

Sweetener Users Association Conference Call

August 19, 2022

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SUA August 2022: What's Happening in Sugar?

■ Domestic

- S-T-U ratios boosted to 14.3% for both 2021-22 and 2022-23.
- Deliveries unchanged in WASDE; processors note slowdown.
- June beet, cane, N-R deliveries slow from May per SMD.
- Focus on final stages of beet crop development; harvest delayed.
- Beet processors still out of market for 2022-23.
- Some beet and cane sugar sales continue for early 2023-24.
- No change in refined cane sugar prices despite more raws.
- No. 16 raws remain firm, prices flat going forward.

■ Global

- Questions about demand related to recession, China slowdown.
- Another fuel price cut in Brazil likely to shift more cane to sugar.
- Shrinking 2021-22 global deficit, modest 2022-23 surplus.
- World raw prices under some pressure.

SUA August 2022: S/D Overview - Sugar

- **US Sugar supply/demand – August 2021-22**
 - Main change was increase in high-tier imports to 325,000 tons.
 - Production adjusted slightly; deliveries unchanged.
 - Ending stocks raised by 46,000 tons; S-T-U ratio to 14.3% from 14%.
 - Current market seems far from 14.3% S-T-U.
 - Supplies remain tight in August-September due to delays in beet harvest and processing.
- **US Sugar supply/demand – August 2022-23**
 - Beginning stocks raised 46,000 tons.
 - Production raised 204,000 tons (all beet) due to higher yield.
 - Imports unchanged.
 - Deliveries unchanged.
 - Ending stocks raised 250,000 tons from July; S-T-U at 14.3%, up from 12.4% in July.
 - Market is tight heading into next year despite 14.3% S-T-U.

SUA August 2022: USDA August 21-22 WASDE

1000 short tons raw value	August	Change from July		Change from 20-21		RS-SPC
	<u>21-22</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>21-22</u>
Begin. Stocks	1,705	-	0.0%	87	5.4%	1,705
Production	9,117	(1)	0.0%	(116)	-1.3%	9,110
Beet	5,155	(1)	0.0%	63	1.2%	5,150
Cane	3,961	-	0.0%	(180)	-4.3%	3,960
Imports	3,746	47	1.3%	525	16.3%	3,740
T.R.Q.	1,766	-	0.0%	17	1.0%	1,760
Other Prog.	300	-	0.0%	8	2.7%	300
Mexico	1,355	-	0.0%	387	40.0%	1,350
High Tier	325	47	16.9%	113	53.3%	330
Ttl Supply	14,568	46	0.3%	496	3.5%	14,555
Exports	35	-	0.0%	(14)	-28.6%	35
Deliveries	12,705	-	0.0%	428	3.5%	12,695
Food	12,600	-	0.0%	439	3.6%	12,590
Other	105	-	0.0%	(11)	-9.5%	105
Misc.	-	-	-	(40)	-100%	-
Total Use	12,740	-	0.0%	373	3.0%	12,730
Ending Stocks	1,828	46	2.6%	123	7.2%	1,825
Stocks-to-use	14.3%	+0.3	-	+0.5	-	14.3%

Green column – US sugar production should be known; beet sugar a bit lower due to production issues for one processor; high-tier above USDA; deliveries slightly below USDA.

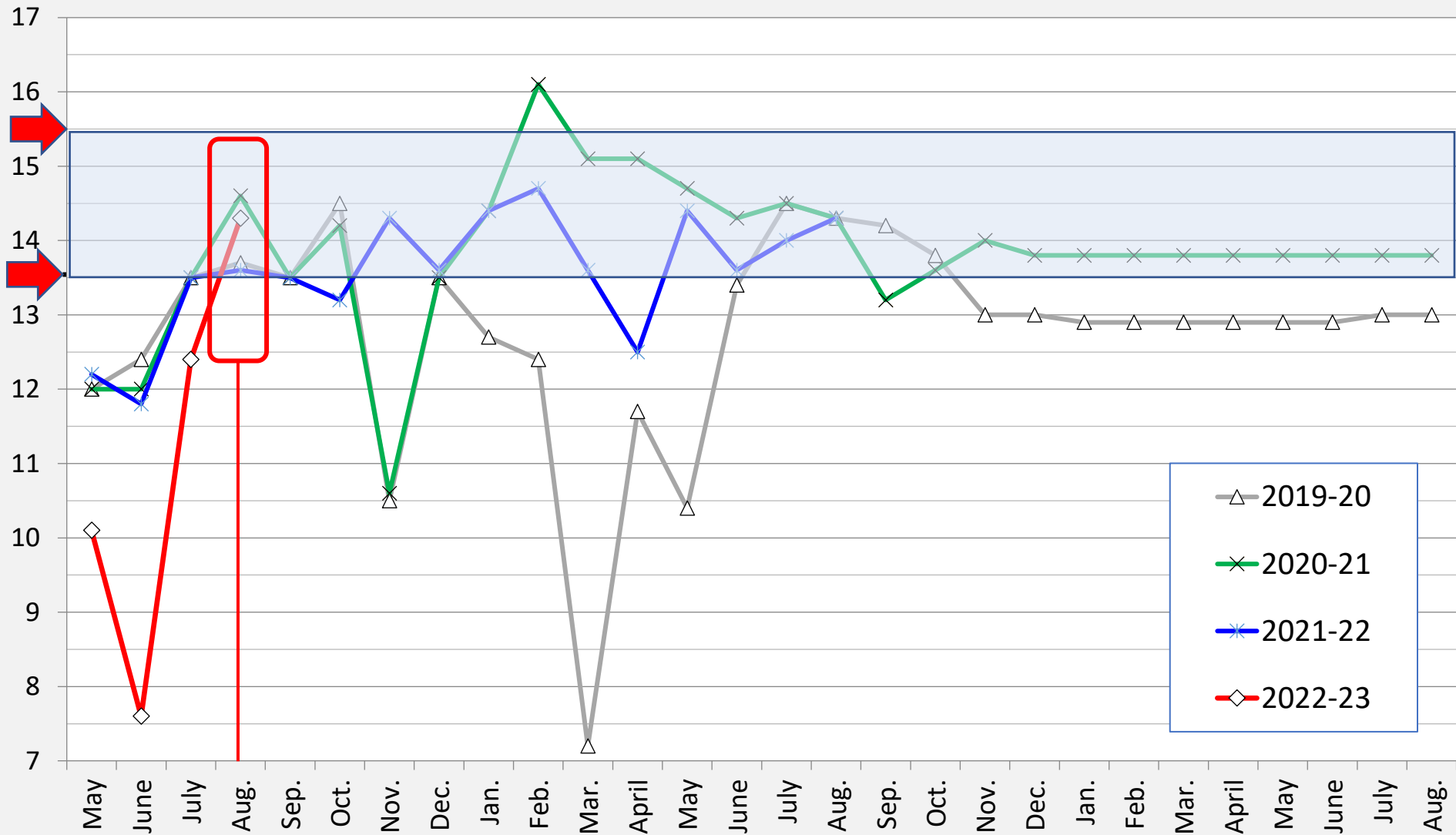
SUA August 2022: USDA August 22-23 WASDE

1000 short tons	August	August	Change from July		Change from 21-22		RS-SPC
raw value	<u>21-22</u>	<u>22-23</u>	<u>Tons</u>	<u>%</u>	<u>Tons</u>	<u>%</u>	<u>22-23</u>
Begin. Stocks	1,705	1,828	46	2.6%	123	7.2%	1,825
Production	9,117	9,151	204	2.3%	34	0.4%	9,110
Beet	5,155	5,138	204	4.1%	(17)	-0.3%	5,110
Cane	3,961	4,013	-	0.0%	52	1.3%	4,000
Imports	3,746	3,501	-	0.0%	(245)	-6.5%	3,410
T.R.Q.	1,766	1,445	-	0.0%	(321)	-18.2%	1,600
Other Prog.	300	250	-	0.0%	(50)	-16.7%	250
Mexico	1,355	1,756	-	0.0%	401	29.6%	1,460
High Tier	325	50	-	0.0%	(275)	-84.6%	100
Ttl Supply	14,568	14,479	250	1.8%	(89)	-0.6%	14,345
Exports	35	35	-	0.0%	-	0.0%	35
Deliveries	12,705	12,630	-	0.0%	(75)	-0.6%	12,605
Food	12,600	12,525	-	0.0%	(75)	-0.6%	12,500
Other	105	105	-	0.0%	-	0.0%	105
Misc.	-	-	-	-	-	-100.0%	-
Total Use	12,740	12,665	-	0.0%	(75)	-0.6%	12,640
Ending Stocks	1,828	1,814	250	16.0%	(14)	-0.8%	1,705
Stocks-to-use	14.3%	14.3%	+1.9		-		13.5%

Green column – I balanced for 13.5% S-T-U, with lower beet & cane production, higher TRQ imports due to specialty sugar not yet counted by USDA, higher high-tier imports, thus lower imports from Mexico to balance. I have deliveries lower than USDA.

