



64th

**ISO COUNCIL MEETING
NEW DELHI 2024**

GLOBAL DEMAND AND SUPPLY OF SUGAR

DR. CLAUDIU COVRIG

CEO & LEAD AGRICULTURE ANALYST – COVRIG ANALYTICS



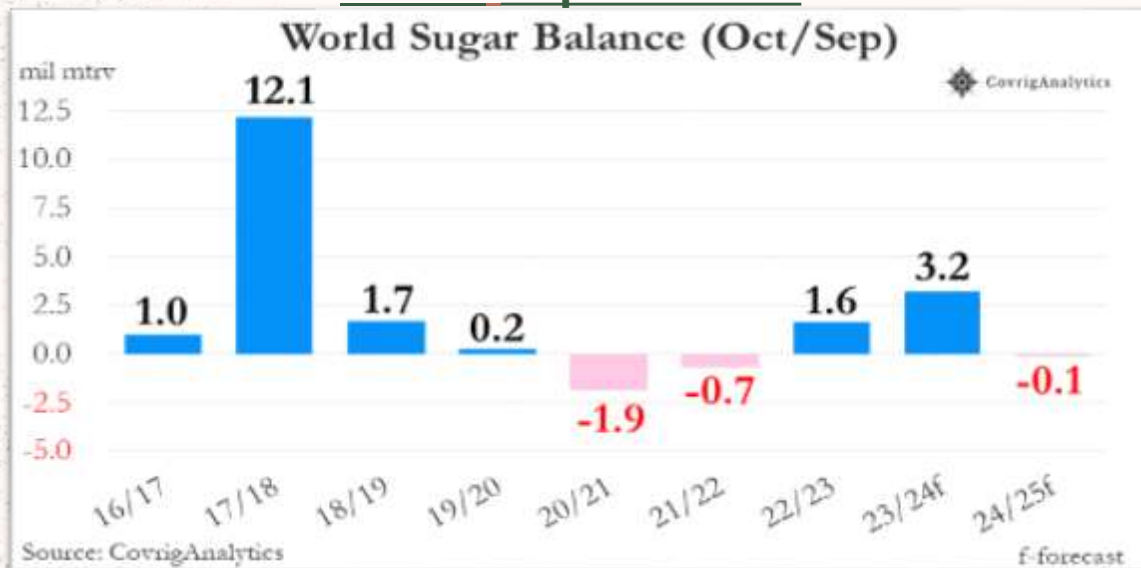
A FREE MIND NEVER CONCLUDES!

“A mind that is full of conclusions is a dead mind, it is not a living mind. A living mind is a free mind, learning, never concluding.”

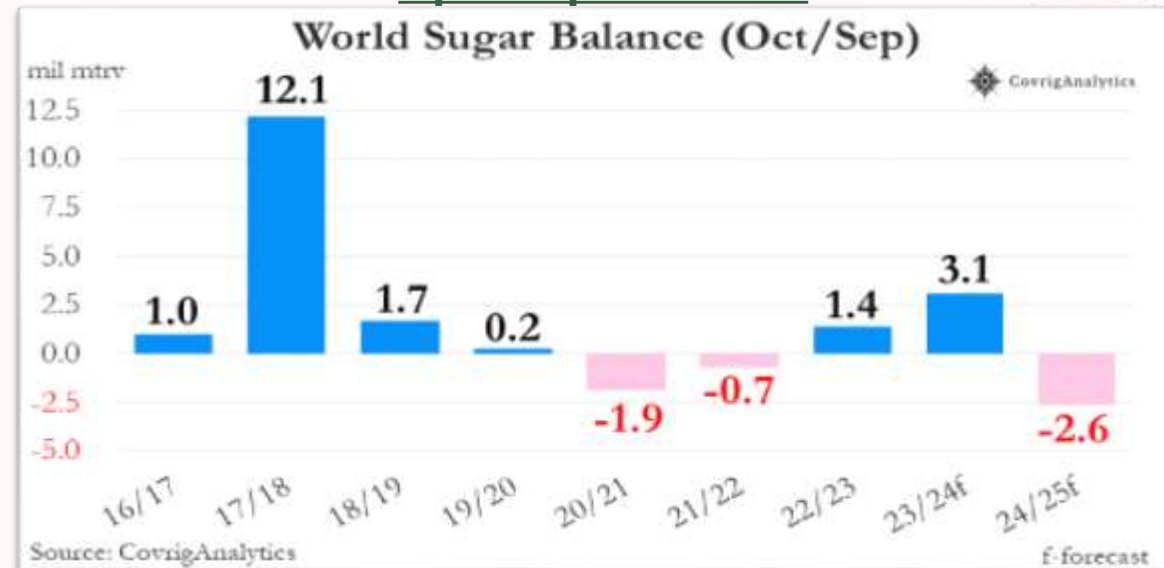
- Jiddu Krishnamurti

WORLD: 2024-25 in balance as good crops in Brazil, US, Russia and production recovery in Thailand, China, the EU, Mexico are enough

Actual Expectations

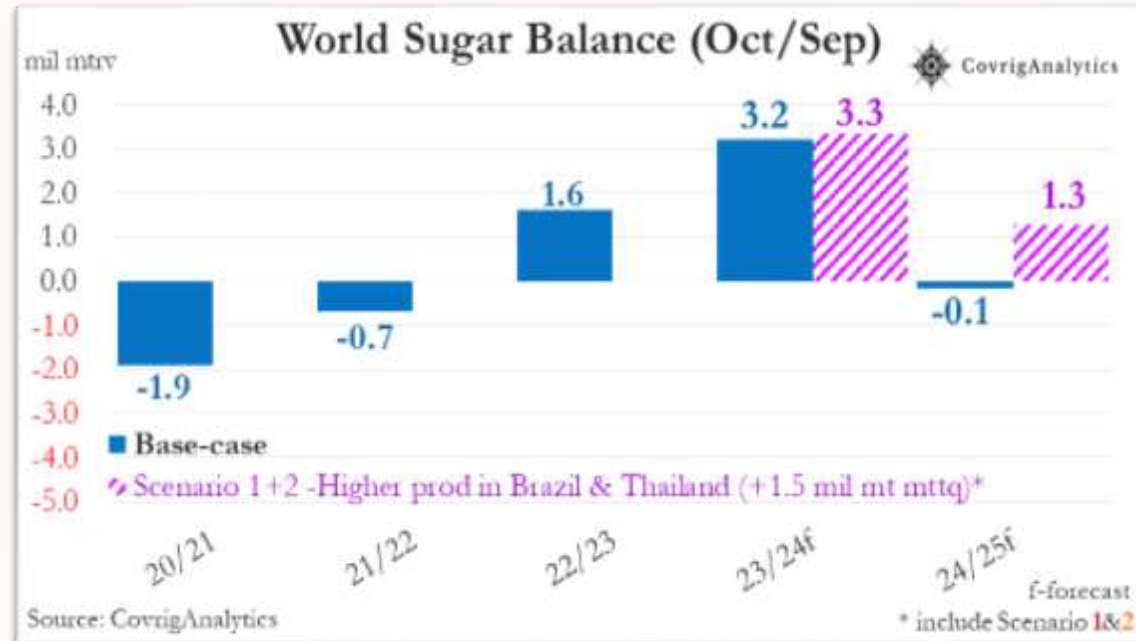
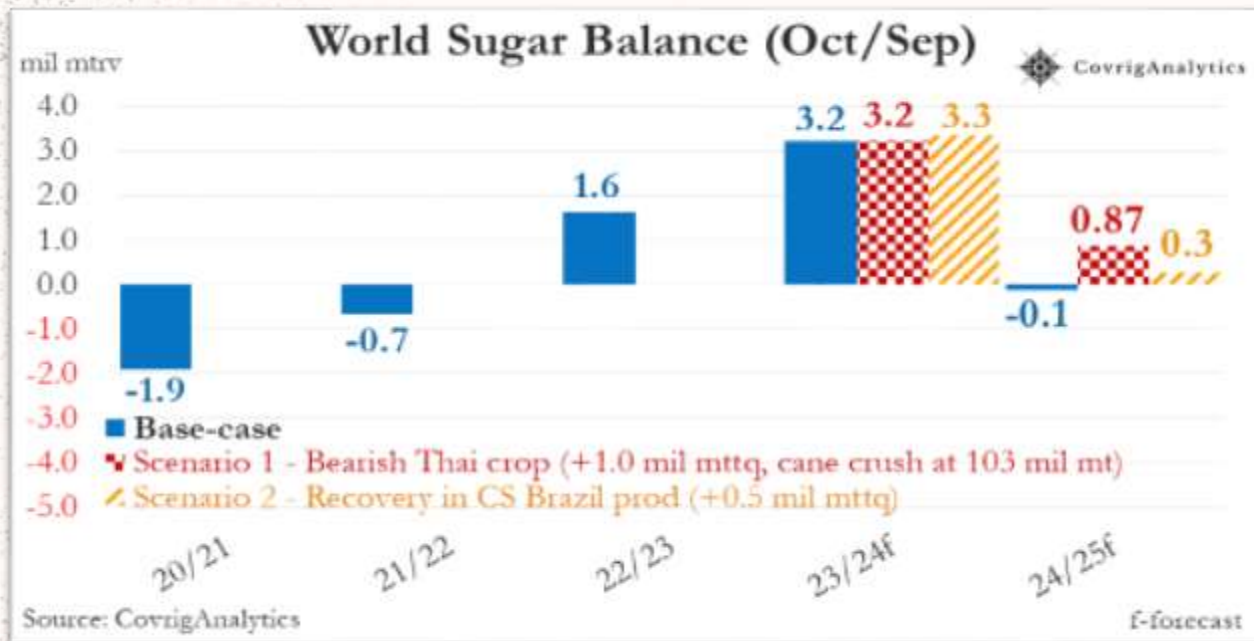


Apr Expectations



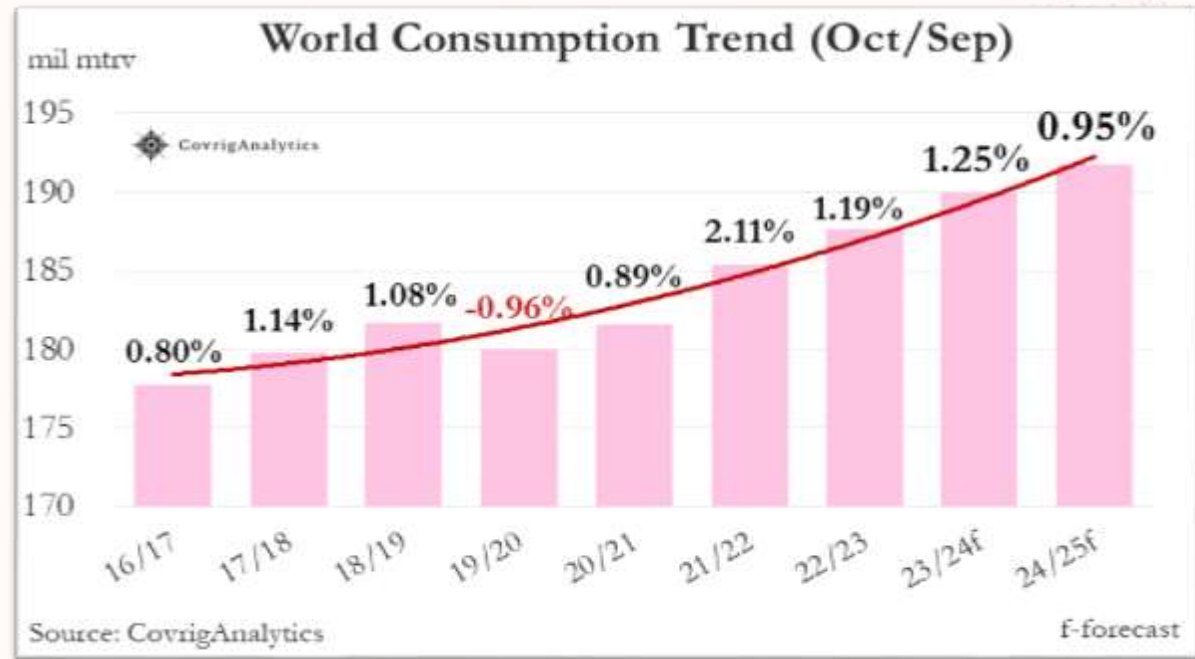
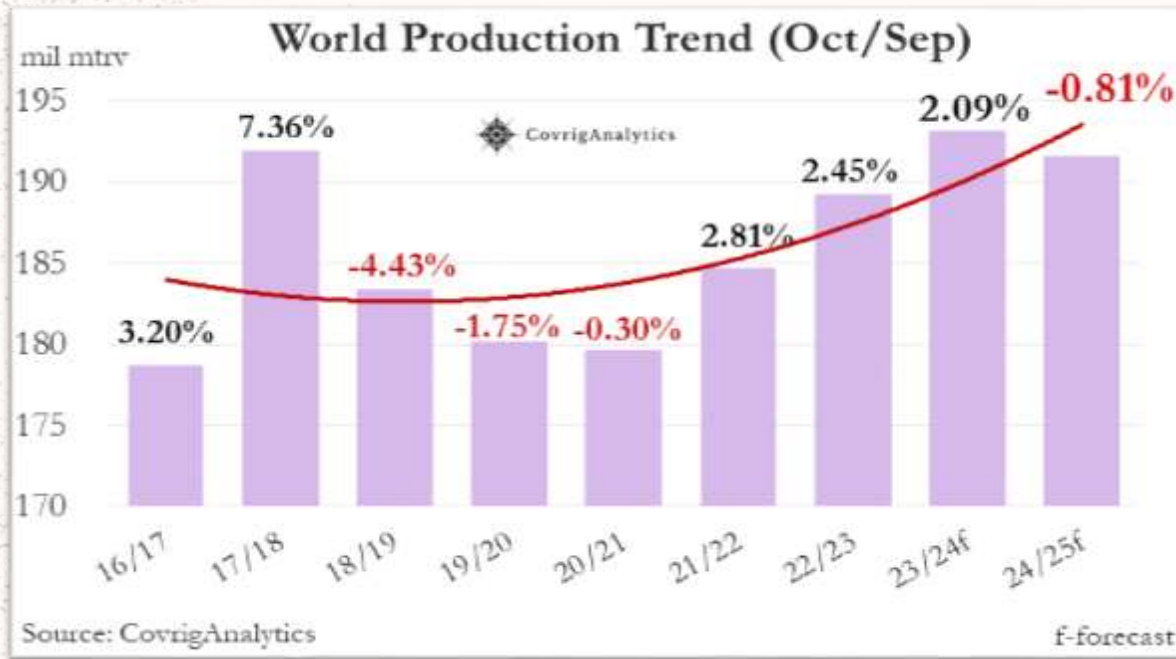
- A new record sugar mix in CS Brazil in 2024-25 (at 51.5%) to compensate for the loss in cane volumes.
- Good production recovery expected in Thailand, China, the EU, Ukraine and Mexico.
- **2023-24** in surplus on massive Brazilian crop, “Diversion to Ethanol” cuts in India, bigger Paki, EU and Thai crops.
- Some sugar remains locked-in especially in India and Pakistan where stocks are mounting!

