

Sweetener Users Association Conference Call

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SUA May 2022: What's Happening in Sugar?

■ Domestic

- USDA reflects more sugar supply with WASDE s-t-u ratio at 14.4%.
- Spot beet sugar unavailable; refined cane price at 11-year high.
- Beet planting well behind average in some key states; beet sugar supplies from Aug.-Sept. 2022 harvest reduced sharply.
- Sales for 2022-23 ahead of average pace; three beet processors out of market at least temporarily.
- Sales for first-half 2023-24 are underway.

■ Global

- India production, exports forecast record high.
- Brazil sugar production lagging due to slow harvest pace.
- Energy prices continue to influence world raw prices.
- World raw prices have weakened on forecasts of modest global surplus, some fund liquidation.

SUA May 2022: S/D Overview - Sugar

- **US Sugar supply/demand – May 2021-22**
 - USDA lowers sugar production by 80,000 tons (84,000 less beet, 4,000 more cane), mostly from Aug.-Sept. due to late planting of beet crop.
 - TRQ imports raised based on reallocation.
 - Mexico imports raised based on “other” sugar export limit increase.
 - High-tier imports raised 31,000 tons.
 - Total supply raised 331,000 tons.
 - USDA boosts forecast deliveries for food by 85,000 tons (up 250,000 tons in last three months).
 - Ending stocks raised 246,000 tons; S-T-U ratio to 14.4% from 12.5%.
- **Initial 2022-23 S-T-U ratio at 10.1%**
- **USDA SMD report (May with March data)**
 - Production up 9.7% in March (down 1.3% Oct.-Mar.).
 - Total deliveries up 5.6% in March (up 6.2% Oct.-Mar.).
 - March beet sugar deliveries highest on record for month.
 - N-R deliveries down sharply from February.

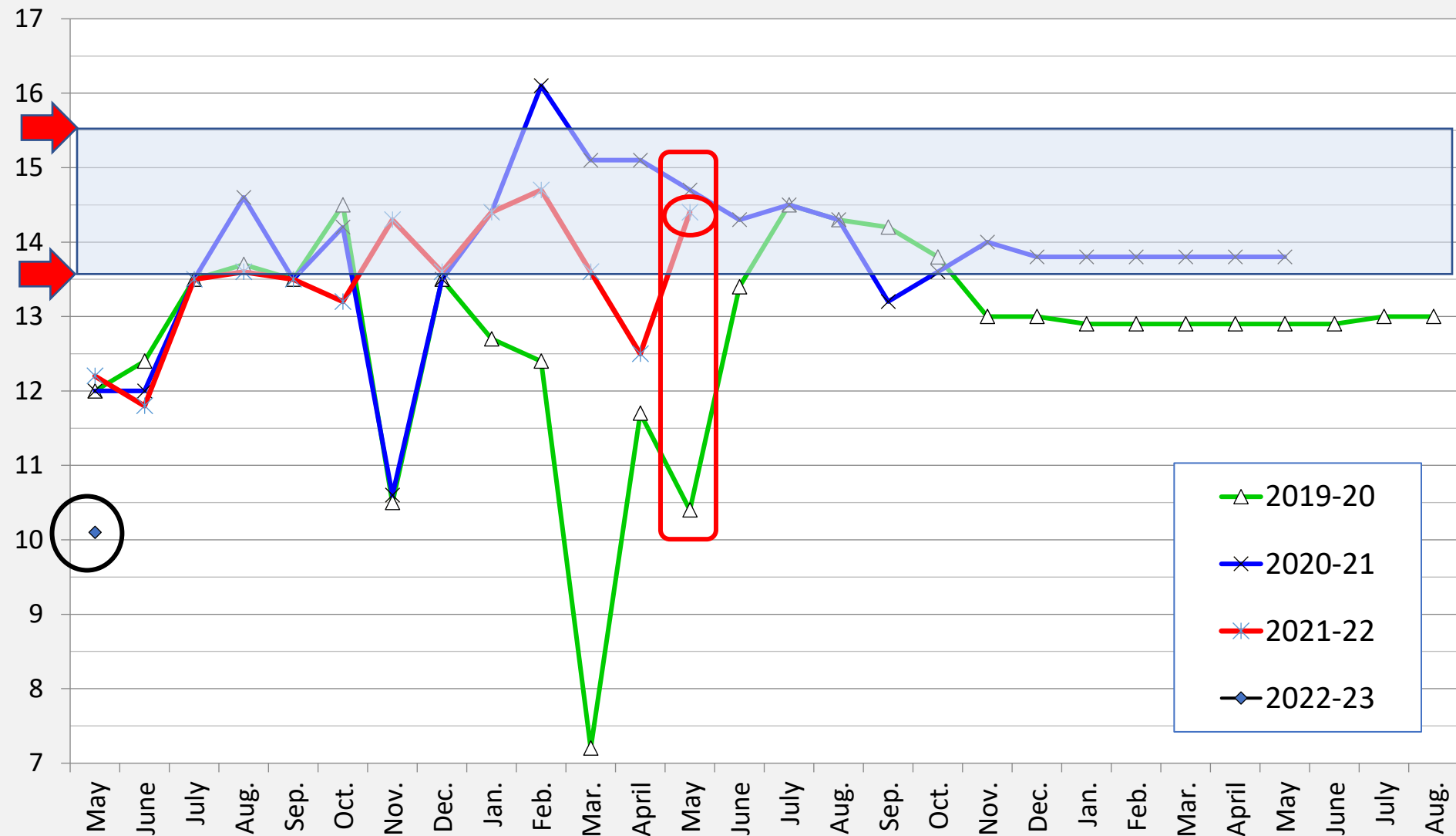
SUA May 2022: USDA May WASDE

1000 short tons	May	May	Change	From	May	From	RS-SPC
raw value	<u>20-21</u>	<u>21-22</u>	<u>April</u>	<u>20-21</u>	<u>22-23</u>	<u>21-22</u>	<u>21-22</u>
Begin. Stocks	1,618	1,705	-	87	1,813	108	1,700
Production	9,233	9,229	(80)	(4)	9,040	(189)	9,175
Beet	5,092	5,254	(84)	162	5,000	(254)	5,200
Cane	4,141	3,976	5	(165)	4,040	64	3,975
Imports	3,195	3,469	411	274	3,003	(466)	3,425
T.R.Q.	1,749	1,727	159	(22)	1,379	(348)	1,700
Other Prog.	292	300	50	8	250	(50)	300
Mexico	968	1,220	170	252	1,323	103	1,200
High Tier	186	221	31	35	50	(171)	225
Total Supply	14,046	14,403	331	357	13,856	(547)	14,300
Exports	49	35	-	(14)	35	-	35
Deliveries	12,252	12,555	85	303	12,555	-	12,555
Food	12,135	12,450	85	315	12,450	-	12,450
Other	116	105	-	(11)	105	-	105
Misc.	40	-	-	(40)	-	-	-
Total Use	12,341	12,590	85	249	12,590	-	12,590
Ending Stocks	1,705	1,813	246	108	1,266	(547)	1,710
Stocks-to-use	13.8%	14.4%	1.9	0.6	10.1%	(4.3)	13.6%

Green column – where I think we are actually at.