SUA August 2022: Monthly S-T-U Ratios

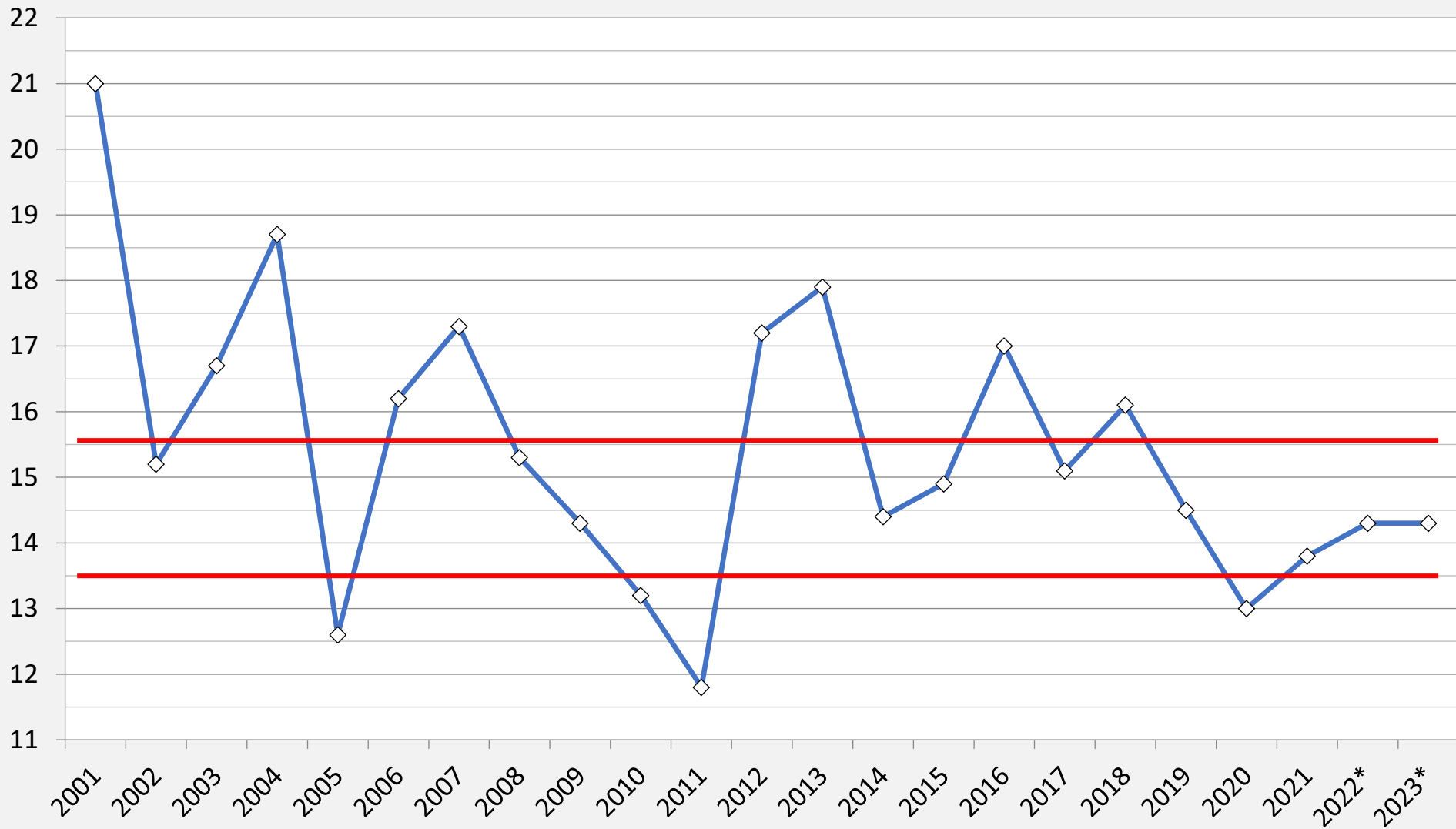
Monthly S-T-U ratios starting in May with initial USDA projection. In percent.



Source: USDA.

SUA August 2022: Annual S-T-U Ratios

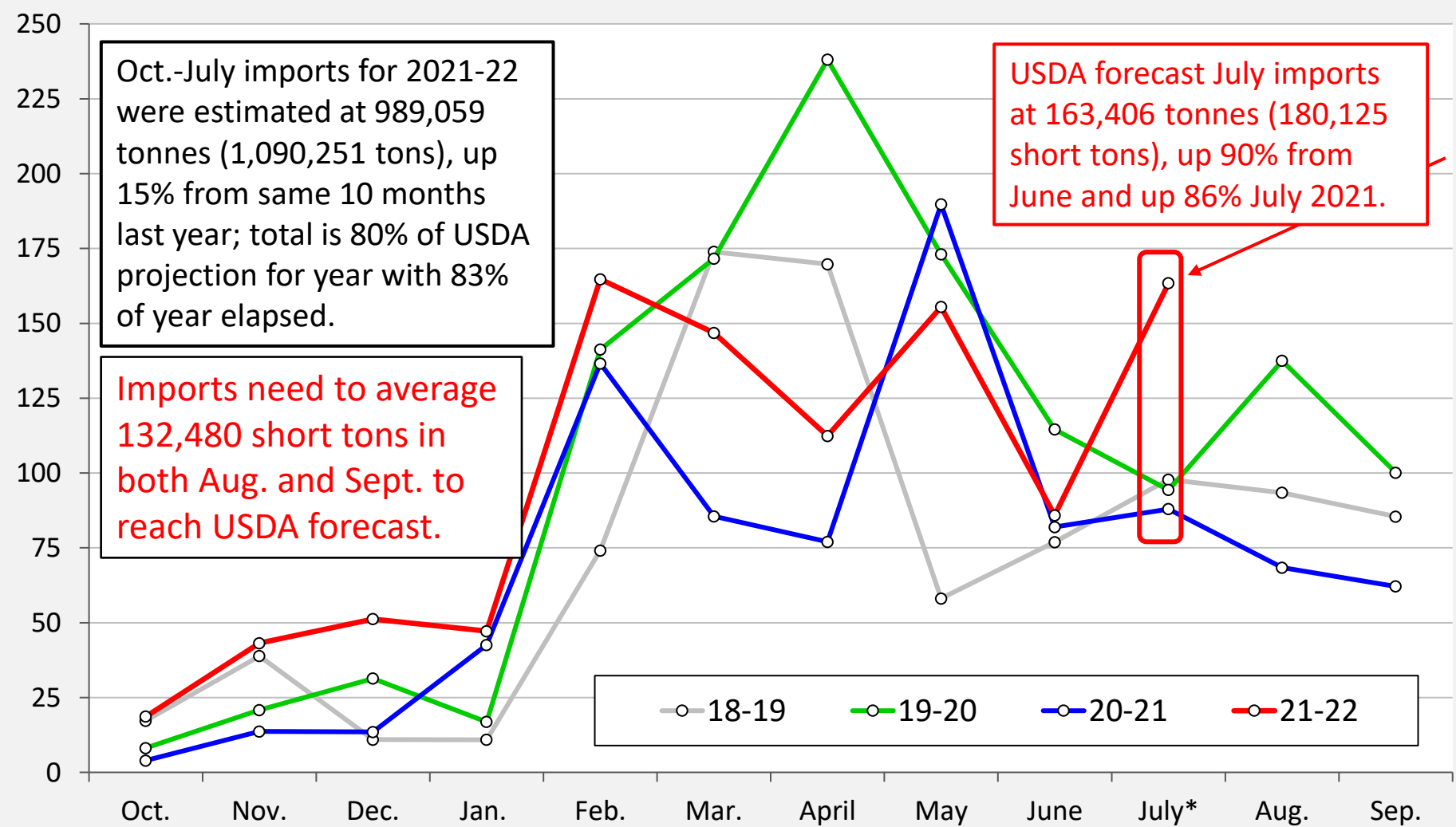
Annual S-T-U ratios; *2022 and 2023 projected by USDA as of August WASDE.