BEARISH RISKS: Alternative Production Scenarios for 2024-25



- **Scenario 1 - Thailand: + 1.0 mil mttq (sugar production at 11.35 mil mttq, cane crush at 103 mil mt)**
Impact: 2024-25 global surplus of 0.87 mil mtrv
- **Scenario 2 - CS Brazil: + 0.5 mil mttq (sugar production at 41.8 mil mttq, cane crush at 611 mil mt)**
Impact: 2024-25 global surplus of 0.3 mil mtrv
- **Scenario 1+2 - Thailand + CS Brazil: + 1.5 mil mttq**
Impact: 2024-25 global surplus of 1.3 mil mtrv

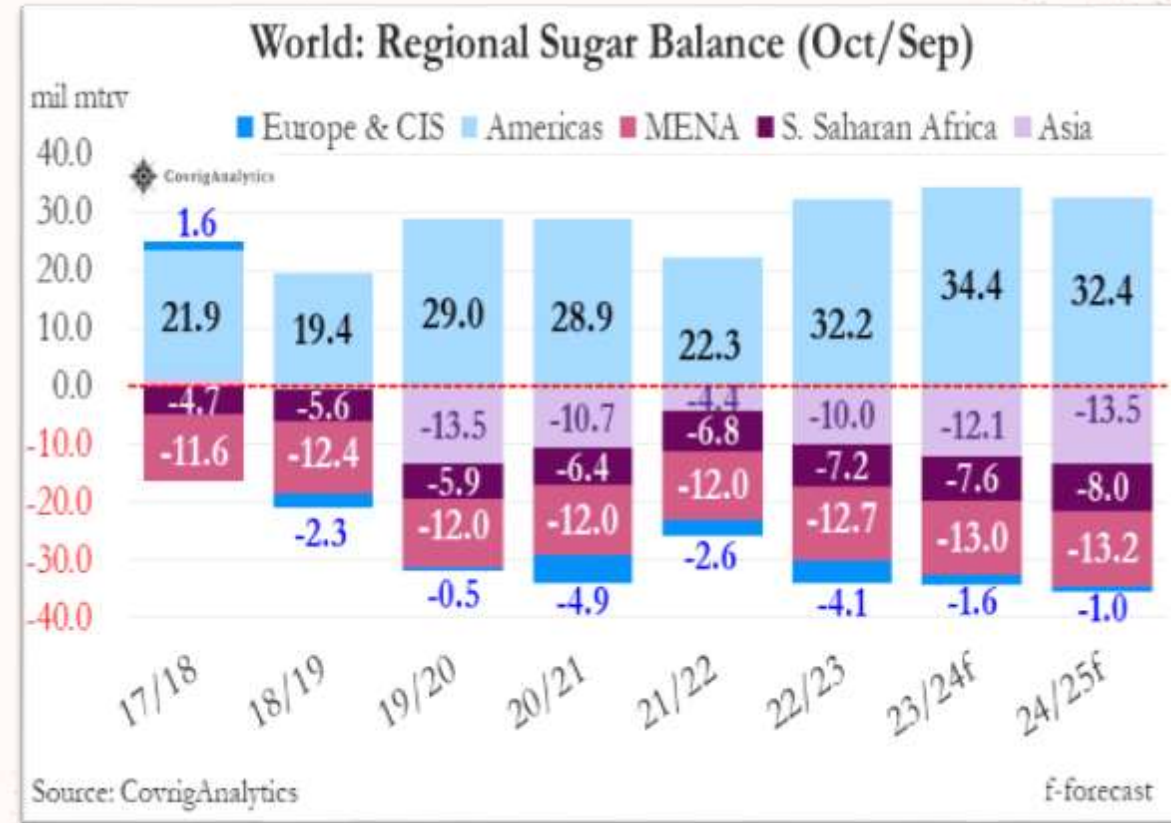
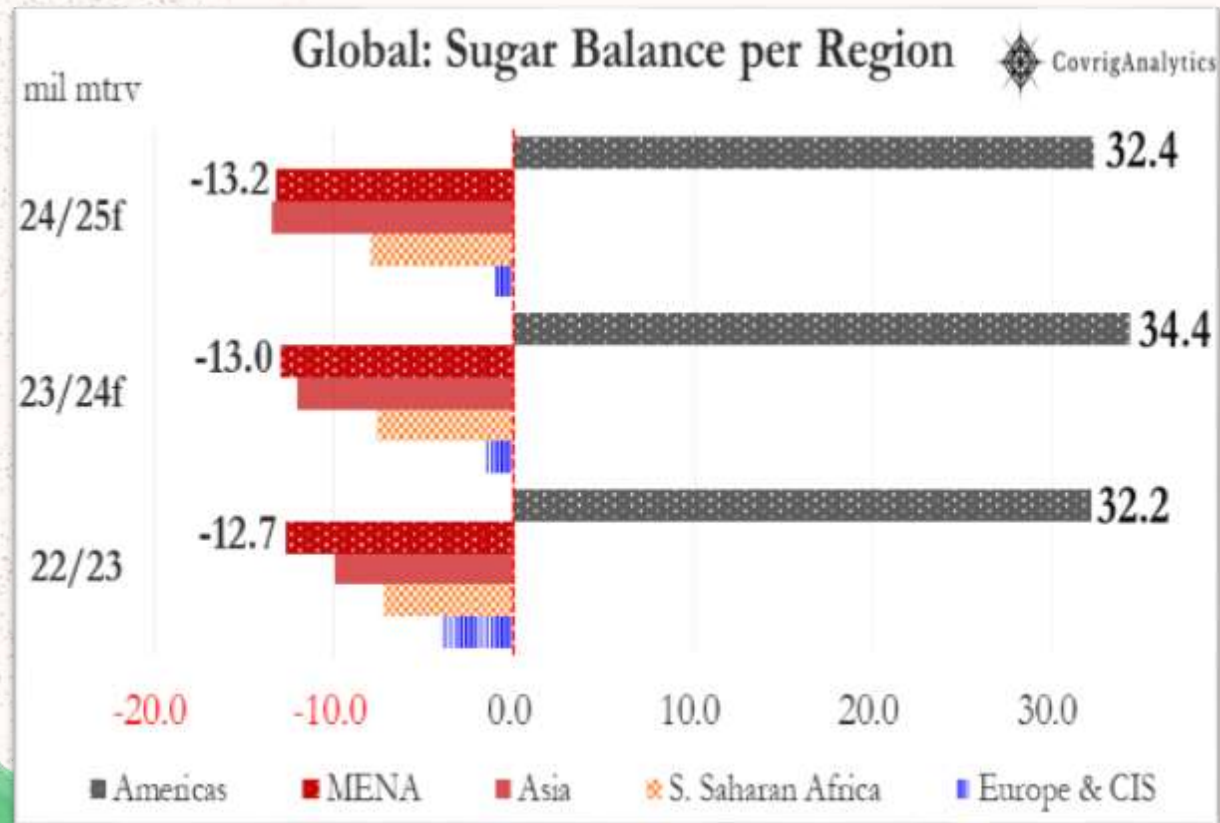
• **2024-25 global production to drop 0.8% but current surplus and lower demand growth are enough to keep the world in balance**



Global Consumption (at new peaks): 191.75 mil mtrv in 2024-25

- 2024-25 consumption to grow at a lower rate (+0.95%)
- 2024-25 production down 1.57 mil mt on the year at 191.6 mil mtrv

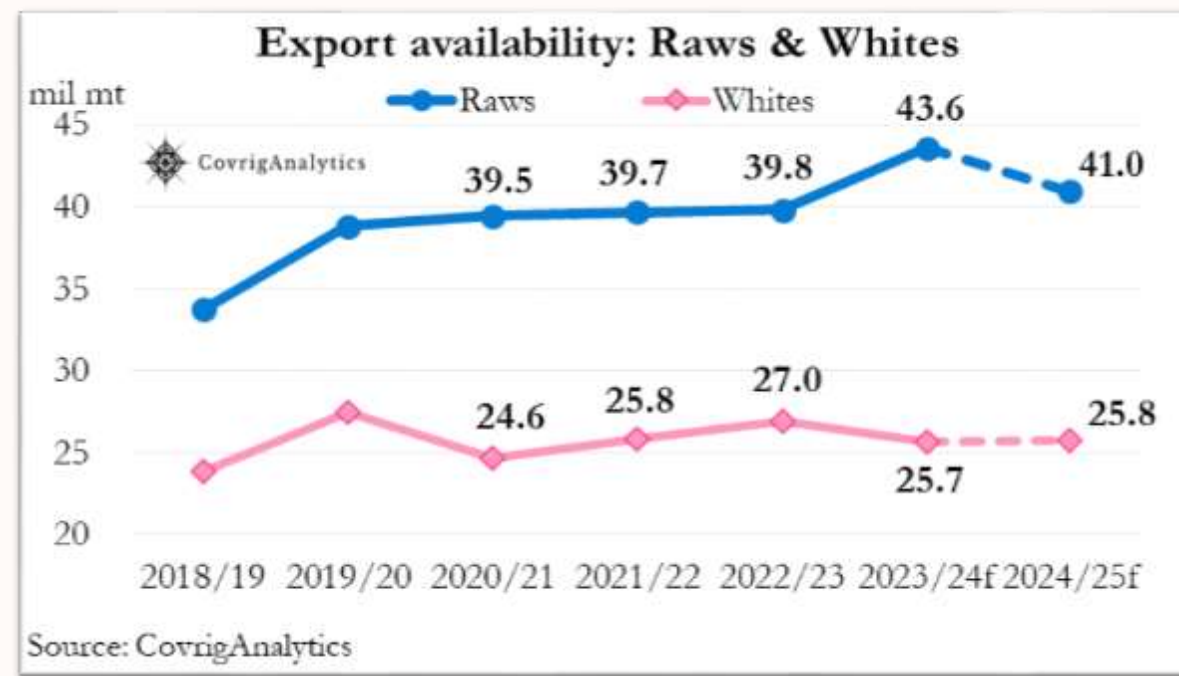
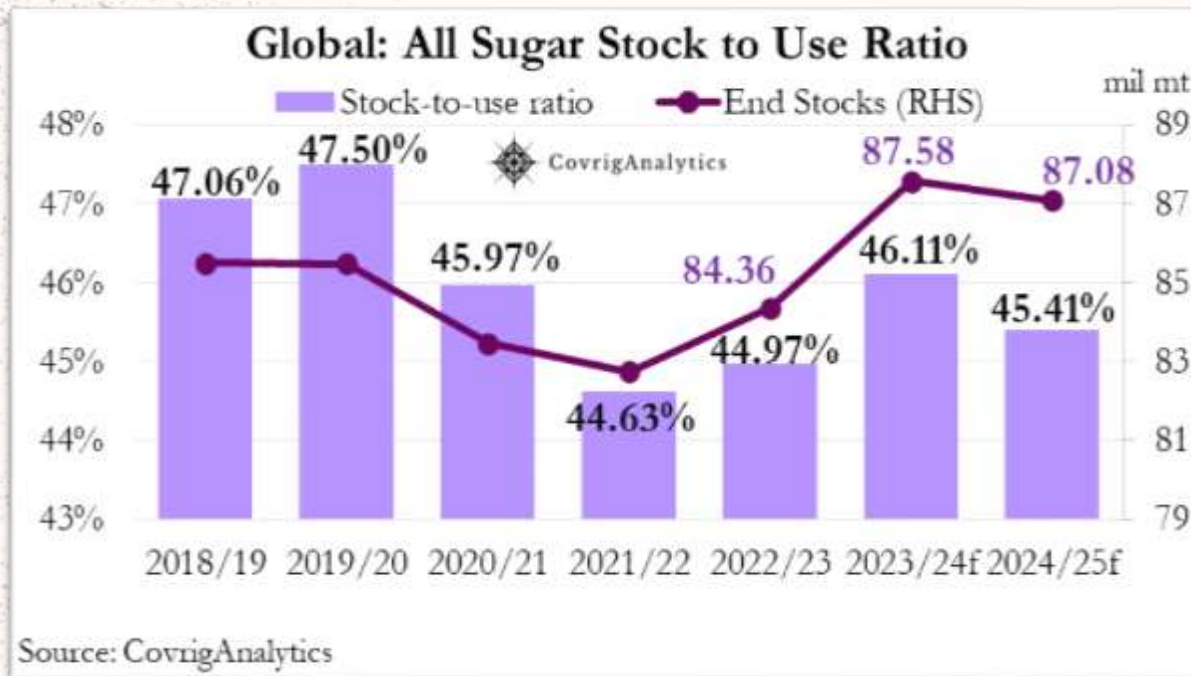
South America is feeding the world. Regional deficits keep rising (in Asia up 2.1 mil mt this year and up 1.4 mil mt the next one)