SUA May 2022: Monthly S-T-U Ratios

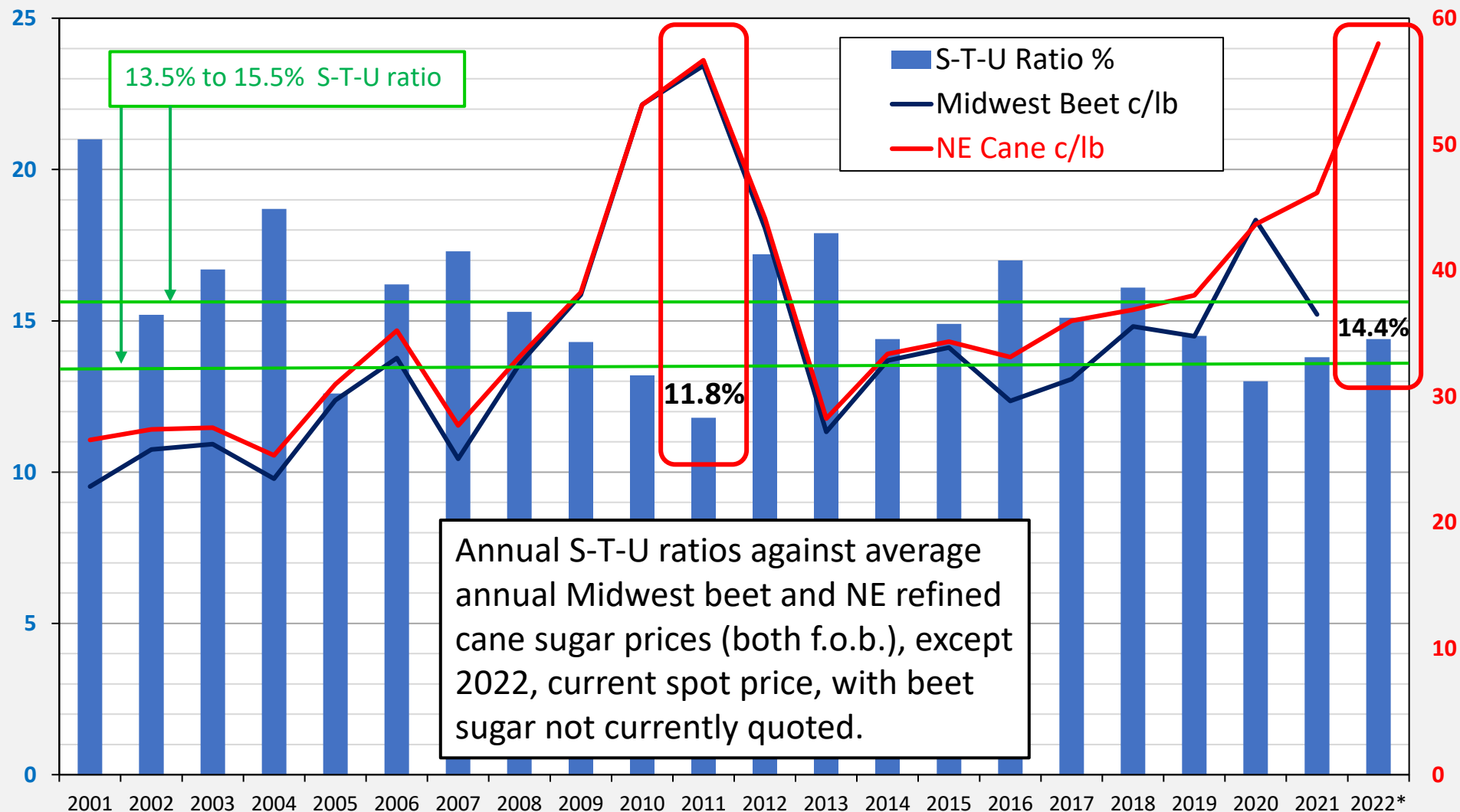
Monthly S-T-U ratios starting in May with initial USDA projection. In percent.



Sources: USDA.

SUA May 2022: S-T-U Ratios and Sugar Prices

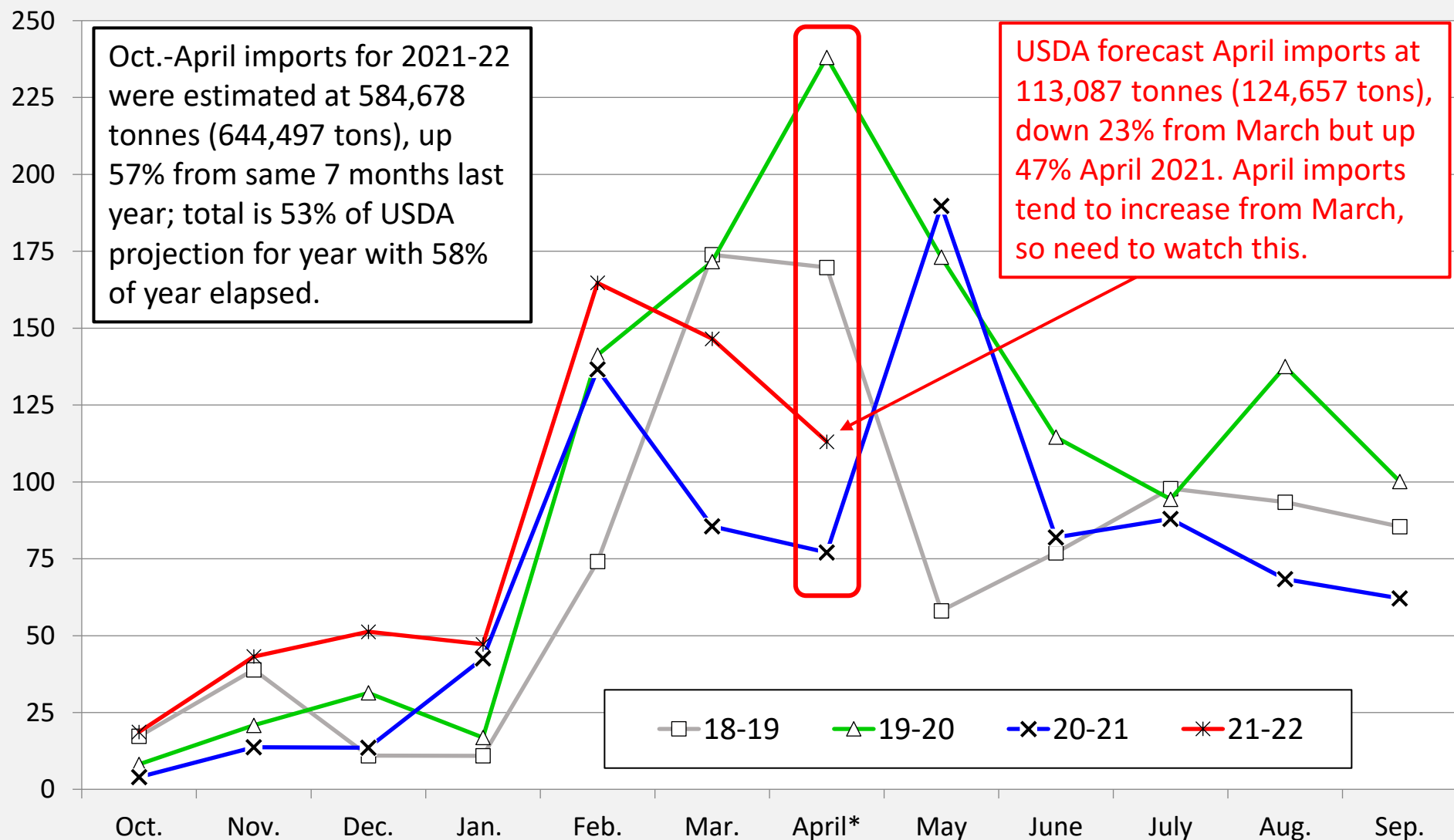
Annual S-T-U ratios and refined sugar prices; *2022 is current ratio and spot prices.