Source: USDA.

SUA August 2022: Imports from Mexico

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



June imports were revised down to 85,902 tonnes (94,690 short tons) from 111,137 tonnes forecast by USDA last month.

SUA August 2022: Year-To-Date Sugar Imports

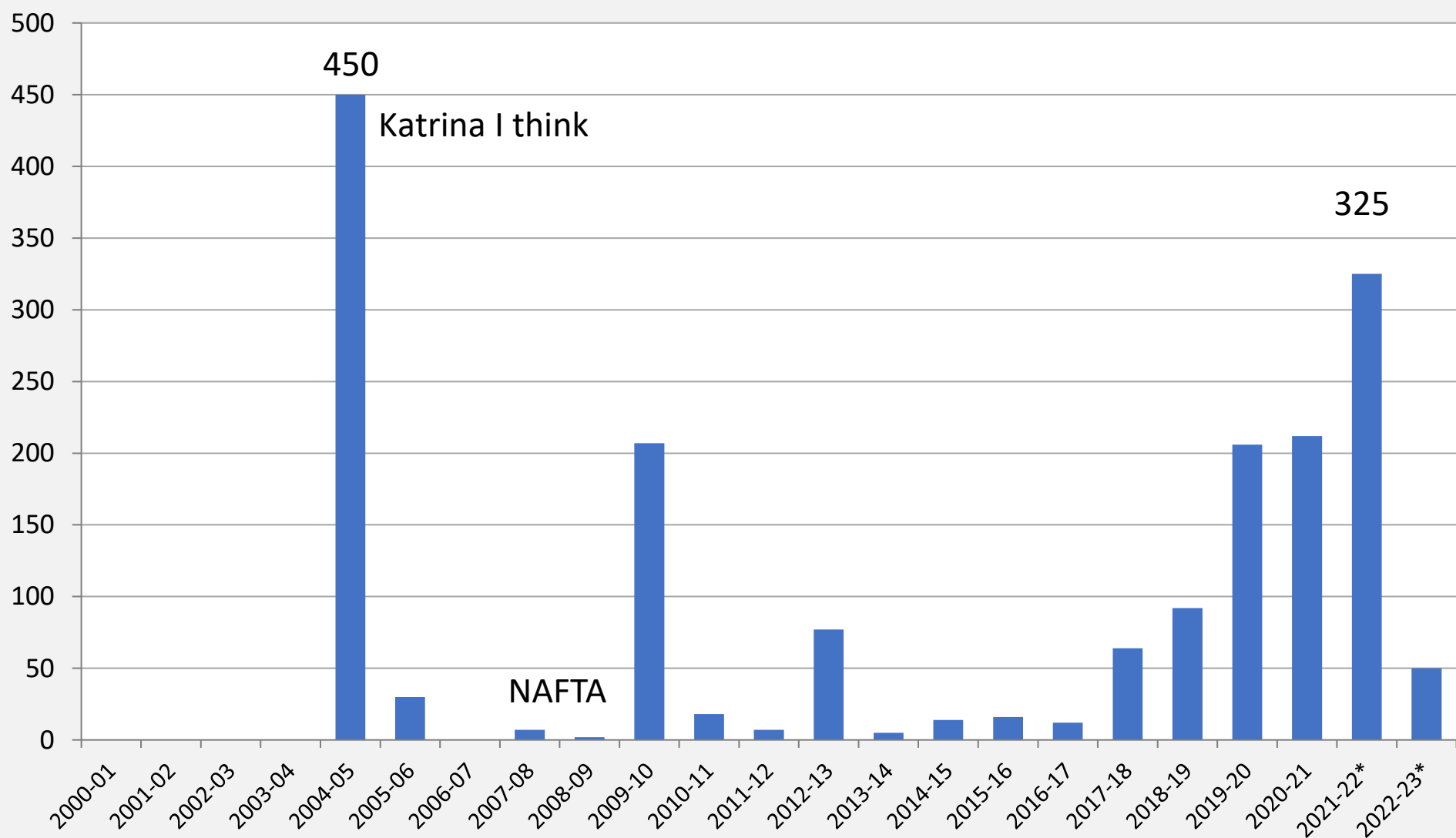
In short tons, raw value. Sources: USDA and US Census Bureau.

	Oct.-July 2021-22	% of Projected	Full-year Forecast
83% of 2021-22 elapsed			
WTO Raw TRQ	922,951	71%	1,291,056
WTO Refined TRQ	236,800	98%	241,457
FTA Sugar in TRQs	205,115	88%	233,211
Total Quota	1,364,865	77%	1,765,724
Re-export Program	263,668	88%	300,000
Mexico	1,090,251	80%	1,355,212
High-duty Sugar	277,464	85%	325,000
Total Imports	2,996,249	80%	3,745,936

- Total USDA import forecast is up from last month due to a 46,564-ton increase in high-duty import forecast. Total import projections are also up by 46,564 tons from July.
- Total year-to-date imports are slightly behind pace to meet USDA projections, **with WTO raw sugar TRQ the furthest behind at 71% of total.**

SUA August 2022: Annual High-Tier Imports

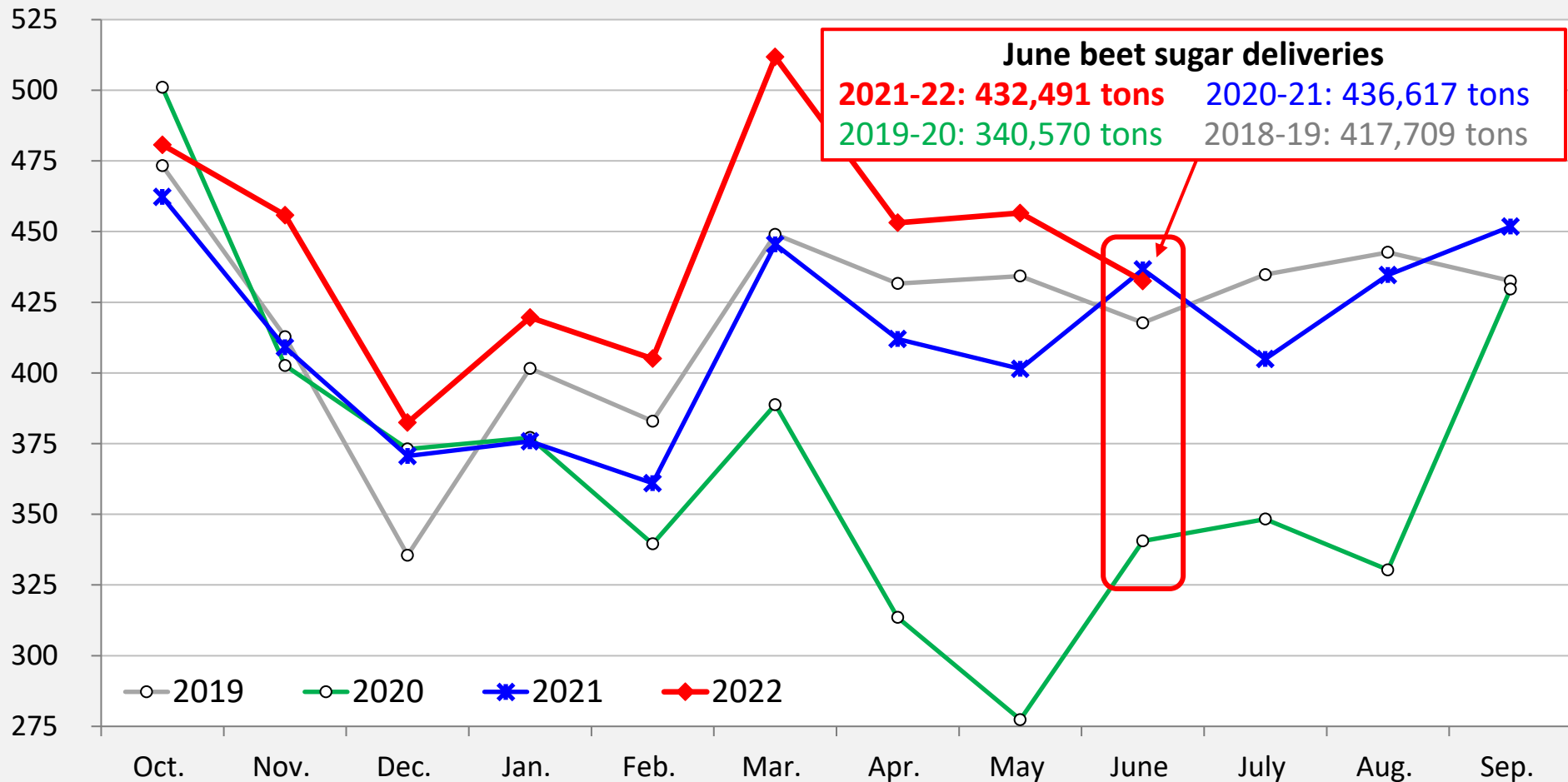
In 1,000 short tons, raw value. Source: USDA WASDE reports.