➤ 2024-25: Lower surplus in the Americas (-2 mil mtrv) on lower Oct/Sep output in Brazil

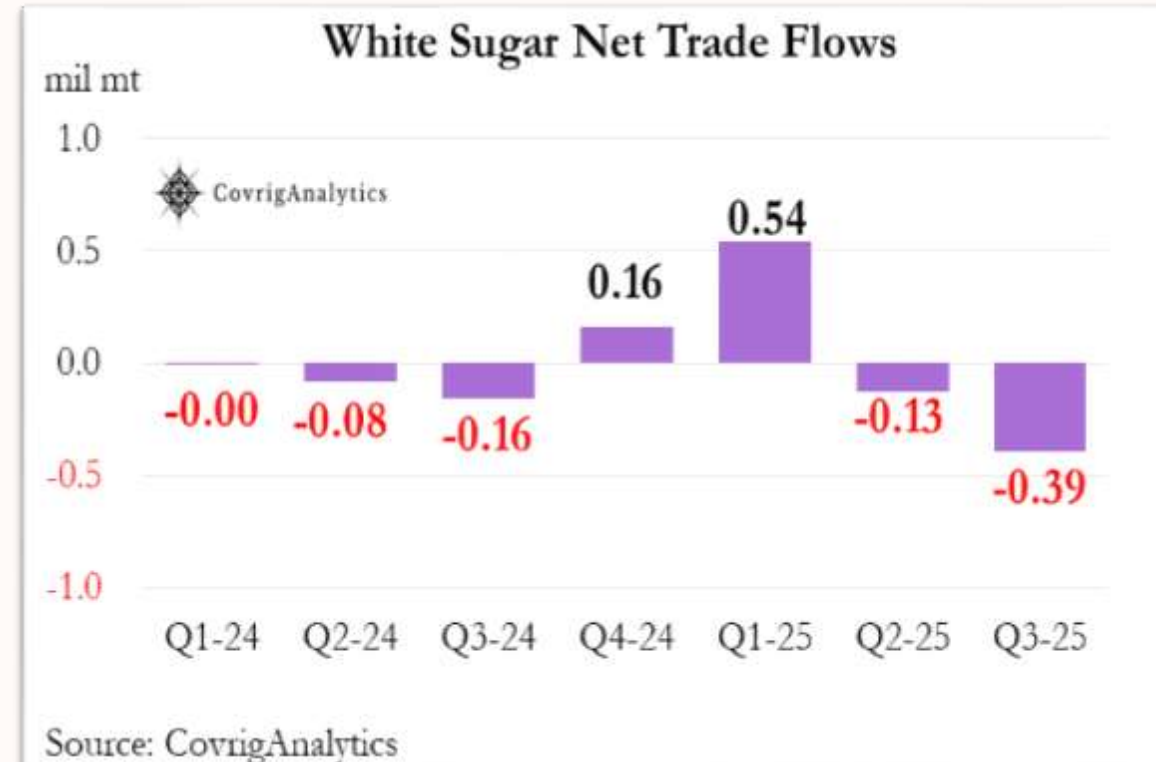
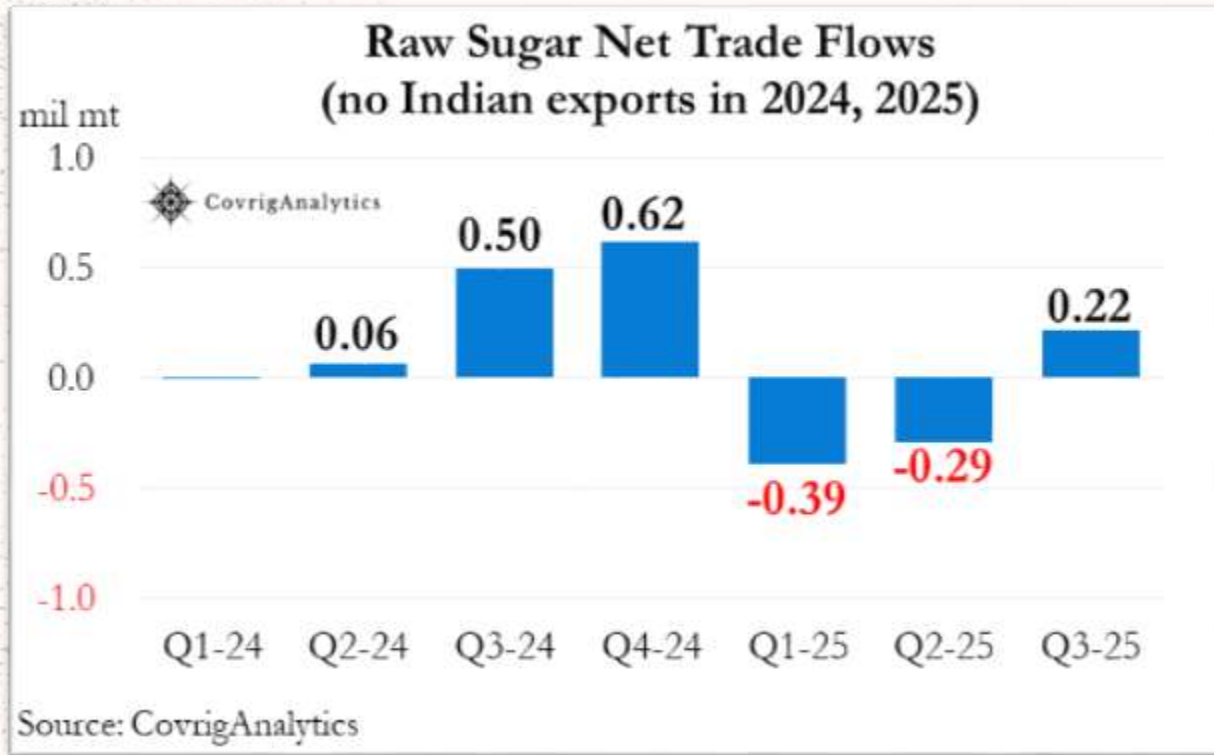
2023-24 - Stocks higher on year on a big Brazilian output

2024-25 - Lower stock-to-use ratio and lower raw exports



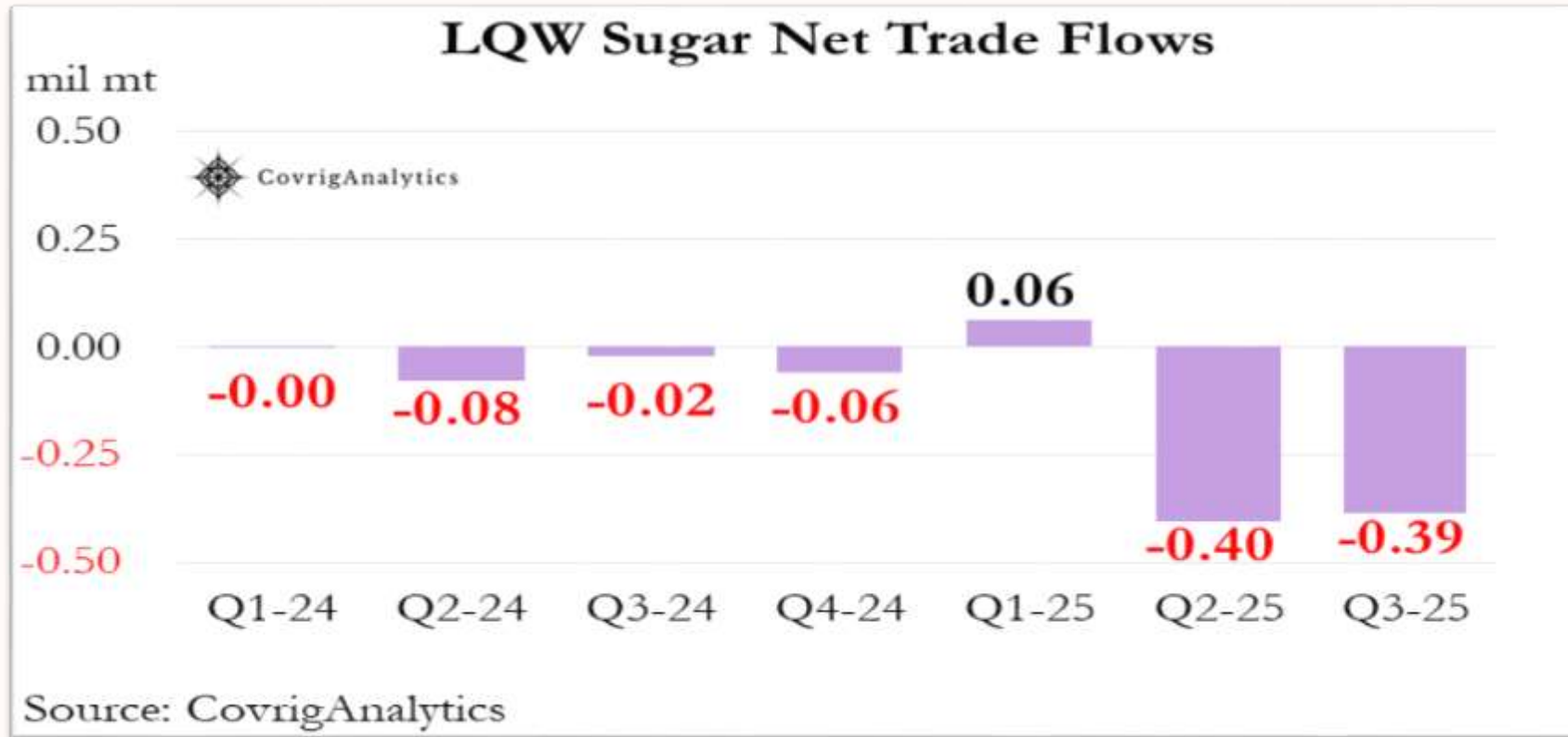
- 2023-24 higher stocks on a big Brazilian output, higher Paki output and a cut in Indian ethanol program.
- 2023-24 raw exports at a peak: 43.6 mil mt but 2.6 mil mt lower export availability expected for 2024-25.
- 2024-25 white export availability little changed: EU, Ukr, Russia and Thailand offsetting the missing Indian volumes!
- Can India add some official raw exports in 2025?!