Sources: USDA and Sosland Publishing Co.

SUA May 2022: Imports from Mexico

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



SUA May 2022: Year-To-Date Sugar Imports

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

58% of 2021-22 elapsed	Oct.-April 2021-22	% of Projected	Full-year Forecast
WTO Raw TRQ	768,505	61%	1,252,786
WTO Refined TRQ	192,282	80%	241,457
FTA Sugar in TRQs	134,073	57%	233,211
Total Quota	1,094,860	63%	1,727,454
Re-export Program	226,810	76%	300,000
Mexico	644,497	53%	1,220,212
High-duty Sugar	177,386	80%	221,495
Total Imports	2,143,553	62%	3,469,161

- Total USDA import forecast is up 411,458 tons, or 13%, from April due to increases in all categories except refined TRQ and FTA TRQs.
- Refined TRQ and high-duty running well ahead of pace to meet projection, with re-export sugar also strong.

SUA May 2022: TRQ Reallocation

25 countries received additional TRQ allocations of 201,551 tonnes.

Tonnes	Original TRQ	Reallocation	New TRQ
Argentina	45,281	11,027	56,308
Australia	87,402	21,284	108,686
Barbados	7,371	1,795	9,166
Belize	11,584	2,821	14,405
Bolivia	8,424	2,051	10,475
Brazil	152,691	37,182	189,873
Colombia	25,273	6,154	31,427
Costa Rica	15,796	3,846	19,642
Dom. Rep.	185,535	40,000	225,535
Ecuador	11,584	2,821	14,405
El Salvador	27,379	6,667	34,046
Fiji	9,477	2,308	11,785
Guatemala	50,546	12,309	62,855
Guyana	12,636	3,077	15,713
Honduras	10,530	2,564	13,094
India	8,424	2,051	10,475
Malawi	10,530	2,564	13,094
Mauritius	12,636	3,077	15,713
Mozambique	13,690	3,334	17,024
Panama	30,538	7,437	37,975
Peru	43,175	10,514	53,689
South Africa	24,220	5,898	30,118
Swaziland	16,849	4,103	20,952
Thailand	14,743	3,590	18,333
Zimbabwe	12,636	3,077	15,713

11 countries surrendered all or most of their 2021-22 TRQ.

Tonnes	Surrendered
Congo	7,258
Ivory Coast	7,258
Gabon	7,258
Haiti	7,258
Madagascar	7,258
Papua New Guinea	7,258
Philippines	123,480
St. Kitts & Nevis	7,258
Taiwan	12,636
Trinidad-Tobago	7,371
Uruguay	7,258

Only surprise is that Philippines didn't surrender its full TRQ of 142,160 tonnes since it previously indicated it would not export any sugar this year (and maybe not next year).

SUA May 2022: SMD May 2022

Source: USDA.

-- Year-to-Date --

<i>Short tons, Raw value</i>	Oct.-Mar. <u>2021-22</u>	% change <u>from 20-21</u>
Beginning stocks	1,704,830	+5.4%
Total production	7,521,174	-1.3%
Beet	3,876,190	-2.8%
Cane	3,644,985	+0.3%
Total imports	1,786,777	+15.1%
Total supply	11,012,781	+2.0%
Total exports	10,501	-55.4%
Total deliveries	6,256,031	+6.2%
Deliveries, human use	6,197,838	+6.2%
Misc. supply adj.	32,796	+296.1%
Total use	6,299,328	+6.4%
Ending stocks	4,713,454	-3.2%

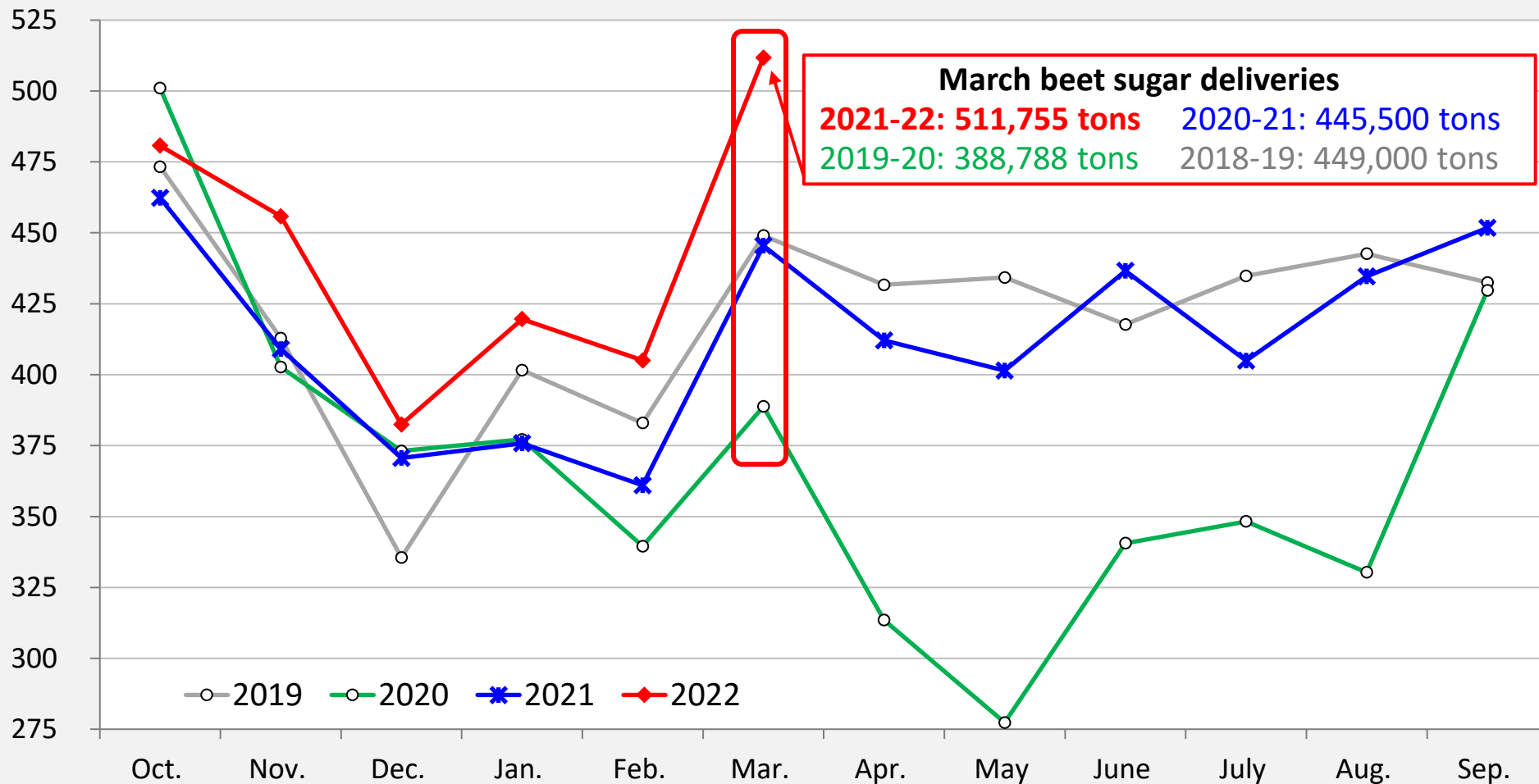
Oct.-Mar. production was down 1.3% from 2021 but March was up 9.7% (beet up 7.9%, cane up 12.3%). Oct.-Mar. imports were up 15.1% with March down 0.7%.