High-tier imports weren't broken out from "other" in WASDE footnote until 2004-05, but total "other" was usually quite small.

SUA August 2022: Beet Sugar Deliveries

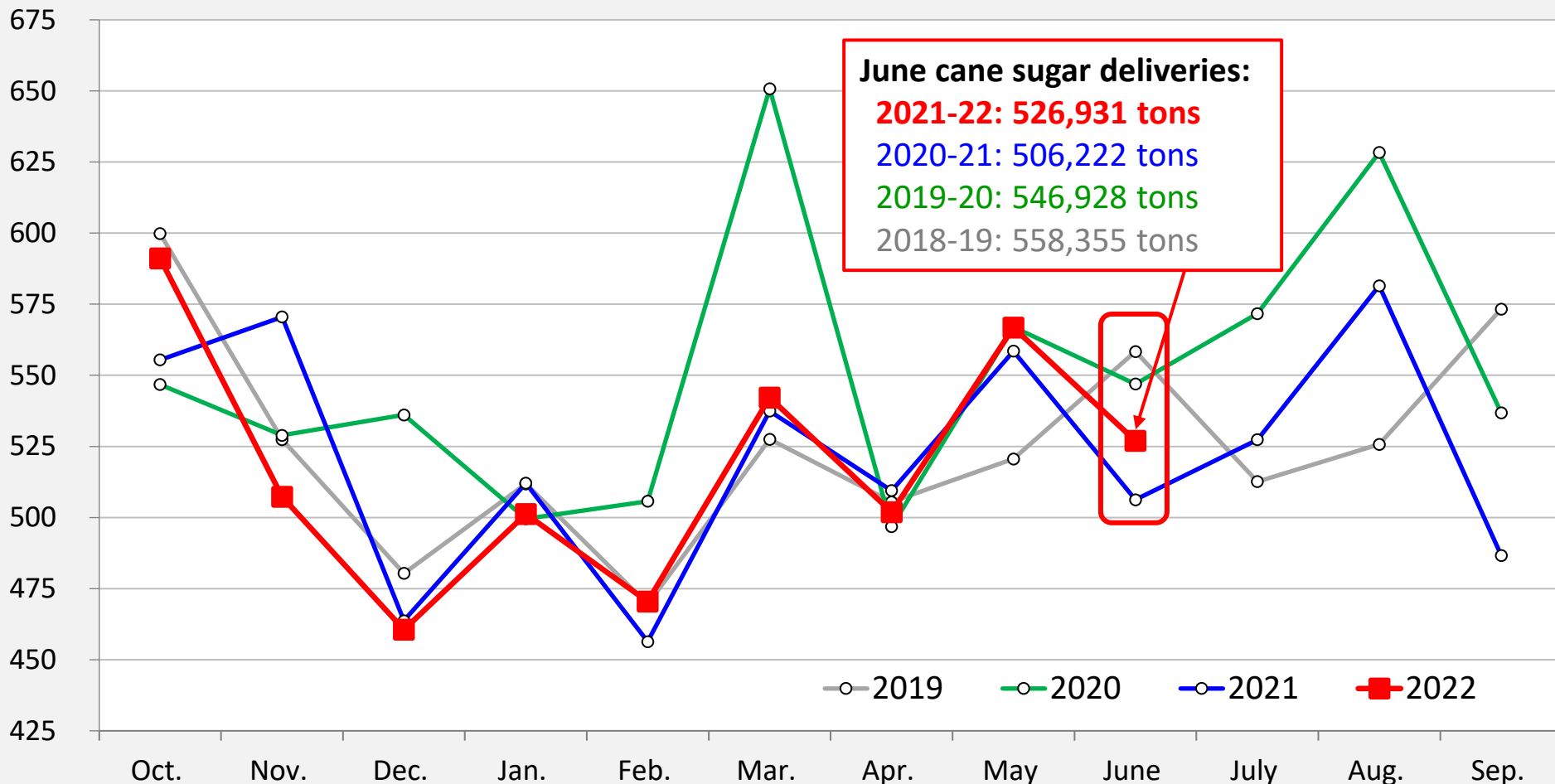
Monthly beet sugar deliveries, in 1,000 tons, raw value, fiscal year. Source: USDA



June beet sugar deliveries of 432,491 tons were down 5.5% from May and were down 1.1% from June 2021. October-June deliveries of 3,997,442 tons were up 9% from the same period a year ago and were the highest on record for the period.

SUA August 2022: Refined Cane Deliveries

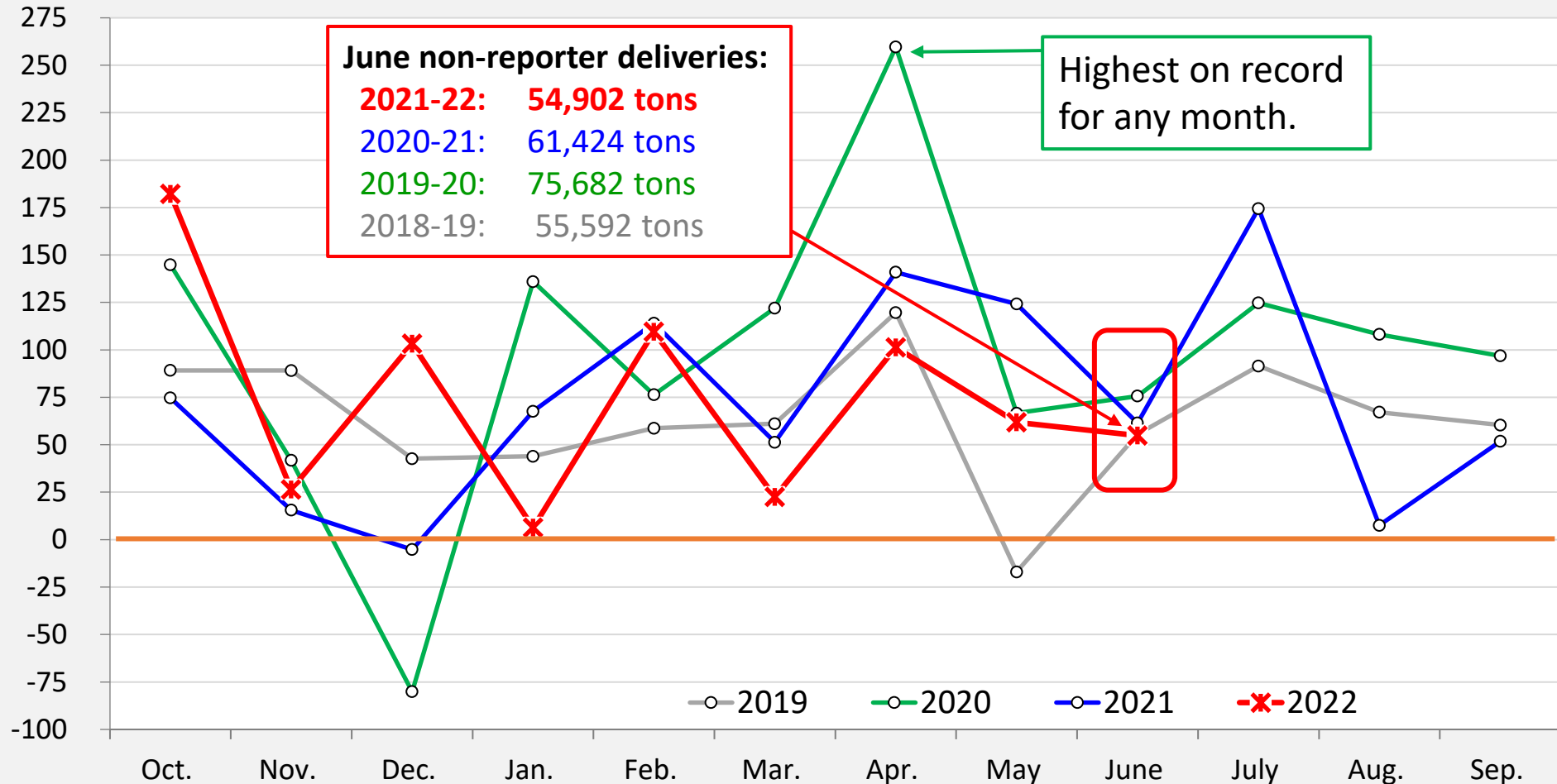
Monthly refined cane sugar deliveries, in 1,000 tons, raw value. Source: USDA