Raw tradeflows in 1.1 mil mt surplus by year-end; balanced whites



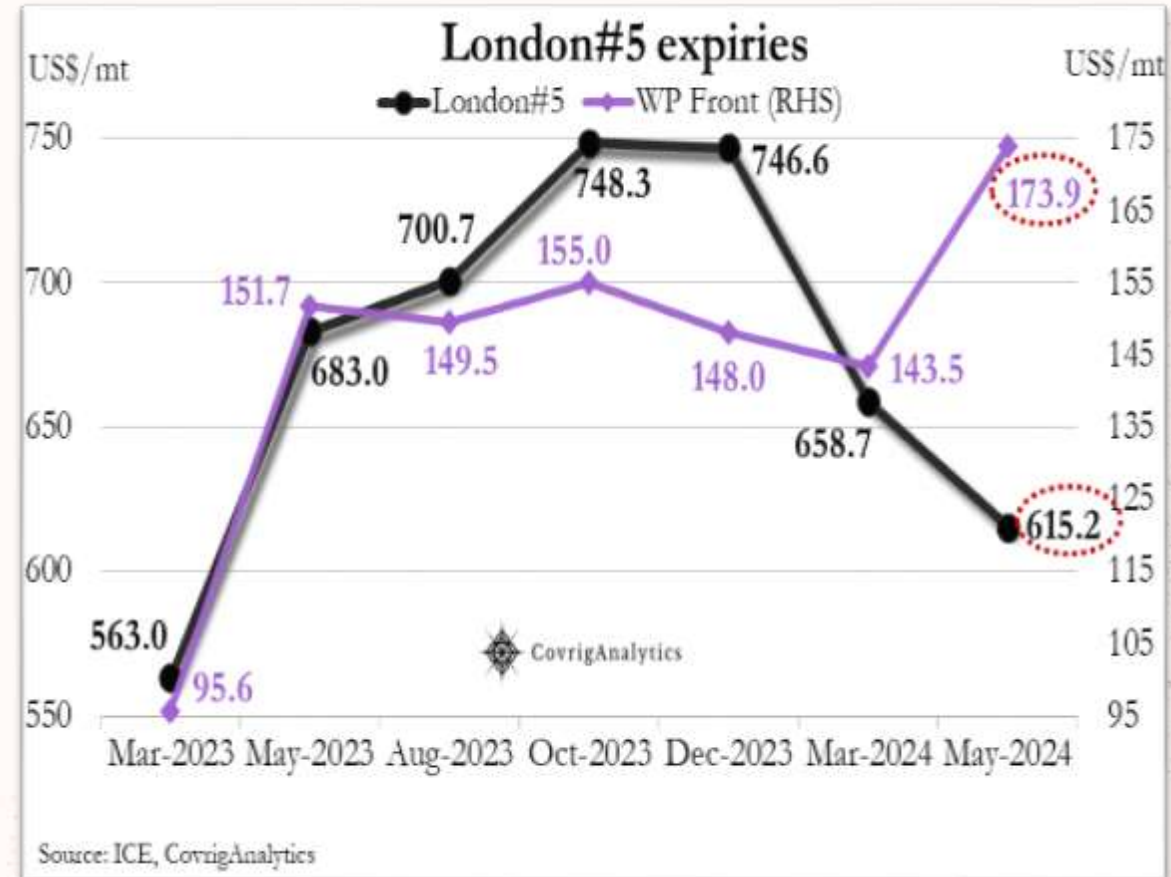
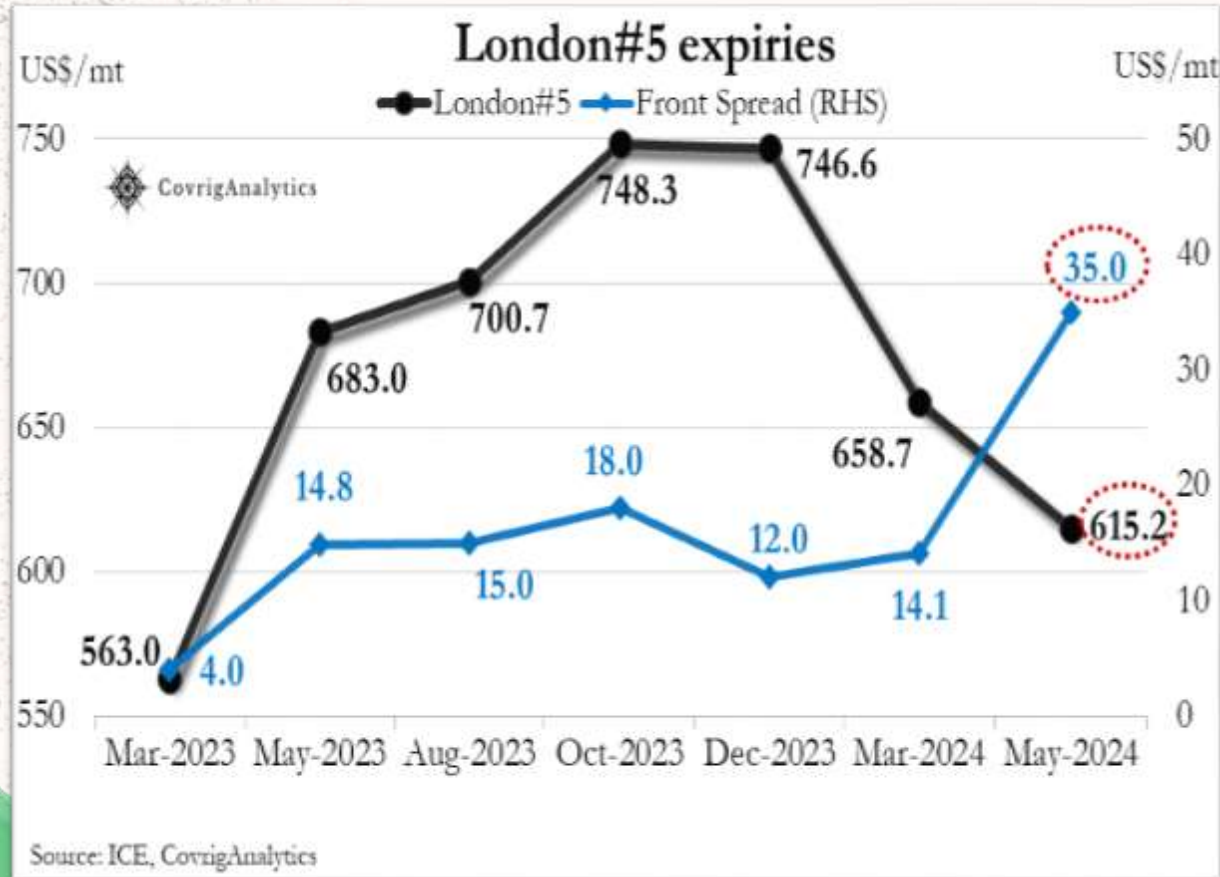
- **Prompt whites quite balanced/tight:** Demand is picking up and extra Paki and Brazilian sugar is *just enough* to compensate
- More refined (HQW) sugar to come from Oct on (especially from Ukr, Europe and refineries)!
- A relaxed situation expected on whites in Q1 due to the EU & Ukraine

But the Indian crystal whites are still needed next season!

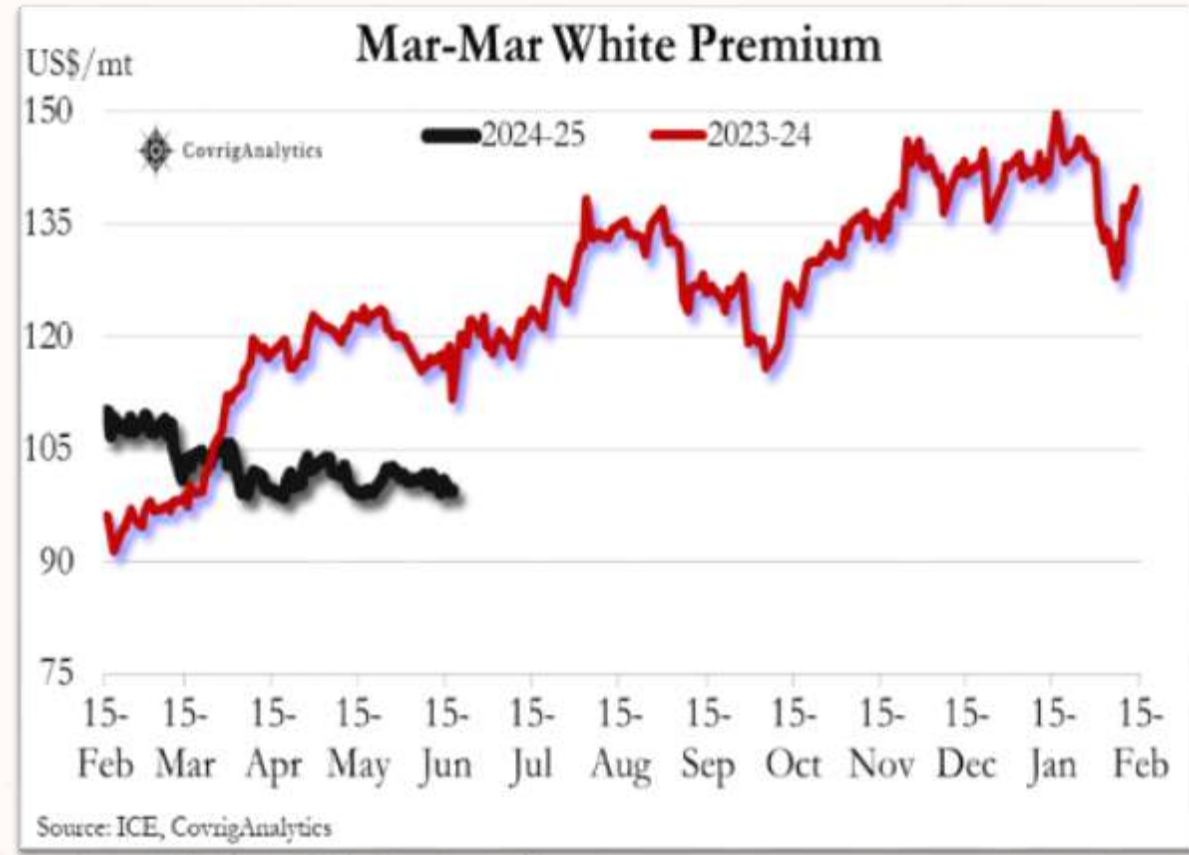


➤ On prompt, the **White Premium** still needs some support!

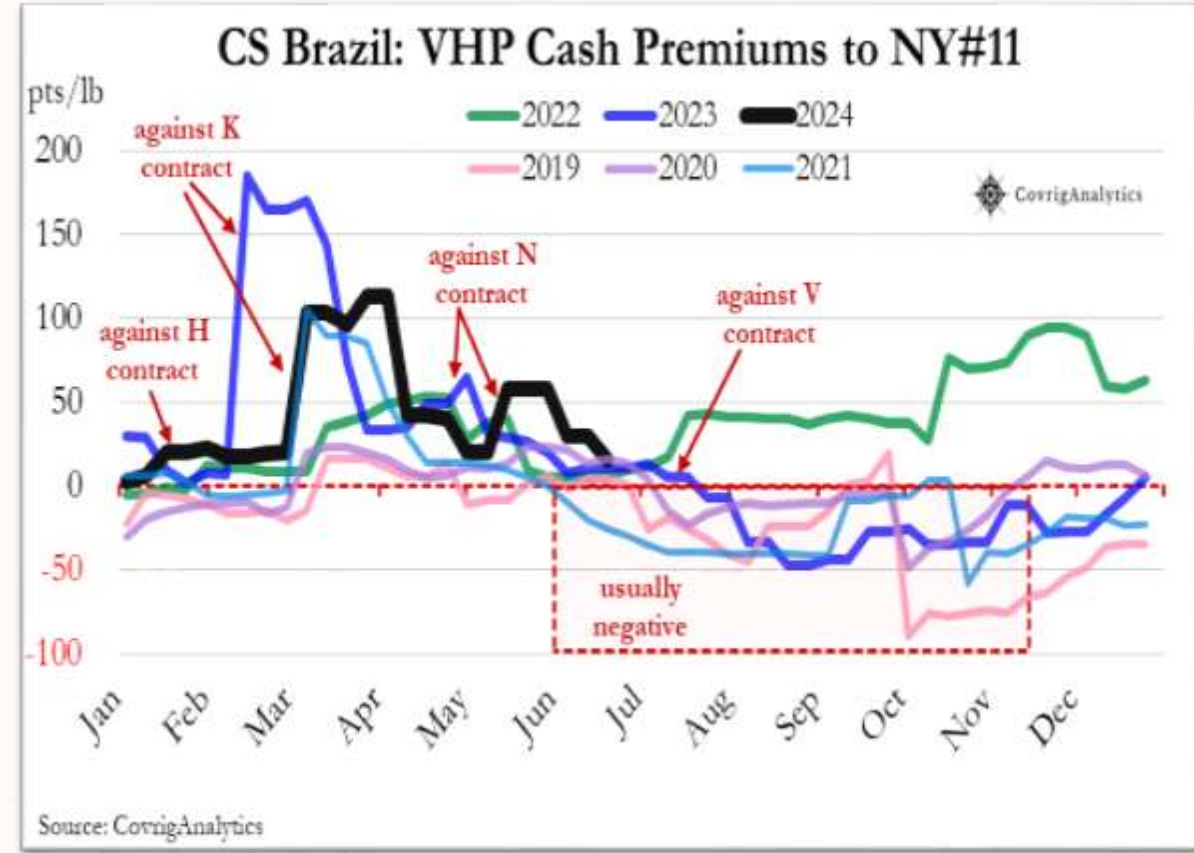
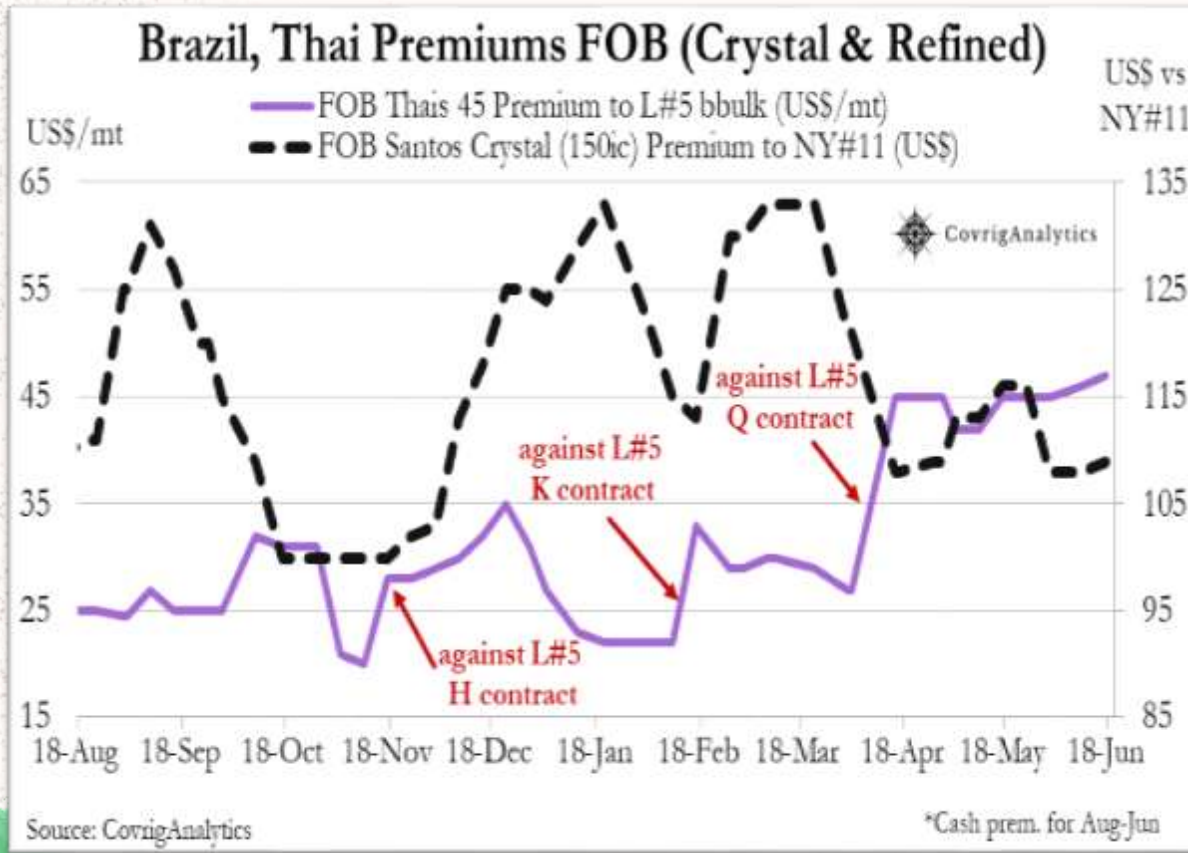
White sugar showed a tighter situation at contract expiries too