Oct.-Mar. deliveries for food were up 6.2% from 2021 with March deliveries up 5.9%.

USDA has raised delivery projection for year by 250,000 tons in past three months based on strong Oct.-Mar. deliveries. Some processors indicated deliveries slowed in April-May.

SUA May 2022: Beet Sugar Deliveries

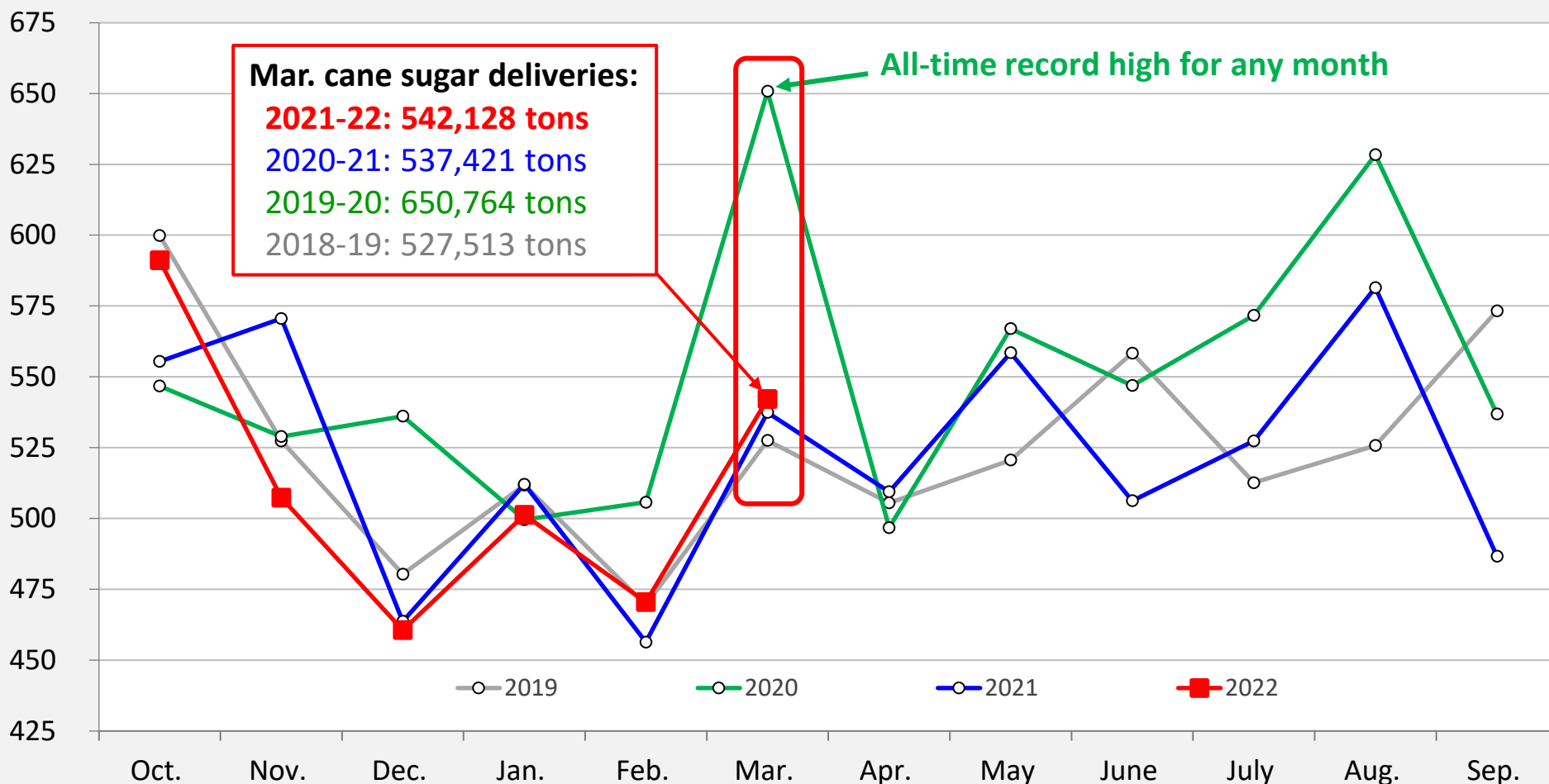
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



March beet sugar deliveries of 511,755 tons were up 26% from February, were up 15% from a year ago, were the highest ever for March and were the second highest ever for any month (October 2017 higher at 517,843 tons). Oct.-Mar. deliveries up 9.5% from a year ago and highest on record for the period.

SUA May 2022: Refined Cane Deliveries

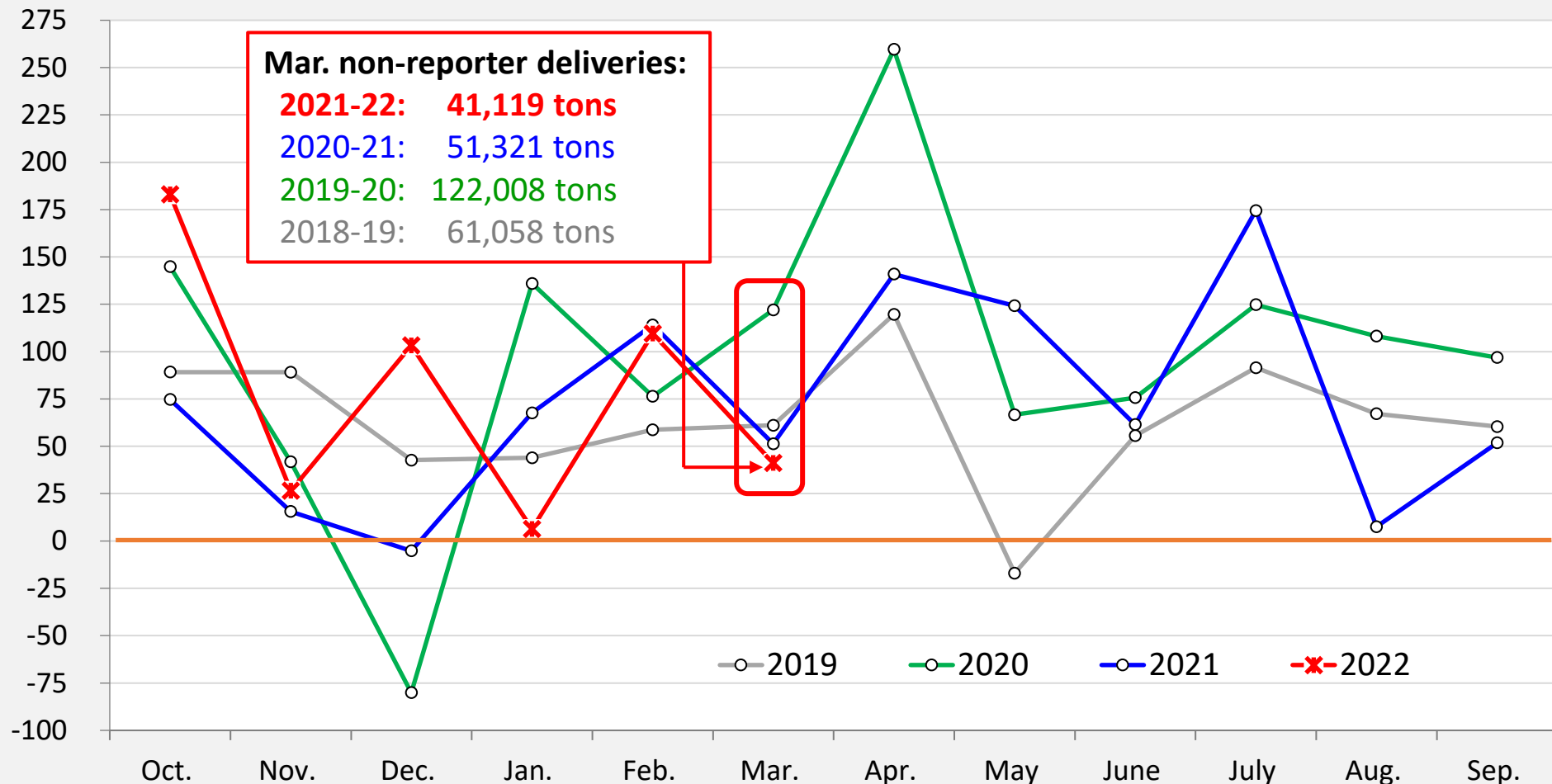
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