June refined cane sugar deliveries of 526,931 tons were down 7% from May but were up 4.2% from a year ago. Oct.-June cane sugar deliveries of 4,668,344 tonnes were down just 2,000 tons from a year ago and were the lowest for period since 2017-18.

SUA August 2022: Non-Reporter Deliveries

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



June N-R deliveries of 54,902 tons were down 11% from May and were down 10% from June 2021. N-R deliveries have slowed the last couple of months, but the Oct.-June total of 667,999 tons is up 3.6% from the same period last year.

SUA August 2022: Deliveries for Human Use

<u>PRODUCT OR BUSINESS OF BUYER</u>	<u>Oct.-June Deliveries</u>	<u>Oct.-June % change</u>	<u>Oct.-May % change</u>
Total Deliveries/1 (short tons, <u>actual weight</u>)	8,160,596	3.9	4.2
1-Bakery, cereal, and related products	1,929,767	5.3	5.1
5-Confectionery and related products	883,619	10.8	11.5
6-Ice cream and dairy products	610,745	0.3	0.1
7-Beverages	577,655	8.5	8.4
8-Canned, bottled and frozen foods	299,080	4.4	5.6
4-Multiple and all other food uses	762,406	-7.3	-6.1
10-Non-food uses	86,624	-6.5	-7.5
11-Hotels, restaurants, institutions	69,987	4.7	5.7
2-Wholesale grocers, jobbers, dealers	1,813,839	7.7	8.3
3-Retail grocers, chain stores	919,369	2.4	2.1
12-Government agencies	11,804	-0.1	1.3
9-All other deliveries	195,701	-11.6	-10.8
Total Deliveries/1 (short tons, <u>raw value</u>)	8,731,838	3.9	4.2
Crystalline:	7,414,916	3.3	3.6
Consumer-size packages (retail)	1,496,522	-5.0	-5.3
Packages 50 lbs and greater	2,401,346	10.2	11.0
Unpackaged (bulk)	3,517,048	2.7	3.1
Non-crystalline/2	1,316,922	7.6	7.5

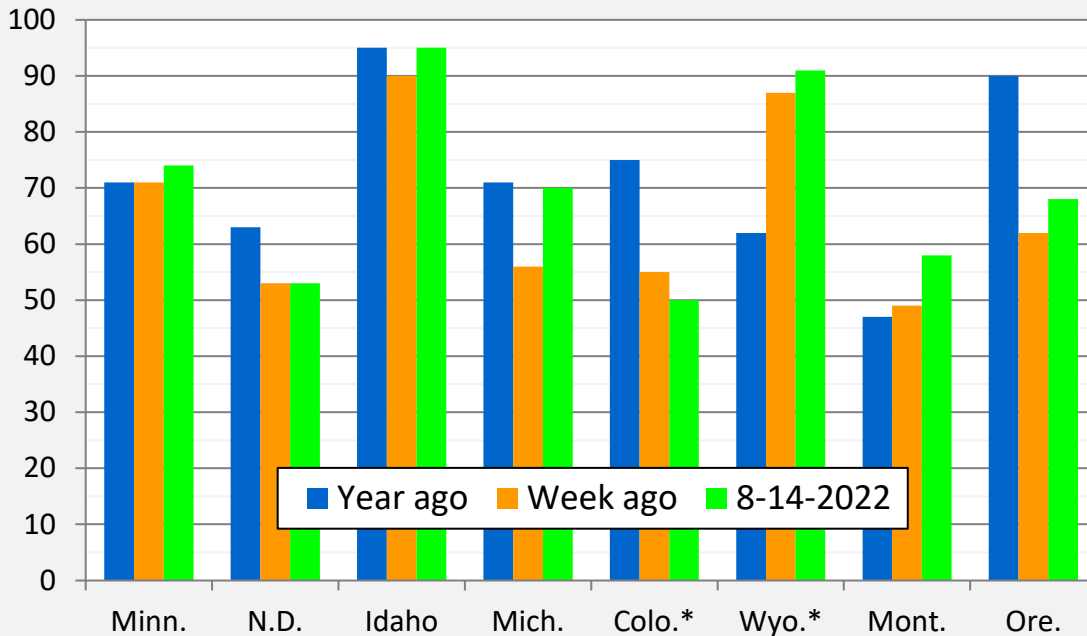
1/Deliveries from domestic sugar beet processors, sugar cane processors and refiners.

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

Source: USDA

SUA August 2022: US Sugar Beet Crop

As of Aug. 14, 2022. Source: USDA state crop updates.



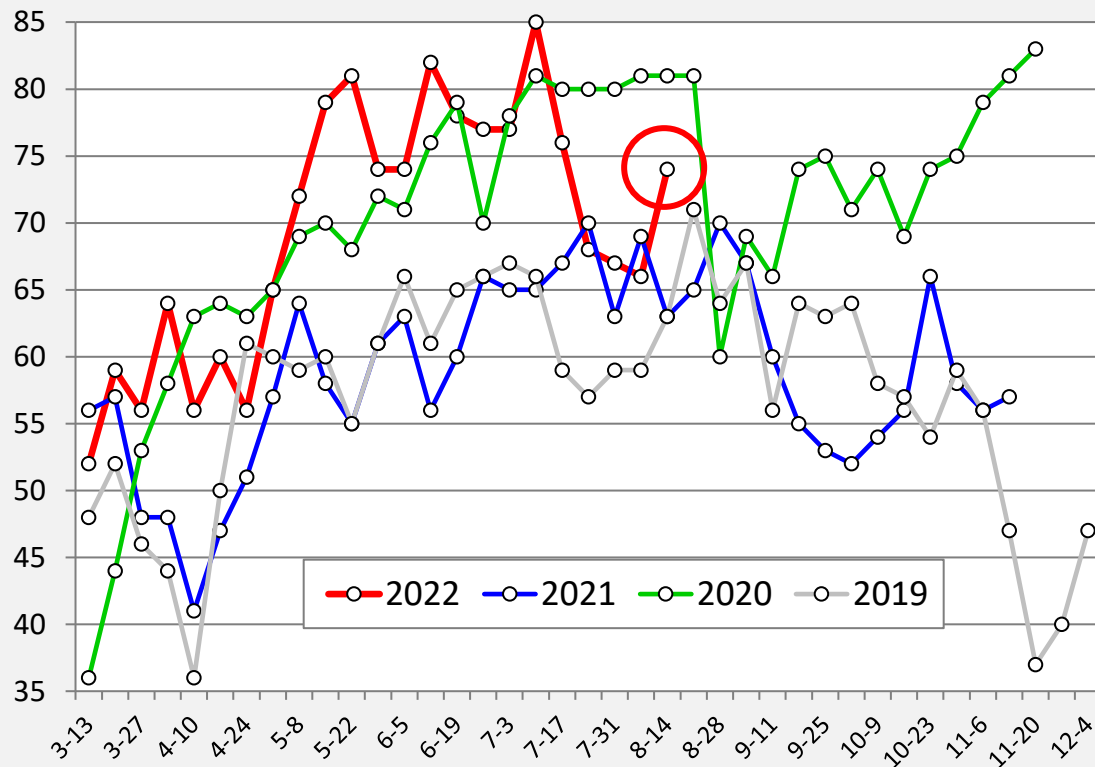
	August 2022	Change from 2021	
1,000 tons		Tons	%
Minnesota	11,201	(1,075)	-8.8%
N. Dakota	6,016	(466)	-7.2%
Idaho	6,630	(85)	-1.3%
Michigan	4,247	(1,064)	-20.0%
Nebraska	1,359	(38)	-2.7%
Montana	1,005	(291)	-22.5%
California	1,116	21	1.9%
Colorado	663	(132)	-16.6%
Wyoming	853	(50)	-5.5%
Oregon	304	(90)	-22.8%
Washington	92	5	5.7%
US Total	33,486	(3,265)	-8.9%