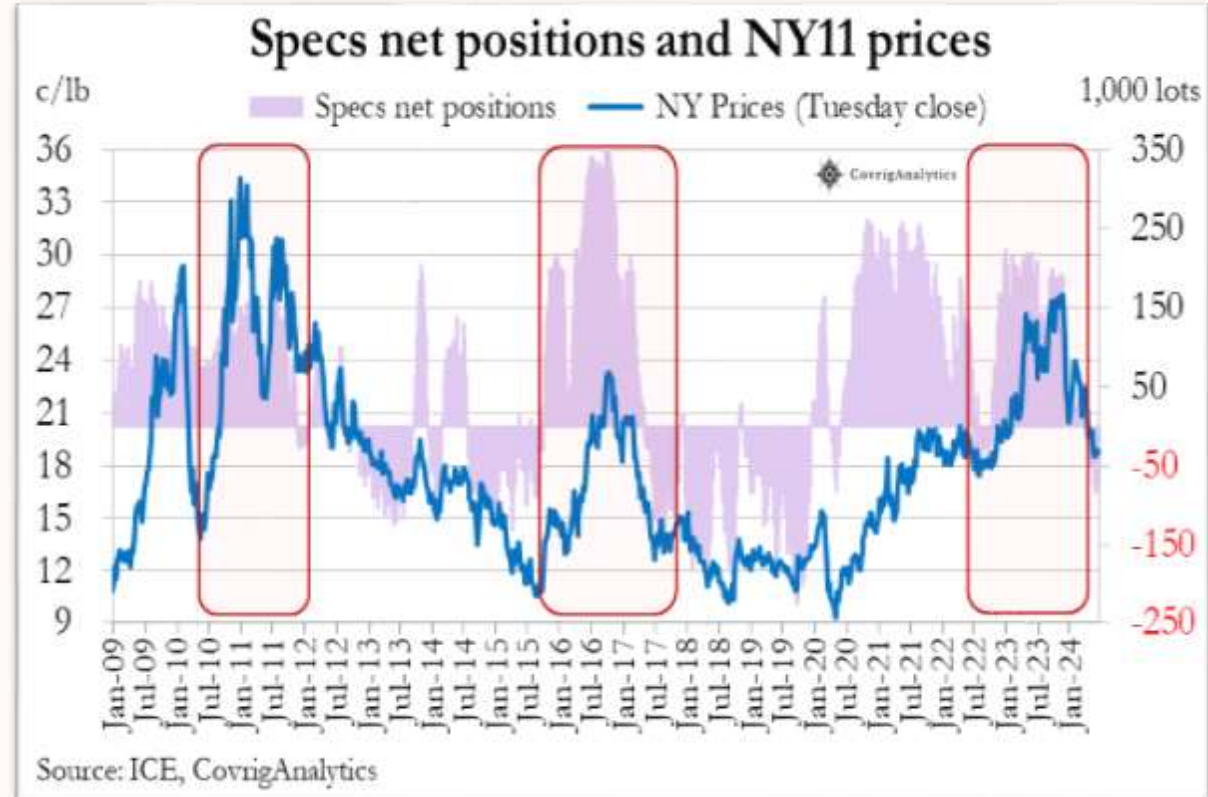
And the current WPs seem to be needing some support!



As the cash premiums remain supportive!



Specs liquidated longs and they are sitting on a comfortable net short position!

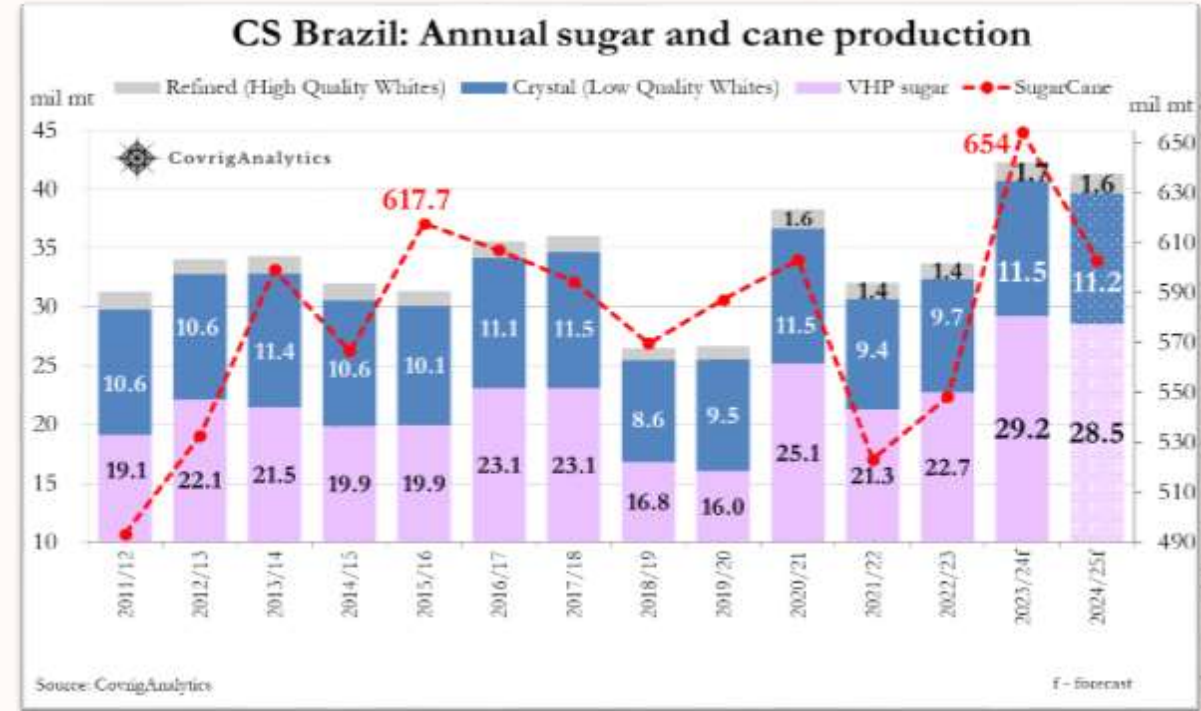
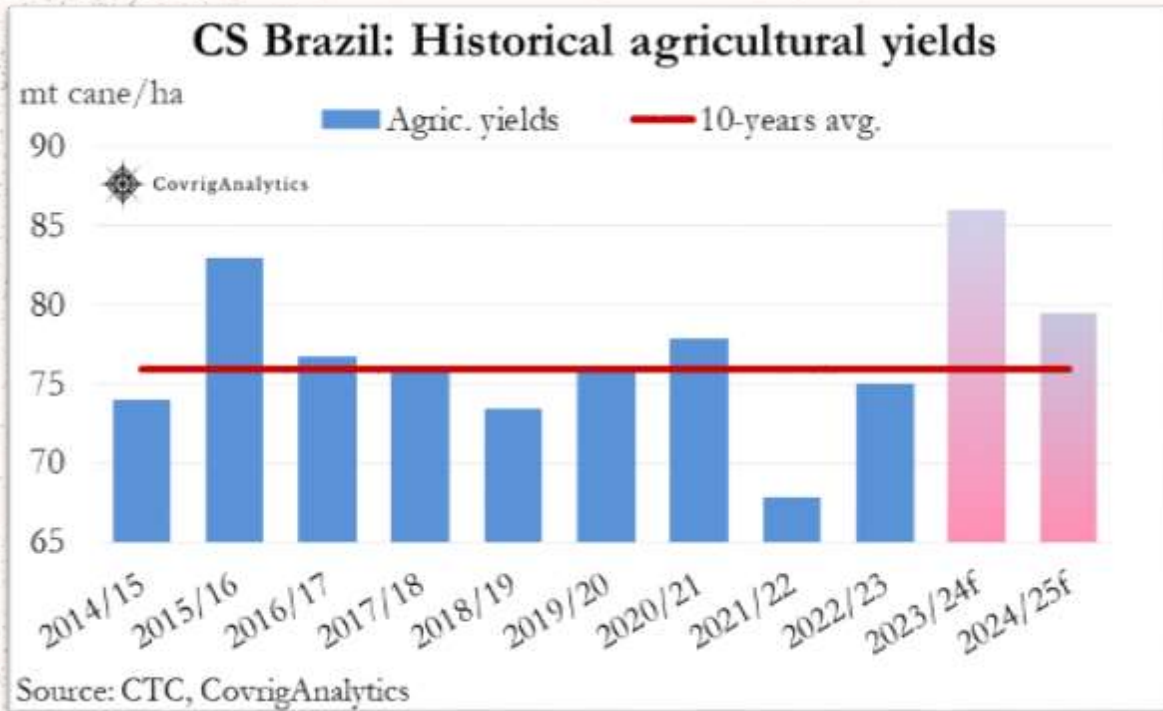


- Having net specs on the short side is nothing new and it happens in cycles
- If no major weather event occurs, no hazards, strikes etc, specs might remain in a net short position for a while!

The Situation at Regional Level

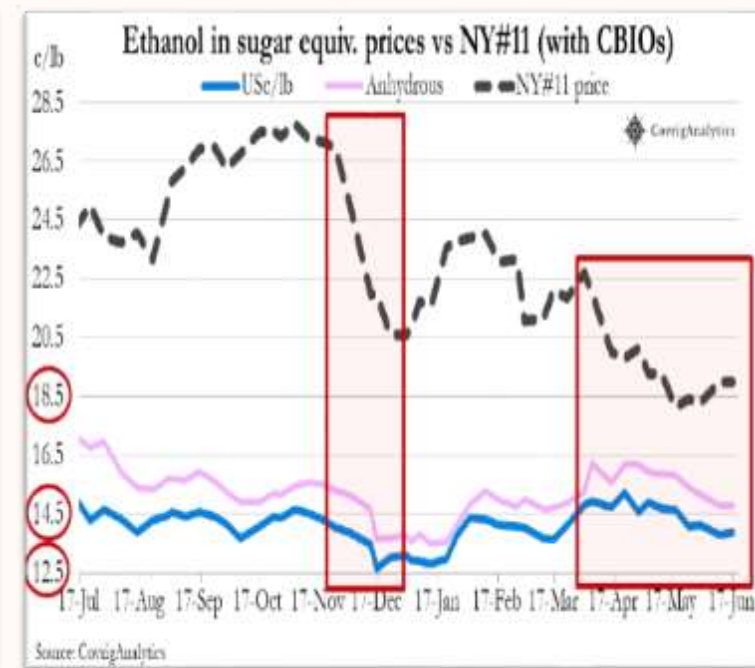
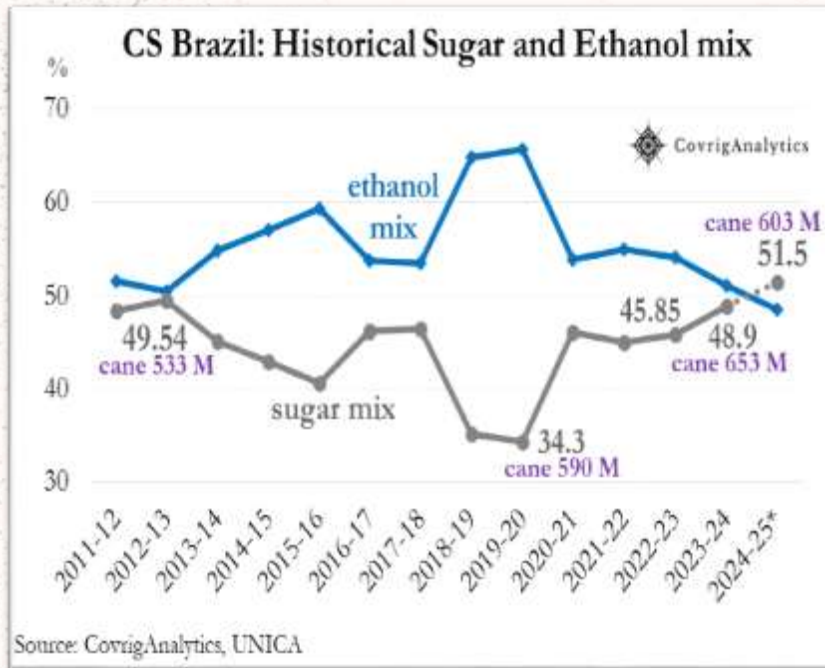


CS BRAZIL: Record 2023-24 yields not to be repeated



- Apr-Dec 2023 yields at 87.6 mt/ha! In 2024 they are expected to drop probably around 80 mt/ha.
- 2024-25 cane crushing to drop 50 mil mt from 2023-24 record of 654 mil mt.
- The drop in cane volumes offset by higher sugar mix (at 51.5% vs 48.9%).
- 13 mil mt less cane offsets an increase in sugar mix of 1%.