March refined cane sugar deliveries of 542,128 tons were up 15% from February and were up 0.9% from a year ago. Oct.-Mar. cane sugar deliveries of 3,072,806 tonnes were down 0.7% from a year earlier and were the lowest for period since 2017-18.

SUA May 2022: Non-Reporter Deliveries

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



March N-R deliveries of 41,119 tons were down 63% February and were down 24% from March 2021. Oct.-Mar. N-R deliveries of 469,652 tons were up 48% from the same period a year earlier and were the second highest on record for the period after 2015-16.

SUA May 2022: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	<u>Oct.-Mar. Deliveries</u>	<u>Oct.-Mar. % change</u>	<u>Oct.-Feb. % change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	5,393,876	3.8	3.1
1-Bakery, cereal, and related products	1,263,686	4.6	3.6
5-Confectionery and related products	581,563	13.2	13.5
6-Ice cream and dairy products	395,445	-0.5	0.1
7-Beverages	363,242	8.3	10.3
8-Canned, bottled and frozen foods	199,093	4.7	6.4
4-Multiple and all other food uses	529,359	-6.6	-6.2
10-Non-food uses	56,952	-8.4	-7.7
11-Hotels, restaurants, institutions	46,738	6.5	4.6
2-Wholesale grocers, jobbers, dealers	1,195,505	8.0	6.3
3-Retail grocers, chain stores	617,441	-0.5	-2.4
12-Government agencies	7,971	1.9	1.1
9-All other deliveries	136,882	-4.9	-8.7
Total Deliveries/1 (short tons, <u>raw value</u>)	5,771,447	3.8	3.1
Crystalline:	4,919,604	3.2	2.1
Consumer-size packages (retail)	1,012,495	-6.5	-9.0
Packages 50 lbs and greater	1,585,137	11.9	13.1
Unpackaged (bulk)	2,321,972	2.3	0.7
Non-crystalline/2	851,843	7.6	9.5

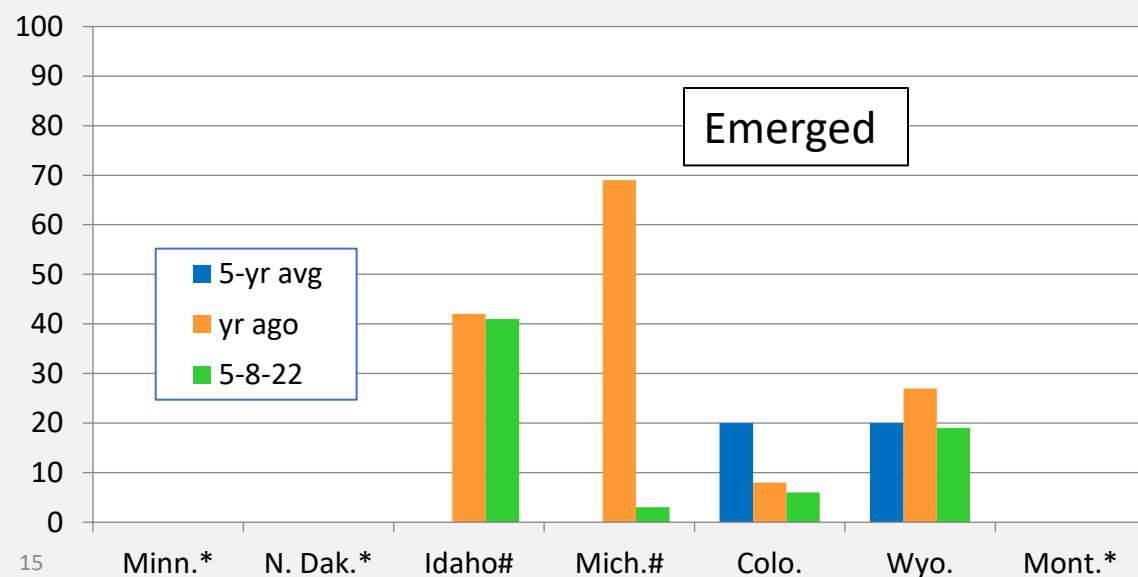
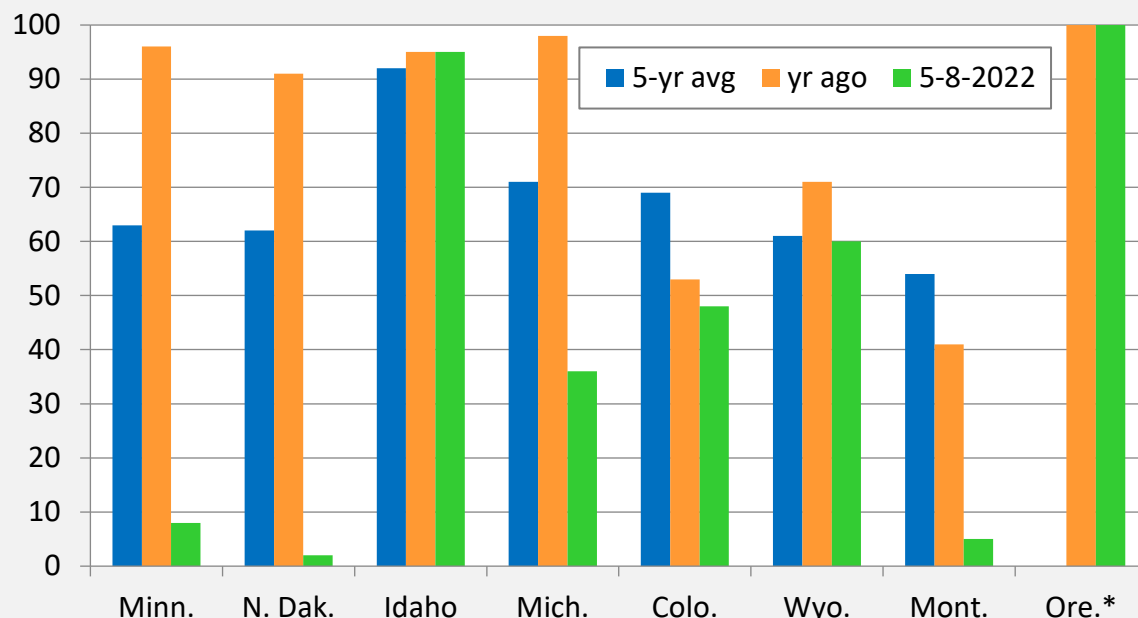
1/Deliveries from domestic sugar beet processors, sugar cane processors and refiners.

