SUA April 2022: World/Domestic Futures

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



# SUA April 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

Demand for dextrose and glucose remains strong, with the dextrose situation still critical and distributors indicating supplies are rationed. Increased use of corn for ethanol (per Biden administration announcement) due to high gasoline prices may further tighten corn supplies. Plantings forecast down 4% from 2021 in Prospective Plantings report boosted corn futures.

## 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

USDA left annual forecasts for HFCS consumption in Mexico unchanged from March. Oct.-Feb. consumption was down 2.8% from year earlier, with difference shrinking monthly.

## 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

There were no changes from March in forecast use of corn to make HFCS, glucose, dextrose or starch, but use for ethanol was boosted by 25 million bus. USDA in April WASDE forecast average price of corn paid to farmers in 2021-22 at \$5.80 per bu, up 15c from March and up \$1.27 from 2020-21.

## 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



- **In the Domestic Sweetener Market**
  - Planting progress in all areas, esp. Michigan and Upper Midwest.
  - Atlantic tropical storm season – forecast above average.
  - Russia-Ukraine war impact on energy prices.
  - Use of corn for ethanol in U.S.
  - Logistics – West Coast labor contract expires July 1.
  - Rail issues – STB hearing April 26-27.
  - Inflation impact on consumer buying.
- **In the Global Sugar Market**
  - India production and export pace.
  - Sugar beet plantings in EU countries.
  - Use of sugar for ethanol in Brazil.
  - Pace of Brazil harvest.

## ■ Domestic Sweetener Market

- Uncommitted beet sugar is not available; prices unquoted or nominal.
- Strong deliveries appear to be continuing.
- Sales for 2022-23 surged in March and are ahead of average.
- Cash sugar prices for 2022-23 are firm; may move higher still.
- Prospective Plantings report showed fewer beet acres in 2022.
- Beet planting is off to slow start; may limit early-harvest sugar.
- Additional supplies needed soon.

## ■ Global Sugar Market

- No. 11 raws have strengthened, underpinned by energy, slow start to harvest in Brazil.
- India forecast to have record-high production and exports, which may limit further gains in world raw prices.
- High No. 11 prices supportive of No. 16 prices.