CS BRAZIL: Sugar mix keeps being maximized



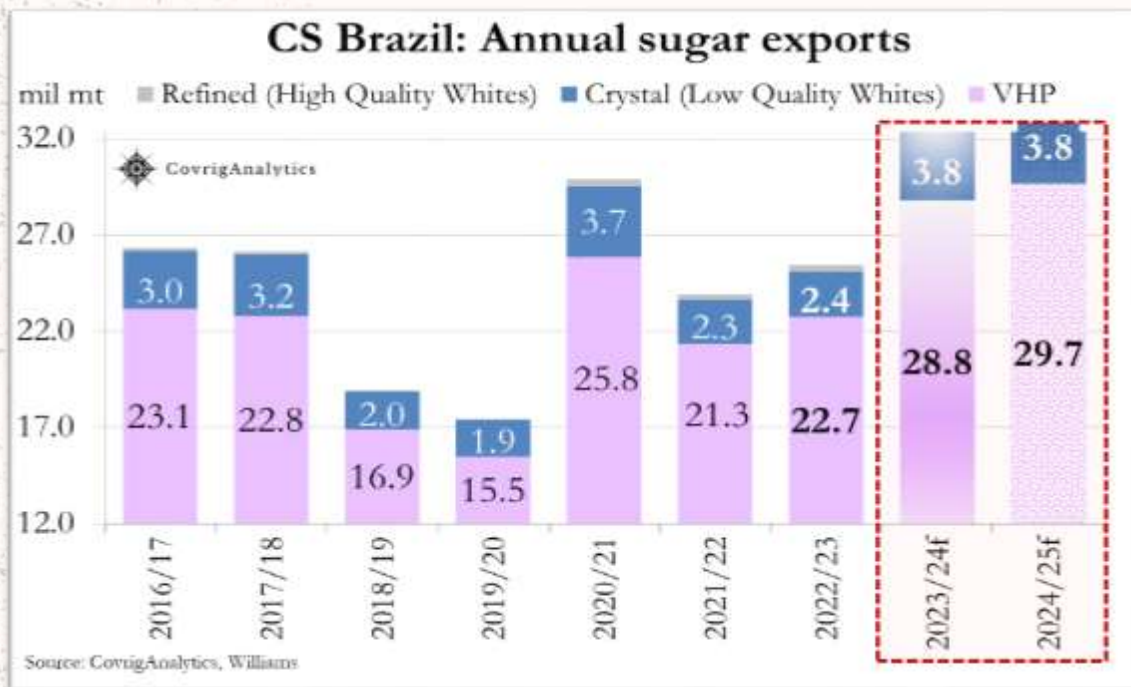
- Sugar more remunerative than hydrous ethanol by 500 pts. Hydrous ethanol floor pressured by a weaker real.
- Sugar mix to reach a new record: mills did investments in rising the sugar mix: +2.5%, +3% y-o-y.
- But the reality is another one: processing lower-quality cane with higher cane fiber content and lower juice purity led to reduced ATR (sucrose) and to lower sugar mix than expected in May 2024.

CS BRAZIL: Sugar mix not higher than 51.5% and lower cane volumes

CS Brazil production estimates (April/March season)					
CovrigAnalytics	Unit	2022/23	2023/24f	2024/25f	2024/25f
		Realized	Realized	Feb 1 estim	Bearish
Cane crush	mil mt	548.3	654.4	603.0	615.0
ATR	kg/mt cane	140.8	139.2	139.6	139.6
Sugar Mix	%	45.85%	48.87%	51.50%	51.50%
Ethanol Mix	%	54.15%	51.13%	48.50%	48.50%
Sugar	mil mt	33.73	42.43	41.29	42.11
Cane Ethanol	mil m3	24.48	27.33	23.93	24.42
Δ Sugar production (y-o-y)	mil mt	1.65	8.70	-1.13	-0.31
Δ Ethanol production (y-o-y)	mil m3	0.32	2.85	-3.39	-2.91
CovrigAnalytics					

CS Brazil: Different possible production scenarios for 2024-25						
Apr/Mar season						
Cane crush (mil mt)		603	613	620	625	630
Sugar Production (mil mt)	Sugar Mix 52.25%	41.895	42.589	43.075	43.422	43.770
	Sugar Mix 53%	42.495	43.200	43.693	44.045	44.398
	Sugar Mix 53.5%	42.896	43.608	44.106	44.461	44.817
ATR fixed at 139.55 (kg/mt) for all scenarios						
CovrigAnalytics						

CS BRAZIL: Stocks and exports expected at the levels of 2023-24

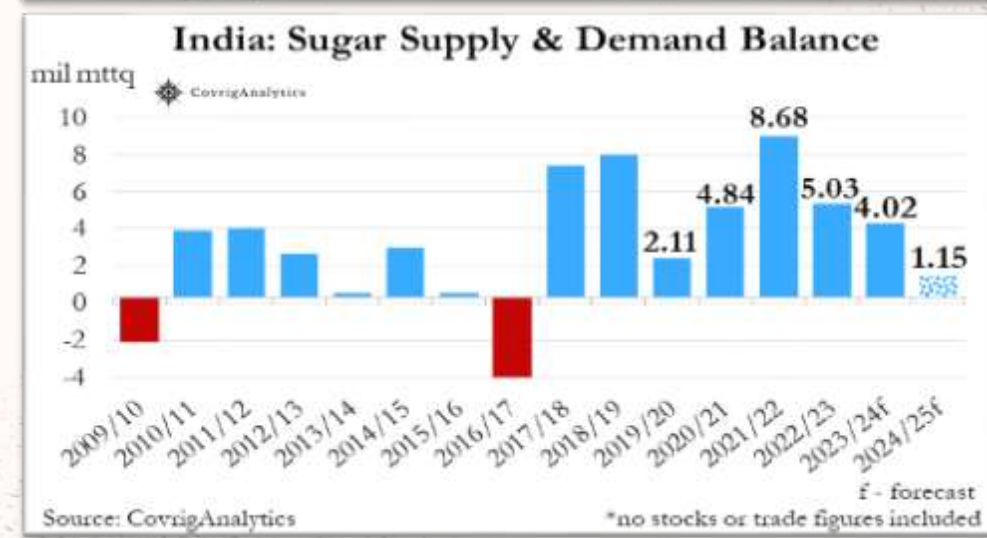
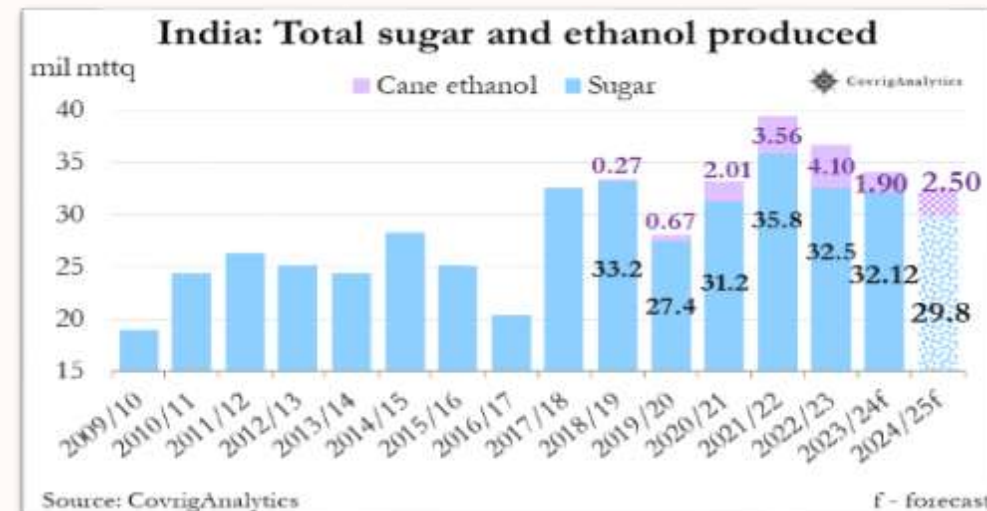


- Record exports in 2023-24 season ~33.1 mil mttq (29.1 mil mt raw sugar)! Similar volumes expected for 2024-25.
- Stocks at a peak in Sep-Oct: expected at 13.2-13.5 mil mt vs 14.4 mil mt in Oct 2023.

INDIA: Lower 2024-25 surplus but there is enough room for exports

INDIA SUGAR PRODUCTION (Oct-Sep) [mil mttq]				
	2022-23	2023-24	2024-25	
Production per state	Realized	Estim	Estimate	Δ 2025-2024
Maharashtra	10.53	11.04	8.60	-2.44
Uttar Pradesh	10.54	10.50	12.10	1.60
Karnataka	5.70	5.26	3.60	-1.66
Others	5.76	5.32	29.75	24.43
SUGAR PRODUCTION	32.53	32.12	29.75	-2.37
DIVERSION TO ETHANOL	4.10	1.9 (1.7+0.17)	2.50	0.63
PRODUCTION BEFORE DIVERSION	36.63	34.02	32.25	-1.77
DOMESTIC CONSUMPTION	27.50	28.10	28.60	0.50
Bangladesh/Nepal/Bhutan leak	0.05	0.65	0.75	0.10
BALANCE (Leak fixed in exports)	5.03	4.02	1.15	-2.87

- Lower cane plantings in Maharashtra, Karnataka, **dryness in N India!**
- Could be partly offset by a good/normal monsoon!
- Higher consumption, higher alternative exports!
- Watch out for the fat pipeline (at 2 mil mt now)!