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

Source: USDA

SUA May 2022: Sugar Beet Planting Progress

Source: USDA weekly crop progress reports as of May 8, 2022.



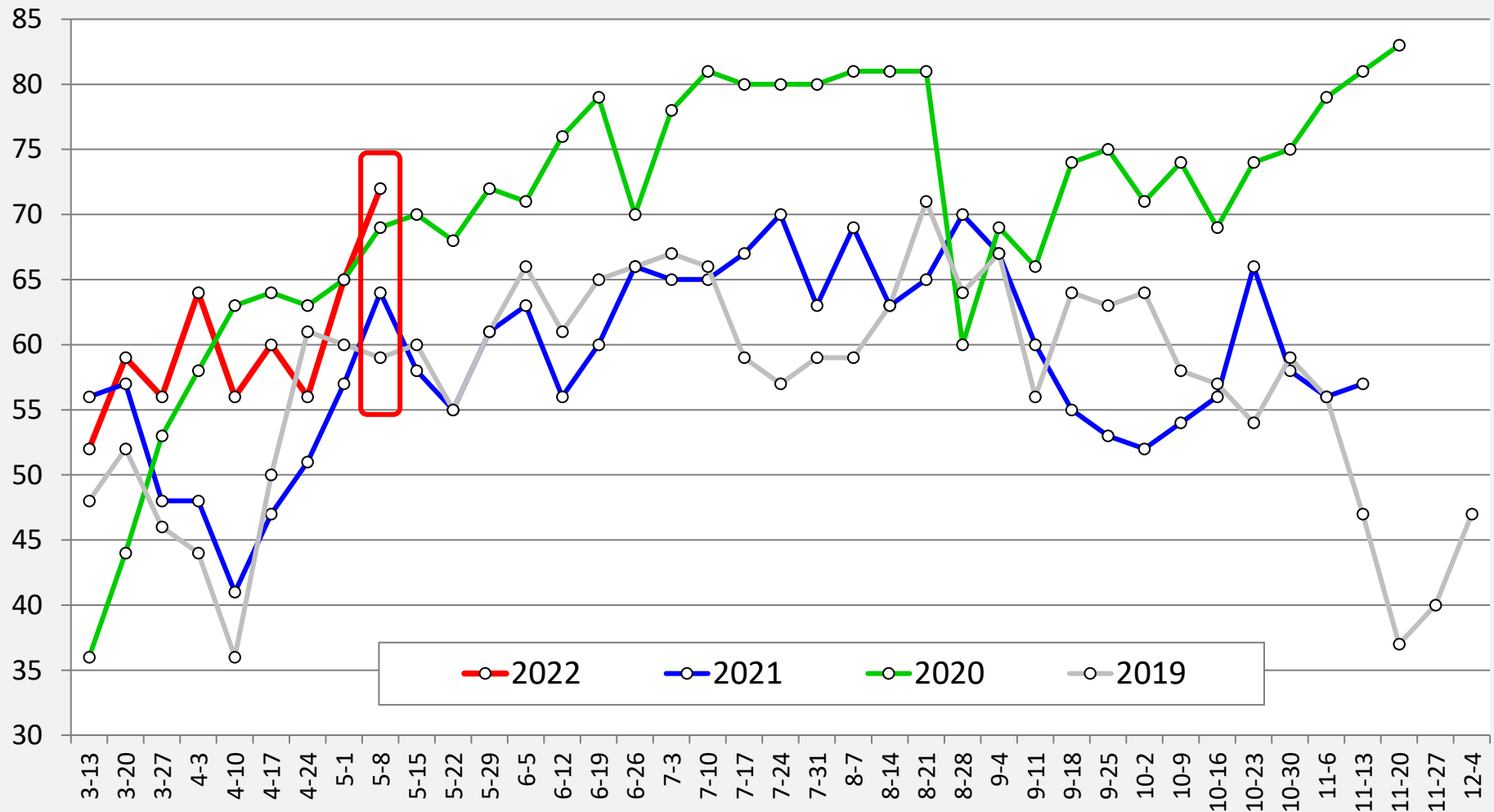
Planting is off to a very slow start in the Red River Valley and Montana and a slow start in Michigan. Planting can be completed in a couple weeks once soils dry out, and beets will get planted, but early harvest will be affected, and Aug.-Sept. sugar production will be reduced.

Some processors also are reducing 2022-23 production forecasts. Planting is ahead of the 5-year pace in Idaho, but growers face dry conditions and water restrictions for irrigation.

Not all states are yet reporting emergence due to late planting.

SUA May 2022: USDA Louisiana Cane Rating

As of May 8, 2022. Source: USDA weekly crop progress reports.



Louisiana sugar cane ratings rose sharply the past two weeks with the good-to-excellent rating at 72%, the highest of the season and highest since at least 2016.

SUA May 2022: Cash Sugar Prices - Higher

Beet sugar 2021-22

Spot beet sugar prices are unquoted.

Cane sugar 2021-22

Spot cane sugar is offered at 58c a lb f.o.b. nationwide.

Pricing for 2022-23

Midwest beet raised to 42.50c a lb f.o.b. in April but went to unquoted this week with three processors temporarily out of the market.

Pricing for 2023-24

Beet sugar offered and trading at 39.50c to 40c a lb Midwest; 42c a lb Michigan; one Midwest processor also pulled out of the 2023-24 market this week.

Recent developments and factors to watch in cash sugar market

- Spot beet sugar is unavailable since Michigan's force majeure.
- Cane sugar available from one refiner at 58c a lb f.o.b. all locations.
- High-tier sugar also an option at current spot and raw sugar prices.
- Planting delays will limit sugar available in 2021-22 from early harvest.
- Three beet processors out of market for 2022-23; very well sold for 2022-23.
- Raw sugar supplies increased by TRQ reallocation, Mexico export limit increase.
- Sales for 2023-24 are unusually active this early.
- Logistics continue to impact imports and domestic shipments.