Sugar beet ratings were mixed compared with a year ago, and most have been improving since the start of the season, which is encouraging. North Dakota, Michigan (slightly), Colorado and Oregon all are below year-ago levels. Greatest concern is for Colorado and Nebraska. Michigan needs rain, but not late like last year.

2022 sugar beet production forecast down 9% from 2021 with harvested area up 3.4% but yield down 12%. Beet sugar production forecast in WASDE down only 0.3%. USDA must be accounting for larger early harvest in Aug.-Sept. 2023.

SUA August 2022: US Sugar Cane Crop

As of Aug. 14, 2022. Source: USDA state crop updates.



Louisiana sugar cane good-to-excellent rating on Aug. 14 was 74%, up from 66% a week earlier but down from season high 85% on July 10. Compares with 63% at same time last year and 81% in 2020.

	August 2022	Change from 2021	
1,000 tons		Tons	%
Florida	17,520	333	1.9%
Louisiana	15,243	718	4.9%
Texas	898	(228)	-20.2%
US Total	33,661	823	2.5%

2022 sugar cane production forecast up 2.5% from 2021 with harvested area down 1.7% but yield up 4.3%.

2022-23 cane sugar production forecast at 4,013,000 tons, up 1.3%. More believable than beet number.

Sugar cane planting was 7% completed in Louisiana as of Aug. 14, down from 15% as the 5-year average. Planting had yet to begin in Florida, which is typical.

SUA August 2022: Cash Sugar Prices - Firm

Pricing for 2021-22

Spot **beet** sugar prices are unquoted by processors; some available from distributors from 55c to \$1 a lb.

Spot **cane** sugar is offered at 68c a lb f.o.b. (to Dec. 31), unchanged, up 19c from year ago, a 48-year high.

Pricing for 2022-23

Midwest **beet** is currently not offered; processors may not re-enter the market pending crop assessments.

Refined cane offered at 56c a lb Northeast/West Coast and 55c Southeast/Gulf (both January 2023 forward); another refiner at 57c Southeast; all firm.

Pricing for 2023-24

Sales continue mainly for Oct.-Dec. 2023; beet sugar offered at 45c a lb f.o.b. Midwest and cane at 49.50c f.o.b. Southeast; both 2c higher from July.

Recent developments and factors to watch in cash sugar market

- Still no offers for spot or 2022-23 beet sugar.
- Beet processors are delaying harvest so sugar content cane increase in beets.
- Some may not re-enter the market for 2022-23.
- At least one cane refiner is sold out for 2022-23.

SUA August 2022: New York #16 Raw Futures

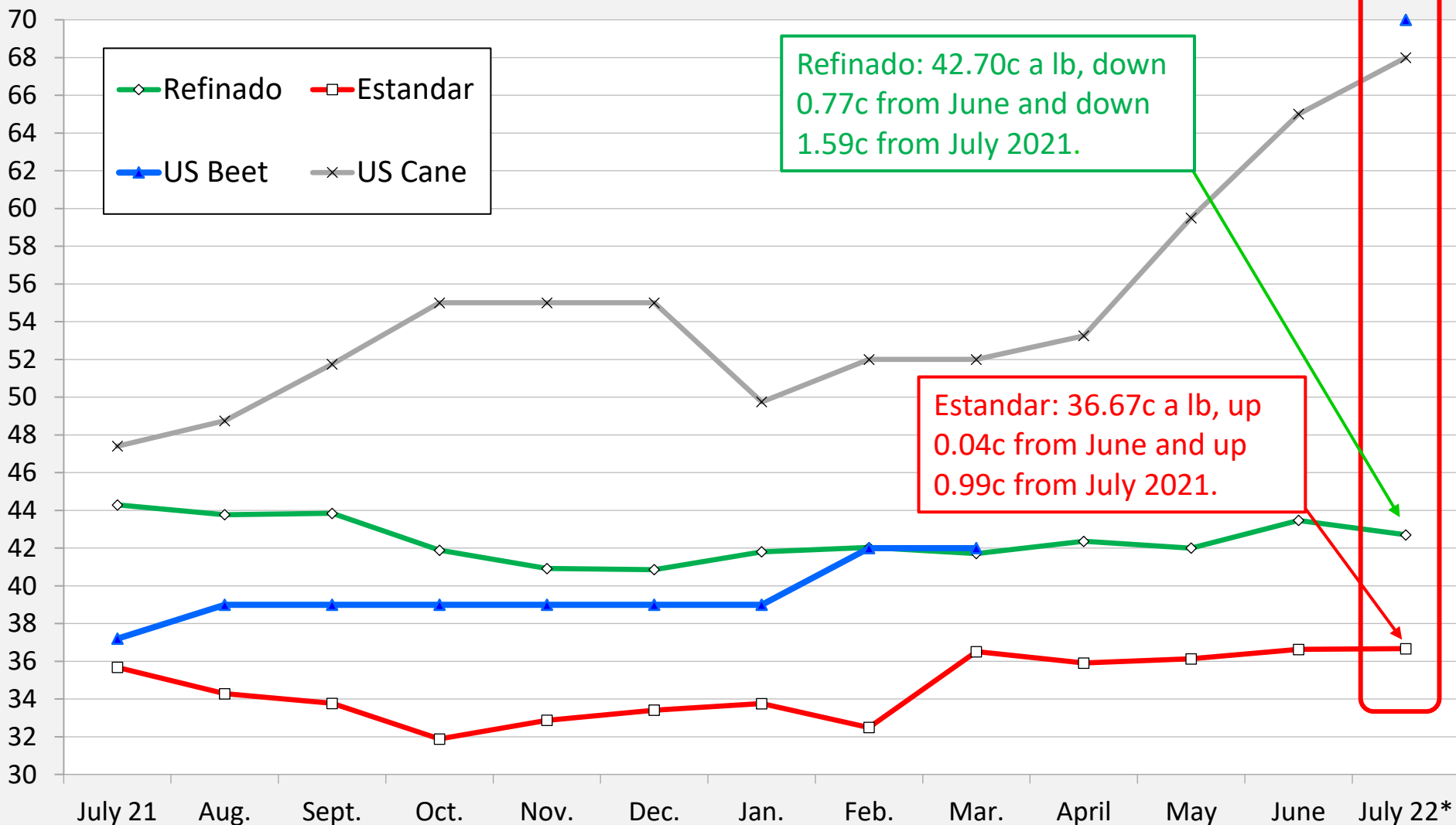
ICE domestic raw sugar futures as of August 17, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESFX22 (D10)	35.99 S	0.00			0	1840	1:21:37 PM EDT - 08/17/22	35.99 S
ESFF23 (D10)	36.00 S	0.00			0	2601	1:21:37 PM EDT - 08/17/22	36.00 S
ESFH23 (D10)	36.00 S	0.00			0	2364	1:21:37 PM EDT - 08/17/22	36.00 S
ESFK23 (D10)	36.00 S	0.00			0	2226	1:21:37 PM EDT - 08/17/22	36.00 S
ESFN23 (D10)	36.00 S	0.00			0	1483	1:21:37 PM EDT - 08/17/22	36.00 S
ESFU23 (D10)	36.00 S	0.00			0	810	1:21:37 PM EDT - 08/17/22	36.00 S
ESFX23 (D10)	35.50 S	0.00			0	585	1:21:37 PM EDT - 08/17/22	35.50 S
ESFF24 (D10)	35.50 S	0.00			0	119	1:21:37 PM EDT - 08/17/22	35.50 S
ESFH24 (D10)	35.50 S	0.00			0	110	1:21:37 PM EDT - 08/17/22	35.50 S
ESFK24 (D10)	35.50 S	0.00			0	20	1:21:37 PM EDT - 08/17/22	35.50 S
ESFN24 (D10)	35.50 S	0.00			0		1:21:37 PM EDT - 08/17/22	35.50 S