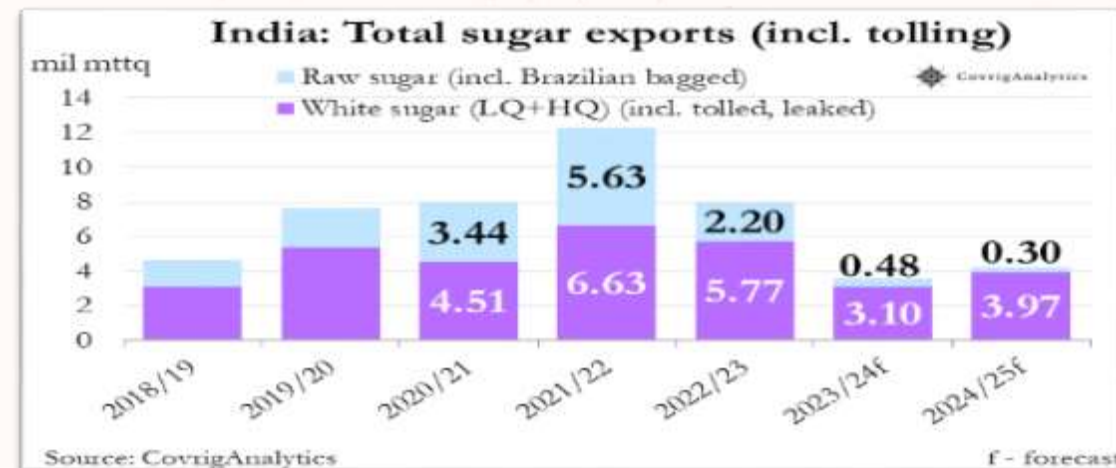


2024-25: 1 mil mt of “official” exports considered

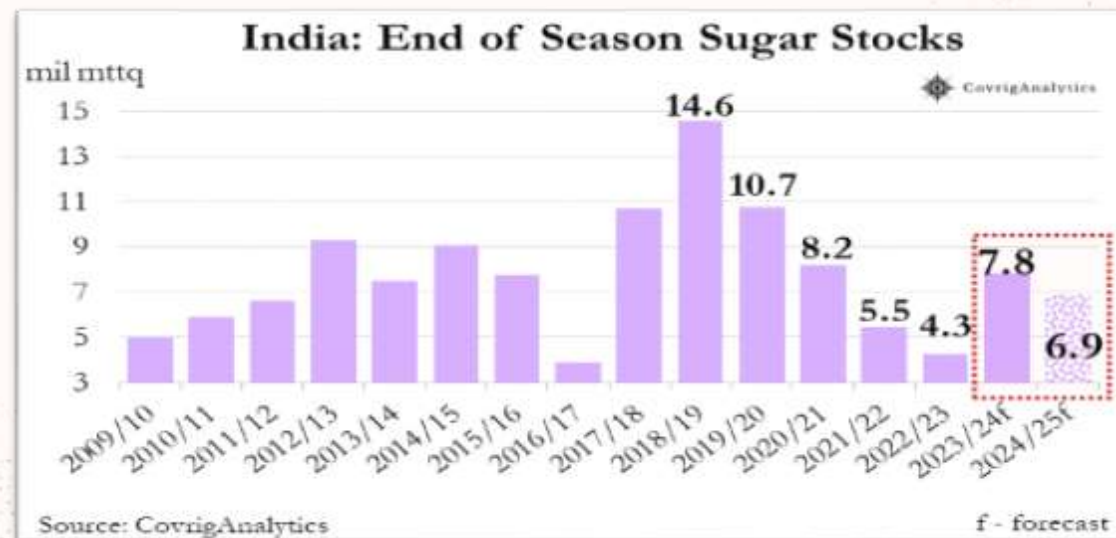
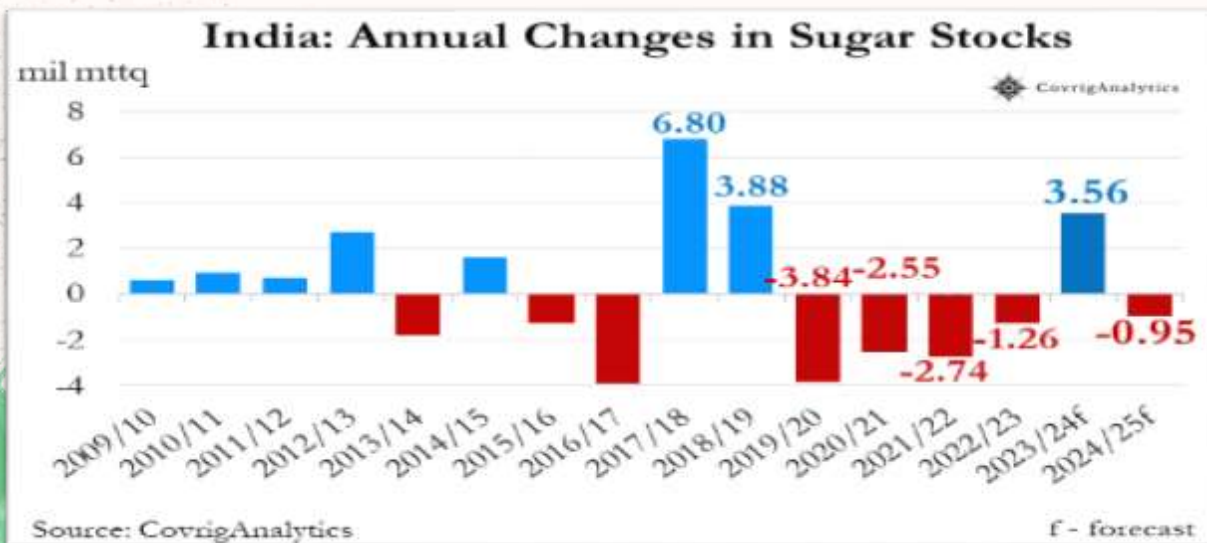
Possible sugar exports in 2024-25

- 1 mil mttq official export quota (whites + raws)
- 70k mt official quota to Bangladesh/Nepal
- 0.75 mil mt of *alternative* white exports
- 300k mt of raws-in-bags exports (Brazilian)
- 2.15 mil mt exports from tolling refineries

TOTAL EXPORTS: 4.3 mil mttq

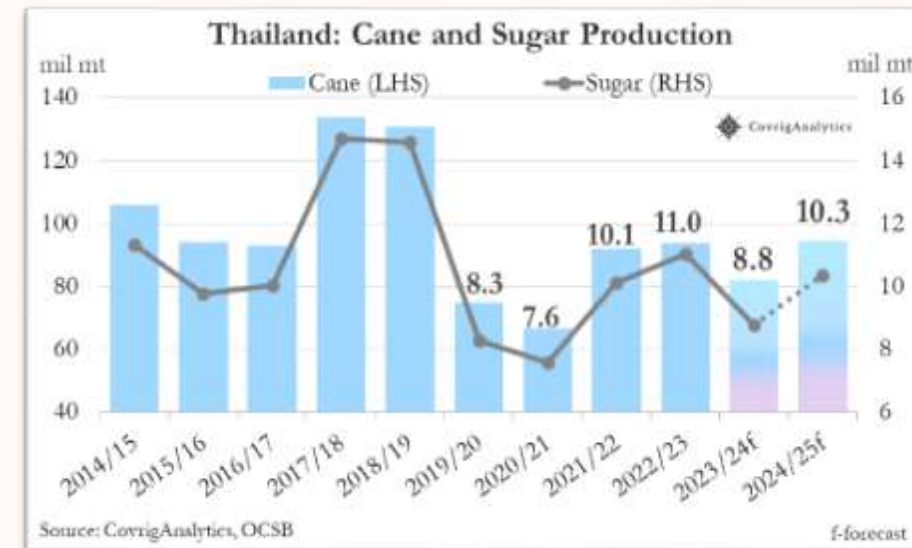


Alternative white exports: 650k mt in 2023-24, 750k mt in 2024-25



THAILAND: Production to recover on higher acreage

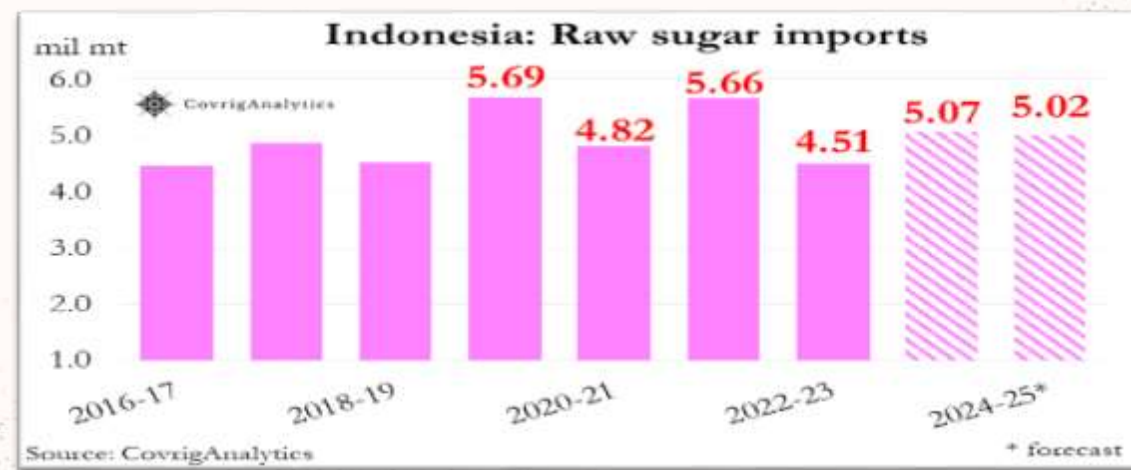
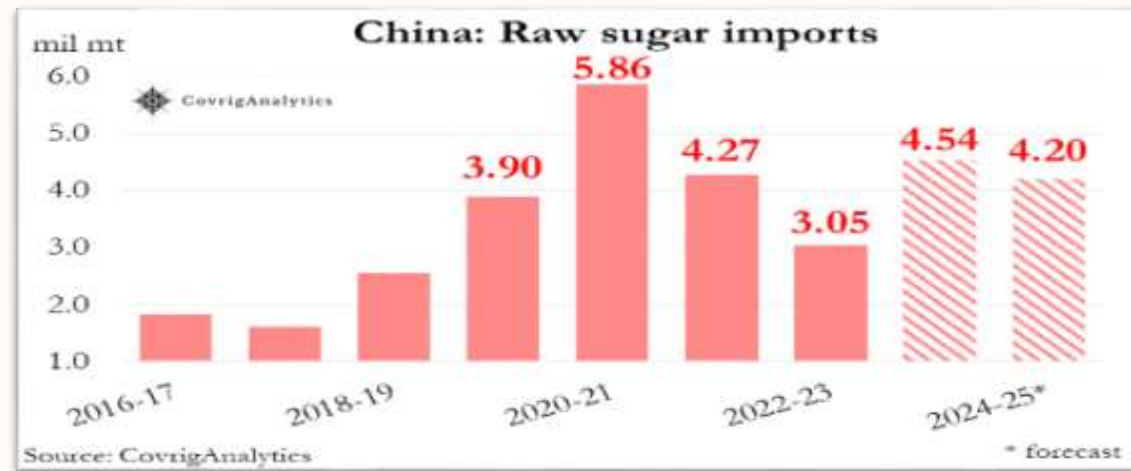
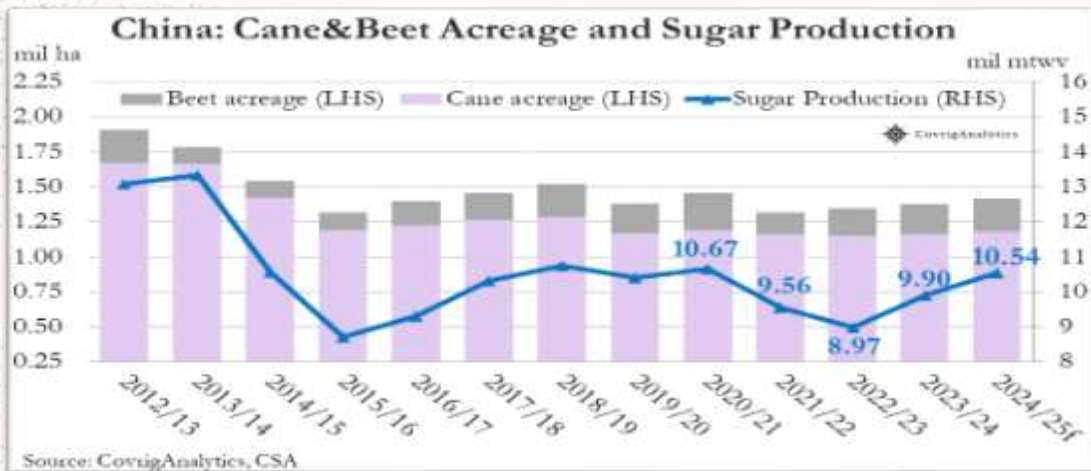
Year	Cane <i>mln mt</i>	Sugar <i>1'000 mtq</i>	Acreage <i>1'000 ha</i>	Agric. yield <i>mt cane/ha</i>	Ind. yield <i>kg sugar/mt cane</i>
2019/20	74.84	8.27	1'700	44.0	110.5
2020/21	66.66	7.59	1'608	41.5	113.8
2021/22	92.07	10.13	1'621	56.8	110.1
2022/23	93.88	11.02	1'635	57.4	117.4
2023/24f	82.19	8.77	1'469	55.9	106.8
2024/25f	94.50	10.35	1'630	58.0	109.5
2024/25sc	92.60	10.09	1'625	57.0	109.0