SUA May 2022: New York #16 Raw Futures

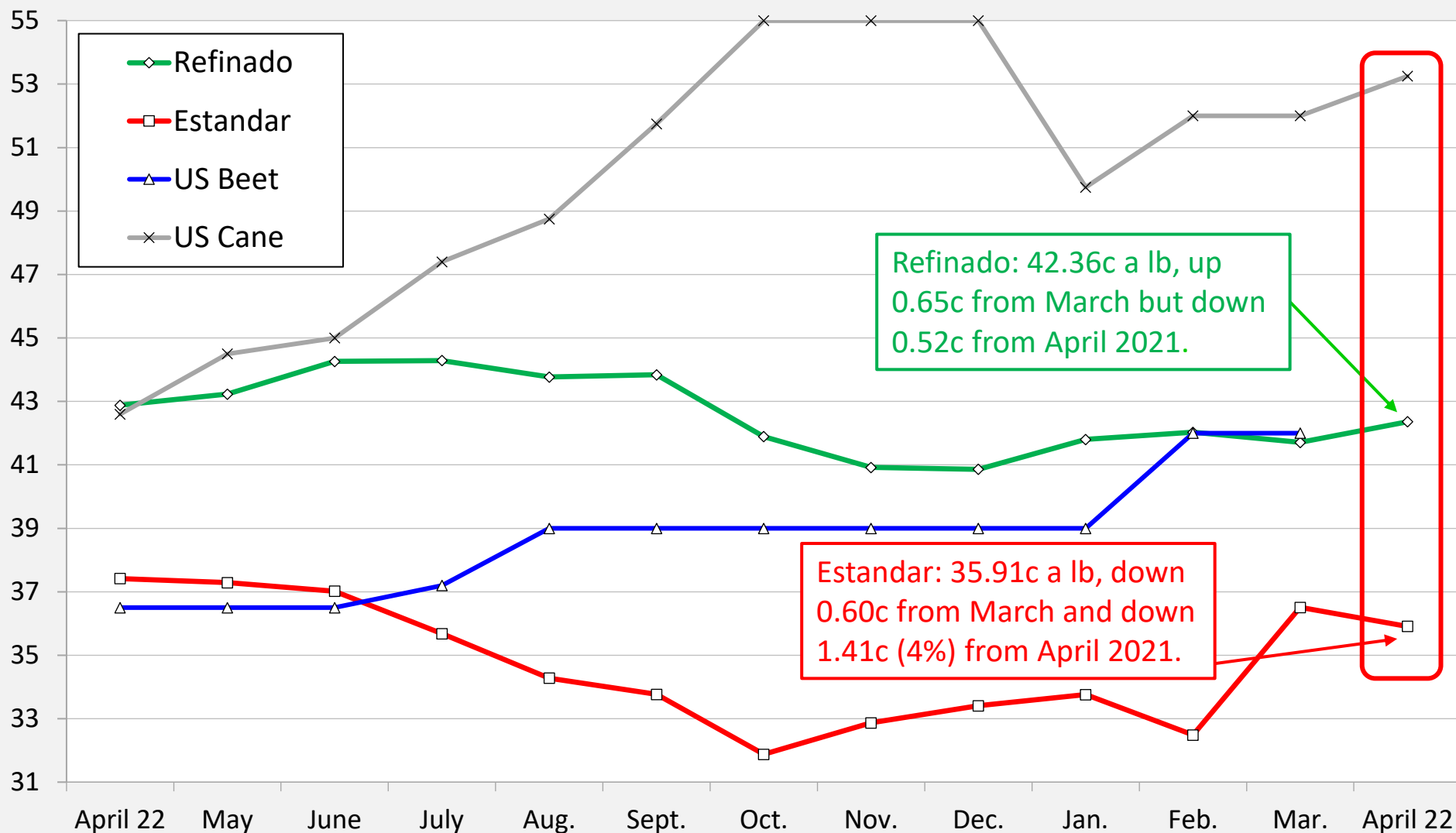
ICE domestic raw sugar futures as of May 11, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFN22 (D10)	36.45 S	0.15			322	888	1:20:53 PM EDT - 05/11/22	36.45 S
ESFU22 (D10)	36.55 S	0.15			0	2095	1:20:53 PM EDT - 05/11/22	36.55 S
ESFX22 (D10)	36.45 S	0.05			0	1395	1:20:53 PM EDT - 05/11/22	36.45 S
ESFF23 (D10)	36.40 S	0.00			0	879	1:20:53 PM EDT - 05/11/22	36.40 S
ESFH23 (D10)	36.40 S	0.00			0	1419	1:20:53 PM EDT - 05/11/22	36.40 S
ESFK23 (D10)	36.40 S	0.00			0	693	1:20:53 PM EDT - 05/11/22	36.40 S
ESFN23 (D10)	36.40 S	0.00			0	1271	1:20:53 PM EDT - 05/11/22	36.40 S
ESFU23 (D10)	36.15 S	0.00			0	533	1:20:53 PM EDT - 05/11/22	36.15 S
ESFX23 (D10)	34.25 S	0.00			0	235	1:20:53 PM EDT - 05/11/22	34.25 S
ESFF24 (D10)	33.90 S	0.00			0	59	1:20:53 PM EDT - 05/11/22	33.90 S
ESFH24 (D10)	33.90 S	0.00			0	50	1:20:53 PM EDT - 05/11/22	33.90 S

- July and September are down from month ago; all later months are higher.
- Nearby months pressured by reallocation and Mexico increase; have firmed since.
- Trading volume tended to be light with spurts on occasion.
- Board indicates strong prices at least through 2023.

SUA May 2022: US & Mexico Sugar Prices

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



US refined cane rose to 58c a lb in late April (53.25c average for month) while beet sugar moved to unquoted for most of April.

SUA May 2022: Mexico WASDE

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

	May	May	21-22 change from		May	Change
	<u>20-21</u>	<u>21-22</u>	<u>April</u>	<u>20-21</u>	<u>22-23</u>	<u>21-22</u>
Begin. Stocks	858	1,053	-	195	921	(132)
Production	5,715	6,167	-	452	6,000	(167)
Imports	65	50	-	(15)	50	-
Total Supply	6,638	7,270	-	632	6,971	(299)
Exports	1,165	1,937	(2)	772	1,628	(309)
Domestic Use	4,420	4,412	-	(8)	4,422	10
Total Use	5,585	6,349	(2)	764	6,050	(299)
Ending Stocks	1,053	921	2	(132)	921	-
S-T-U (total)	18.9%	14.5%	-	-4.4	15.2	+0.7
S-T-U (dom.)	23.8%	20.9%	-	-2.9	20.8	-0.1

2021-22: Very minor change from April in 2021-22 (increase in exports to US taken from exports to third countries, so negligible net change).

2022-23: “Production of less-than-99.2 pol raw sugar, or ‘other sugar’ as defined in AD/CVD Suspension Agreements, is projected at 792,868 tonnes.”

SUA May 2022: Global Sugar Overview

- **Global supply/demand fundamentals**
 - India's sugar production and exports forecast record high in 2021-22 with no export subsidy; has kept lid on world raw prices.
 - Higher 2022-23 sugar production expected in Thailand, Australia, others; lower output in China, EU, Philippines, others.
 - Brazil's 2022-23 season started April 1; harvest in April far behind year ago due to low sugar content in cane; mixed views on sugar production due to uncertainty about ethanol share of cane crush.
 - China's COVID lockdown may be denting demand, as is high inflation.
- **Pricing**
 - Nearby raws have weakened from month ago, in part due to forecast modest global surplus next year.
 - Strong exports from India offer resistance.
 - Energy continues to have outsized influence on raw sugar prices.
 - Mixed views from analysts at Sugar Week sessions, but most had somewhat more bearish tone than at Colloquium (prices seen in the 16.50c to 20c a lb range versus 20c to 22c).