- Domestic raws futures are little changed from a month ago except for the two nearby months that are up about 0.50c to 1.50c a lb. Flat through September 2023.
- Prices are up 2c a lb nearby and 4c a lb in deferred months from a year ago.
- Increase in raw supplies has had little if any impact on cash or futures prices.
- Trading volume remains mostly light except around delivery periods.

SUA August 2022: US & Mexico Sugar Prices

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



* US spot refined cane averaged 68c a lb in July; spot beet sugar was nominally 70c a lb with limited supplies priced in a wide range.

SUA August 2022: Mexico WASDE

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

	August	Change from		August	Change from	
	<u>21-22</u>	<u>June</u>	<u>20-21</u>	<u>22-23</u>	<u>July</u>	<u>21-22</u>
Begin. Stocks	1,053	-	195	947	-	(106)
Production	6,185	5	470	6,000	-	(185)
Imports	50	-	(15)	50	-	-
Total Supply	7,288	5	650	6,997	-	(291)
Exports	1,794	5	629	1,503	-	(291)
Domestic Use	4,547	-	127	4,547	-	-
Total Use	6,341	5	756	6,050	-	(291)
Ending Stocks	947	-	(106)	947	-	-
S-T-U (total)	14.9%	-	-4.0	15.7%	-	+0.8
S-T-U (dom.)	20.8%	-	-3.0	20.8%	-	-

2021-22: Production was raised by 5,237 tonnes from July based on end-of-season data from CONDESUCA; offset by export increase of same amount.

2022-23: No changes from July.

SUA August 2022: Global Sugar Overview

- **Global supply/demand fundamentals**
 - Lower fuel prices in Brazil (politically motivated) are expected to push more cane to sugar for export; large line-up of ships waiting to load.
 - Brazil's cane crush remains below year-ago but has been improving.
 - European, Ukraine sugar production seen lower in 2022-23.
 - Shrinking global sugar deficit expected in 2021-22
 - Modest global sugar surplus expected in 2022-23.
 - Spec funds remain in a net short position.
- **Pricing**
 - Energy prices have been mostly bearish for sugar recently.
 - Nearby world raw prices have firmed from recent lows but still below May highs of 20c a lb; with renewed weakness this week.
 - Strong dollar (bearish), India export limit (bullish) but still large (bearish) may work to keep prices in current range.
 - London white prices have mostly offered support.

SUA August 2022: New York #11 Raw Futures

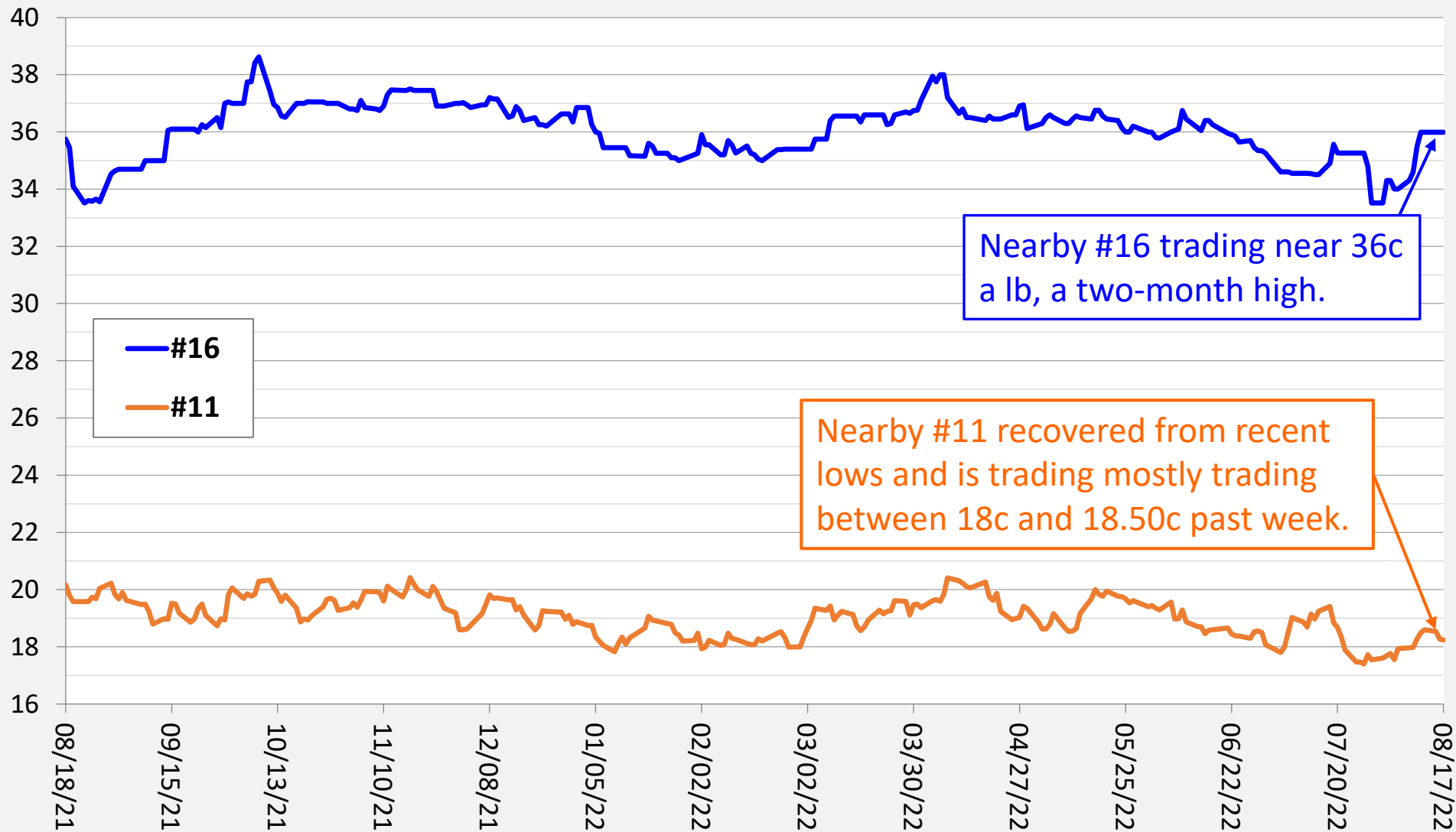
ICE world raw sugar futures as of August 17, 2022, in cents per lb. Source: Tech Nova