SUA May 2022: New York #11 Raw Futures

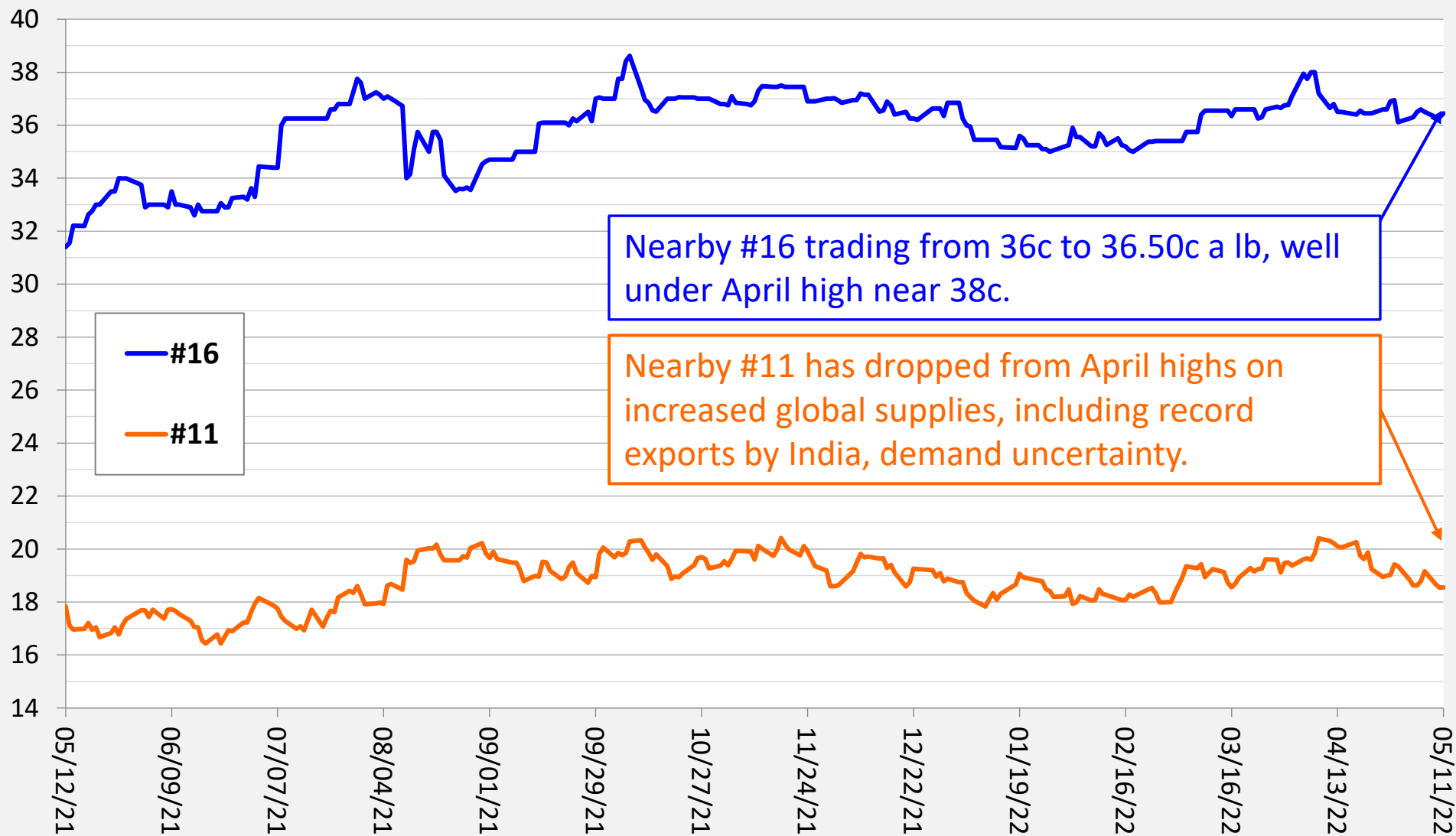
ICE world raw sugar futures as of May 11, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBN22 (D10)	18.55 S	0.01	18.73	18.44	48897	333384	1:03:29 PM EDT - 05/11/22	18.55 S
ESBV22 (D10)	18.69 S	0.03	18.82	18.58	17318	181981	1:03:29 PM EDT - 05/11/22	18.69 S
ESBH23 (D10)	18.98 S	0.02	19.11	18.89	5736	117683	1:03:29 PM EDT - 05/11/22	18.98 S
ESBK23 (D10)	18.41 S	0.04	18.51	18.33	1461	56016	1:03:29 PM EDT - 05/11/22	18.41 S
ESBN23 (D10)	18.04 S	0.06	18.13	17.95	612	43545	1:03:29 PM EDT - 05/11/22	18.04 S
ESBV23 (D10)	17.84 S	0.07	17.93	17.75	447	29089	1:03:29 PM EDT - 05/11/22	17.84 S
ESBH24 (D10)	18.02 S	0.06	18.13	17.95	238	18607	1:03:29 PM EDT - 05/11/22	18.02 S
ESBK24 (D10)	17.58 S	0.06	17.65	17.53	87	3832	1:03:29 PM EDT - 05/11/22	17.58 S
ESBN24 (D10)	17.30 S	0.06	17.32	17.26	42	6864	1:03:29 PM EDT - 05/11/22	17.30 S
ESBV24 (D10)	17.24 S	0.08	17.25	17.23	79	4948	1:03:29 PM EDT - 05/11/22	17.24 S
ESBH25 (D10)	17.35 S	0.10	17.34	17.33	32	1504	1:03:29 PM EDT - 05/11/22	17.35 S

- Nearby prices have weakened about 0.50c from a month ago with values lower into early 2023; later 2024 months are higher.
- Deliveries against the May contract were relatively light, indicating limited nearby demand, with some exceptions.
- Crude oil prices continue outsized influence on world raws (Brazil ethanol).
- Pressure has come from forecasts of modest global sugar surplus.
- And from record production, exports from India.

SUA May 2022: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of May 11, 2022.



SUA May 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

Continue to hear about production issues at one refiner and shipping issues at most refiners due to lack of truck and rail tankers. Spot supplies generally lacking, esp. for dextrose. One refiner may be expanding production.

USDA projected Mexico's 22-23 HFCS consumption at 1,317,000 tonnes, up 0.5% from 21-22. Oct.-Mar. consumption of 619,000 tonnes was down 2.4% from same period of 2020-21.

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

There were no changes from April in forecast use of corn to make ethanol or for food (Feed Outlook not released yet). USDA in May WASDE left all 2021-22 corn S/D numbers unchanged except corn price, up 10c a bu. Initial 2022-23 trend forecast has corn production down 4.3% from 2021, and late planting may be further eroding potential, with indication of higher use for sweeteners.

Average price of corn for 22-23 was up 85c, or 14%, from 21-22 at \$6.75 per bu.

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

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 May 2022: Factors to Watch . . .

- **In the Domestic Sweetener Market**
 - Slow planting progress in all areas, esp. Upper Midwest, and impact on early harvest as well as 2022-23 sugar production.
 - Sucro Can Canada to double Hamilton, Ont. refining capacity to 200,000 tonnes by 2024.
 - Atlantic tropical storm season – forecast above average.
 - Logistics – West Coast labor contract expires July 1 – and ongoing truck, train delays along with port congestion, high freight rates.
 - Inflation may negatively impact consumer sugar demand.
- **In the Global Sugar Market**
 - Record-high sugar production and exports from India.
 - Slow start to cane harvest in Brazil; sugar used for ethanol?
 - Russia-Ukraine war impact on energy prices.
 - World raw price trend somewhat less bullish than month ago.

■ Domestic Sweetener Market

- Despite significant 21-22 supply increase reflected in WASDE, spot beet sugar is unavailable and spot cane prices remain high.
- Strong deliveries in first-half 2021-22 may be easing slightly.
- Sales for 2022-23 surged in March and are ahead of average.
- Three beet processors are out of the market (temporarily) for 2022-23; may reenter mid- to late-July.
- Supplies (at least beet) will be highly committed early for next year, supporting spot cash prices, esp. if cane prices remain high.

■ Global Sugar Market

- No. 11 raws have weakened due to forecast global surplus, record-high exports from India.
- Brazil remains wildcard due to uncertainty about sugar/ethanol mix of cane crush (and slow harvest progress to date).