Contract	Last	Net Change	High	Low	Volume	Open Interest	Time	Settlement
ESBV22 (D10)	18.24 S	-0.03	18.43	18.14	36039	300987	1:00:00 PM EDT - 08/17/22	18.24 S
ESBH23 (D10)	18.21 S	-0.04	18.37	18.11	16620	198723	1:00:00 PM EDT - 08/17/22	18.21 S
ESBK23 (D10)	17.57 S	-0.03	17.71	17.48	7301	87754	1:00:00 PM EDT - 08/17/22	17.57 S
ESBN23 (D10)	17.17 S	-0.03	17.29	17.09	4208	49711	1:00:00 PM EDT - 08/17/22	17.17 S
ESBV23 (D10)	17.12 S	-0.02	17.22	17.06	1538	43908	1:00:00 PM EDT - 08/17/22	17.12 S
ESBH24 (D10)	17.27 S	-0.02	17.37	17.22	525	23147	1:00:00 PM EDT - 08/17/22	17.27 S
ESBK24 (D10)	16.79 S	-0.04	16.92	16.75	346	7774	1:00:00 PM EDT - 08/17/22	16.79 S
ESBN24 (D10)	16.47 S	-0.06	16.64	16.42	297	9891	1:00:00 PM EDT - 08/17/22	16.47 S
ESBV24 (D10)	16.44 S	-0.08	16.65	16.40	155	7549	1:00:00 PM EDT - 08/17/22	16.44 S
ESBH25 (D10)	16.63 S	-0.07	16.87	16.57	119	3984	1:00:00 PM EDT - 08/17/22	16.63 S
ESBK25 (D10)	16.33 S	-0.03	16.60	16.37	63	4096	1:00:00 PM EDT - 08/17/22	16.33 S
ESBN25 (D10)	16.21 S	0.09	16.49	16.26	63	11	1:00:00 PM EDT - 08/17/22	16.21 S

- Spec funds remain in net short position (bearish outlook).
- Nearby prices about flat from a month ago but later months about 1c lower.
- Prices are down more than 2c from a year ago in some cases (mostly nearby).
- Lower energy prices, higher sugar production in Brazil and strong dollar are bearish for prices as exports likely to increase.
- Nearby values above deferred indicates still limited supplies and/or good demand nearby.

SUA August 2022: World/Domestic Futures

Nearby ICE New York raw sugar futures, in cents per lb, as of August 17, 2022.



SUA August 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

Corn sweetener/starch markets remain a challenge due to labor and material shortages and logistics, with plants shutting down briefly intermittently. Most products appear to be on allocation. Spot material is not available. Negotiations for 2023 annual contracts should begin soon if not already underway. Prices will be higher than in 2022.

Mexico's Oct.-June HFCS consumption was down 2.3% from same period of 2020-21 versus Oct.-May down 3.6%. Annual forecasts for 2021-22 and 2022-23 were unchanged from July.

The USDA in its August Feed Outlook raised its forecast use of corn to make glucose and dextrose by 5 million bus for both this year and next year, with both years projected at 375 million bus.

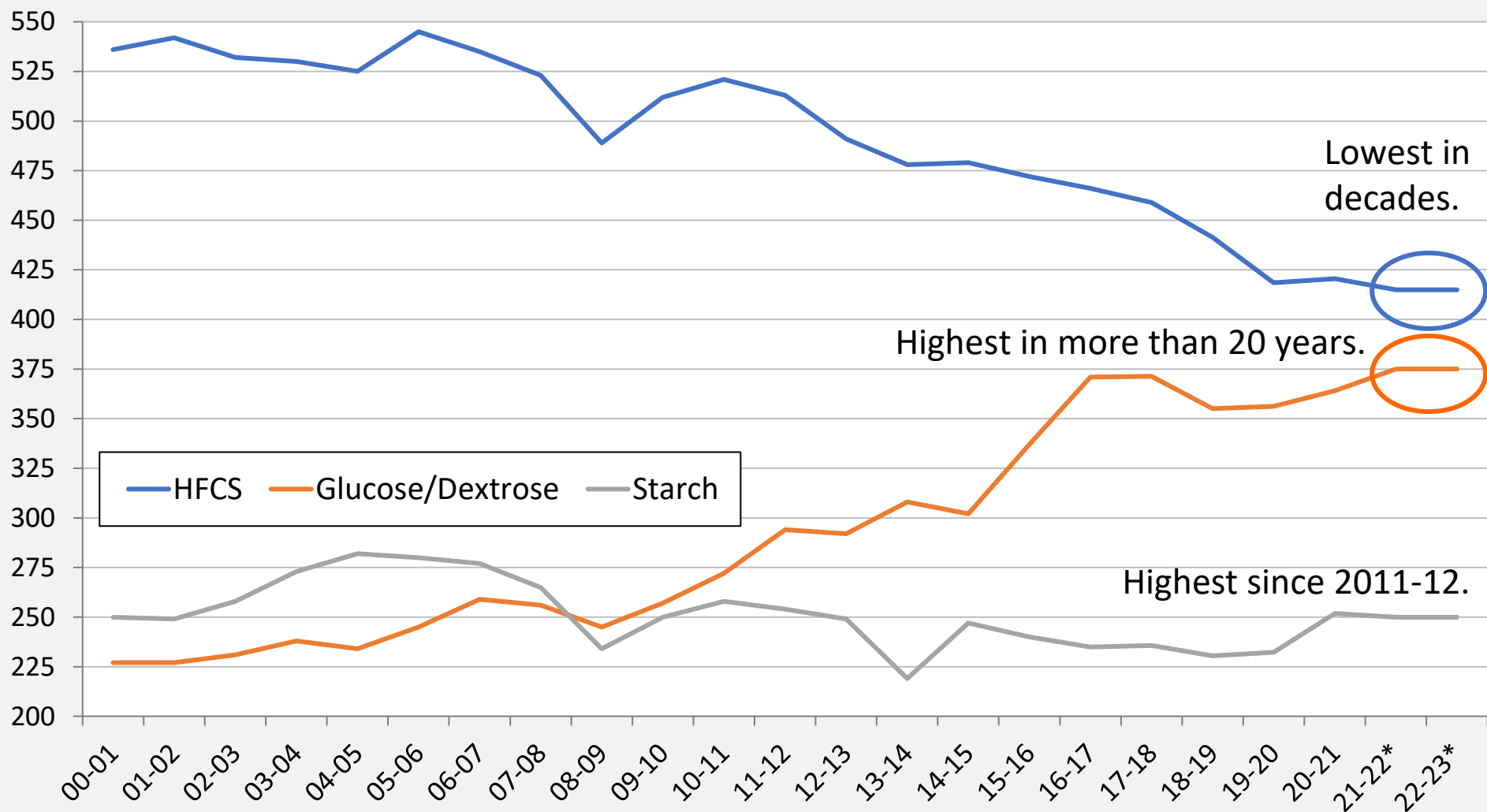
Dextrose Spot

	<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

The USDA in its August Crop Production report forecast 2022 corn production at 14.4 billion bus, down 5% from 2021. The average price paid to farmers was forecast at \$6.65 per bu in 2022-23, up 12% from 2021-22 and up 47% from 2020-21.

SUA August 2022: Corn Used for Sweeteners/Starch

In million bus, Sept.-Aug. corn marketing year. Source: USDA.



Lowest in decades.

Highest in more than 20 years.

Highest since 2011-12.

Glucose/dextrose production highest in decades, starch highest in 10 years; HFCS steadied at multi-decade lows. Capacity maxed out.

■ In the Domestic Sweetener Market

- Late season weather in all beet states: late harvest will boost sugar content (good for 2022-23 supply) but risk of frost before harvest is completed increases.
- Beet crop ratings have mostly improved from earlier in season.
- Louisiana cane crop still looks good but not as good as earlier.
- Fingers crossed no hurricane in quiet season so far.
- Beet processors still haven't re-entered 2022-23 market.
- Plenty of users still need sugar for 2022-23 (active inquiries).
- Watch White House Conf. on Hunger, Nutrition and Health.
- WHO down on alternative sweeteners (good for sugar).

■ In the Global Sugar Market

- Brazil cane crush and sugar/ethanol mix and energy prices.
- Front-of-pack “warning labels” seem to be gaining momentum.
- Impact of recession on global demand?

SUA August 2022: Conclusions

- **Domestic Sweetener Market**
 - Spot sugar supplies remain tight with cane offered at 48-year high; beet even higher from non-processors.
 - Deliveries have slowed from earlier in marketing year.
 - Still demand for 2022-23, but beet processors unlikely to re-enter market with any substantial volume; cane refiners better sold than typical for date.
 - Supplies will remain tight through 2022-23.
 - Corn sweetener supplies limited; prices higher in 2023.
- **Global Sugar Market**
 - No. 11 raws have weakened with lower energy prices and higher production prospects.
 - Spec funds maintaining net short position.
 - Lower deficit this year, surplus in 2022-23.