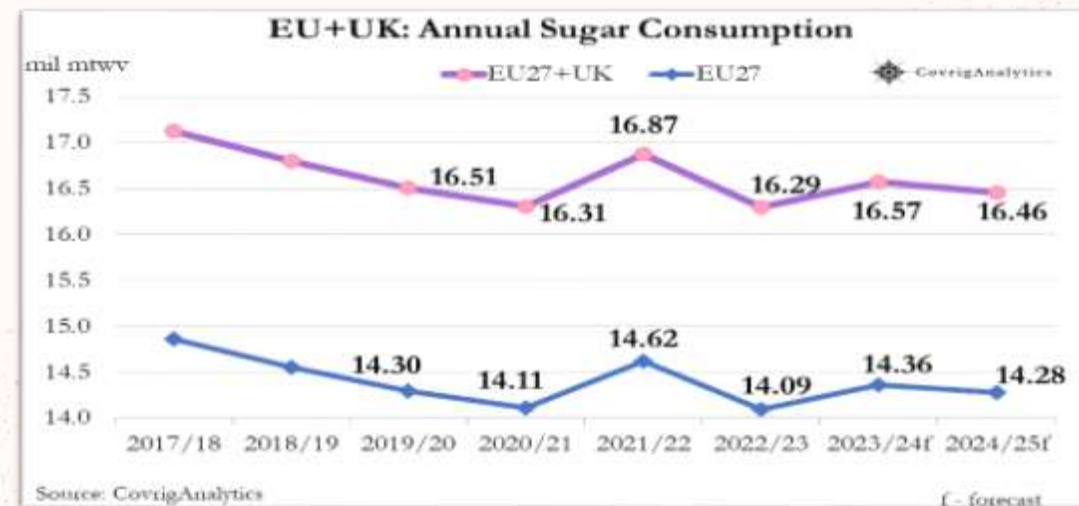
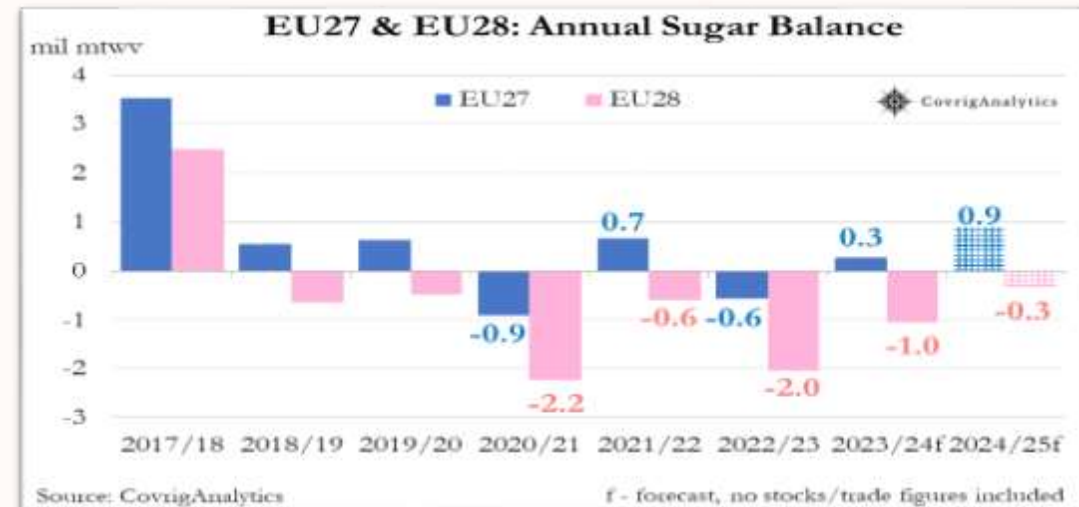
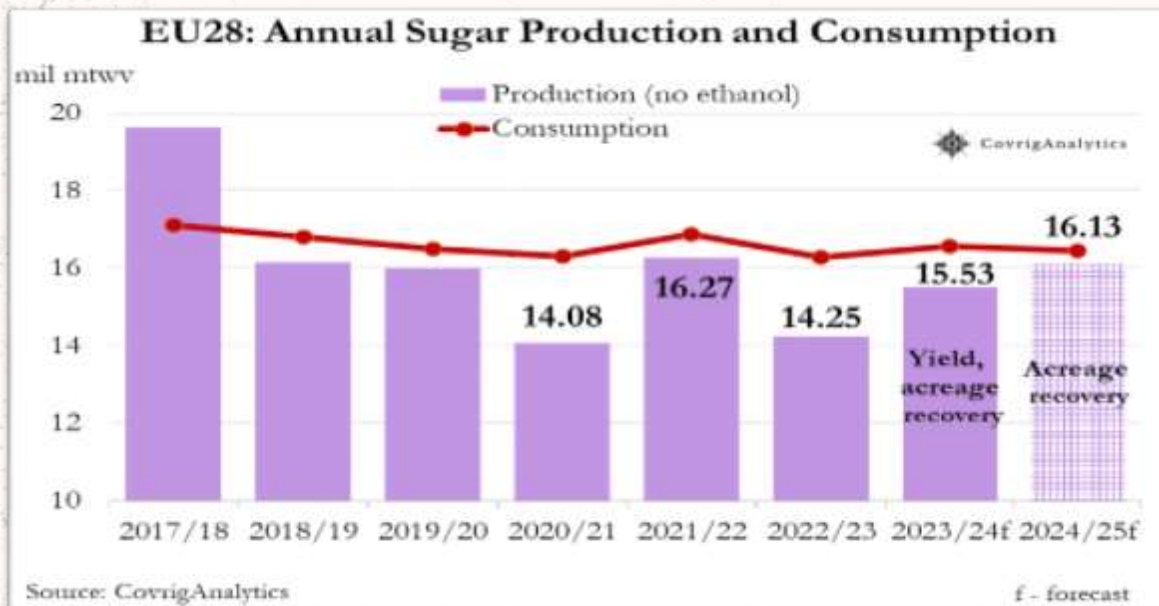
[mil mtq]	Consumption	In season white production	Out of season remelt	Raw production	Total production	% of raws	% of whites
2019/20	3.047	2.02	2.000	4.25	8.267	51%	49%
2020/21	2.893	2.38	1.800	3.41	7.587	45%	55%
2021/22	3.033	2.75	3.440	3.94	10.135	39%	61%
2022/23	3.082	2.55	3.100	5.37	11.022	49%	51%
2023/24f	3.112	2.28	3.150	3.34	8.771	38%	62%
2024/25f	3.125	3.09	2.600	4.66	10.348	45%	55%

- **Daily cane crushing** was close to historical max in Jan (>1.2 mil mt). **Crushing capacity is there!**
- **2024-25 Thai cane crush at 94.5 mil mt**, sugar production at **10.4 mil mt** (up 1.6 mil mt on the year)
- In a very bearish scenario, we could imagine Thai sugar production at 11.4 mil mt! Too optimistic?

CHINA: Production recovery to continue! Imports limited at in-quota and ALL policies! High sugar syrup/Premix imports

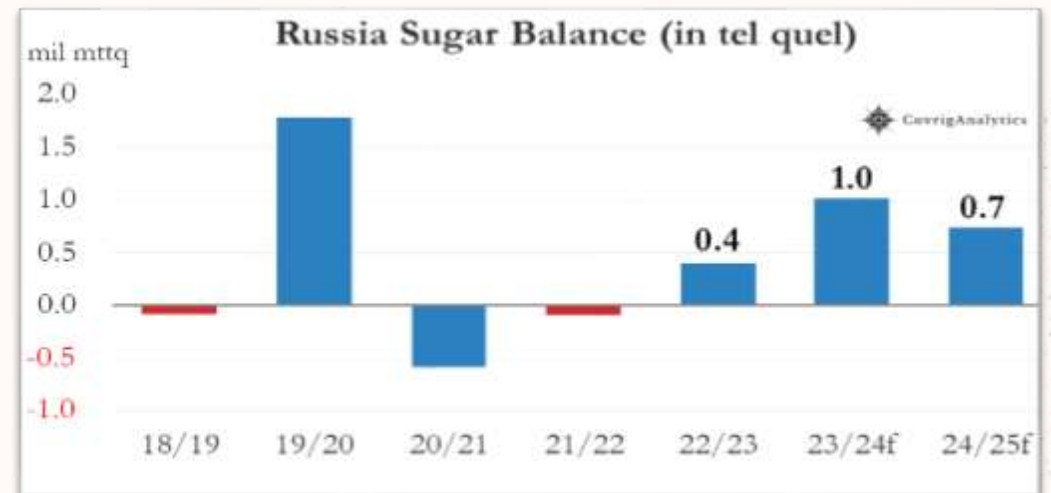
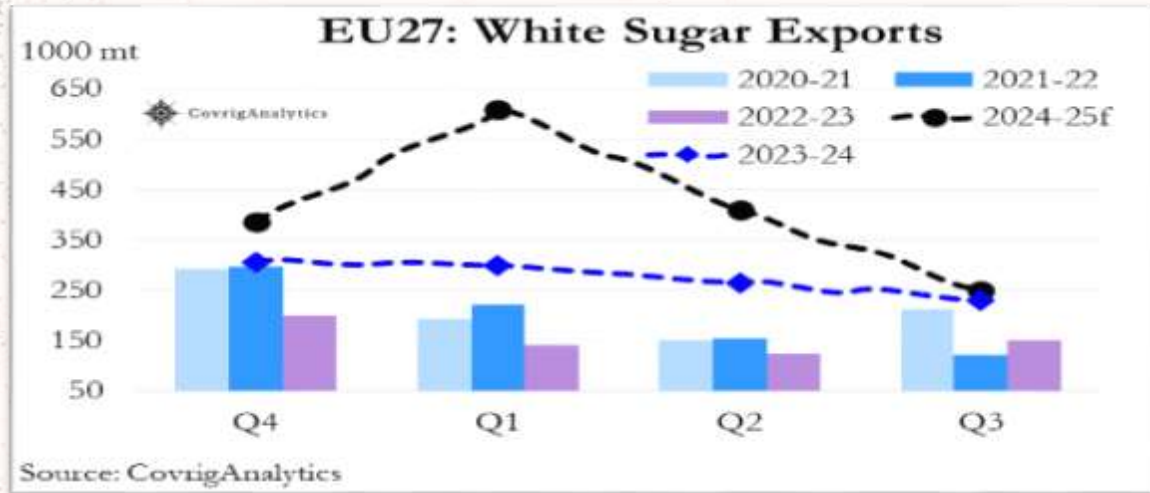


The 2024-25 EU28 balance to recover on higher acreage!



- 2024-25 Production recovery expected for the EU28 (+600k mtwv), consumption down 110k mt, higher stocks: +1.3 mil mt extra availability y-o-y!
- Recent floods to keep production estimates conservative!
- Ukraine 900,000 mt export availability in 2024-25

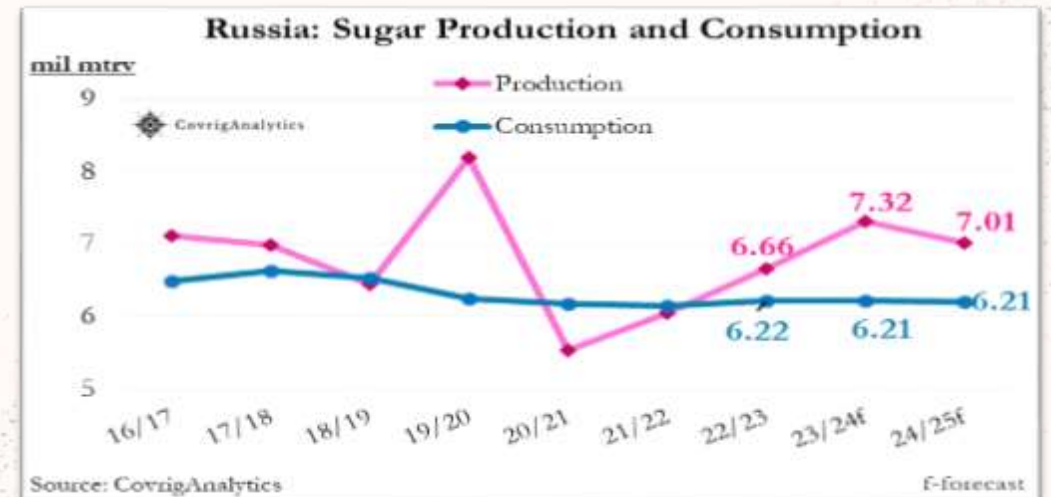
Higher EU+Ukraine exports ahead! Strong production in Russia!



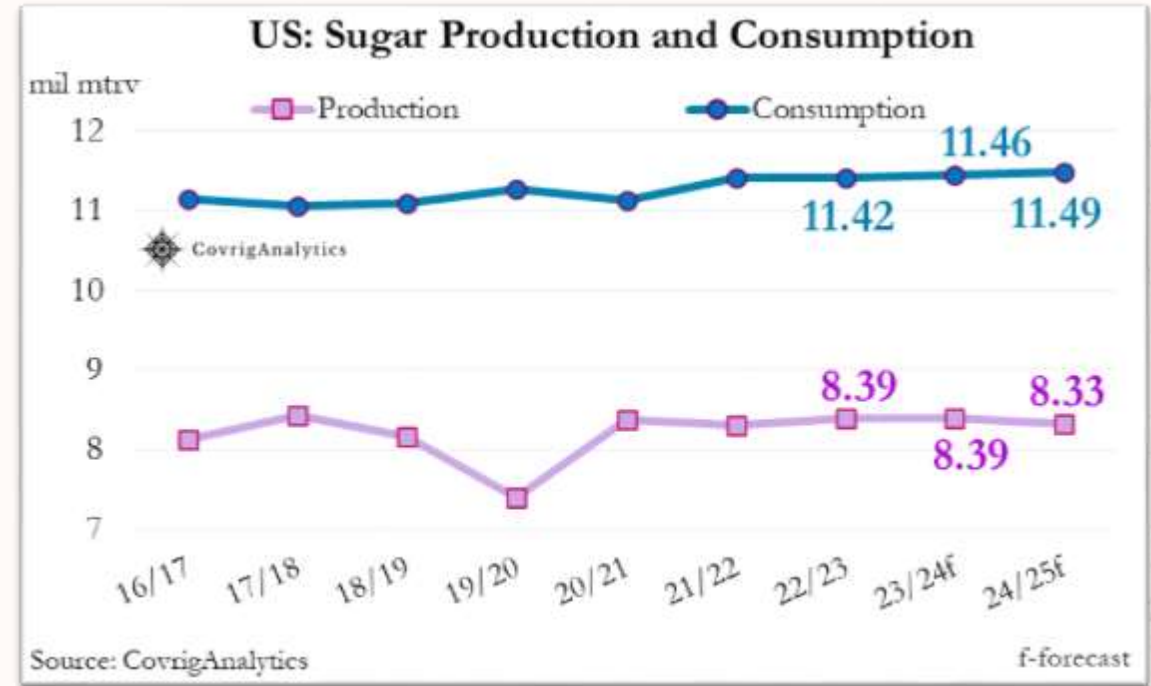
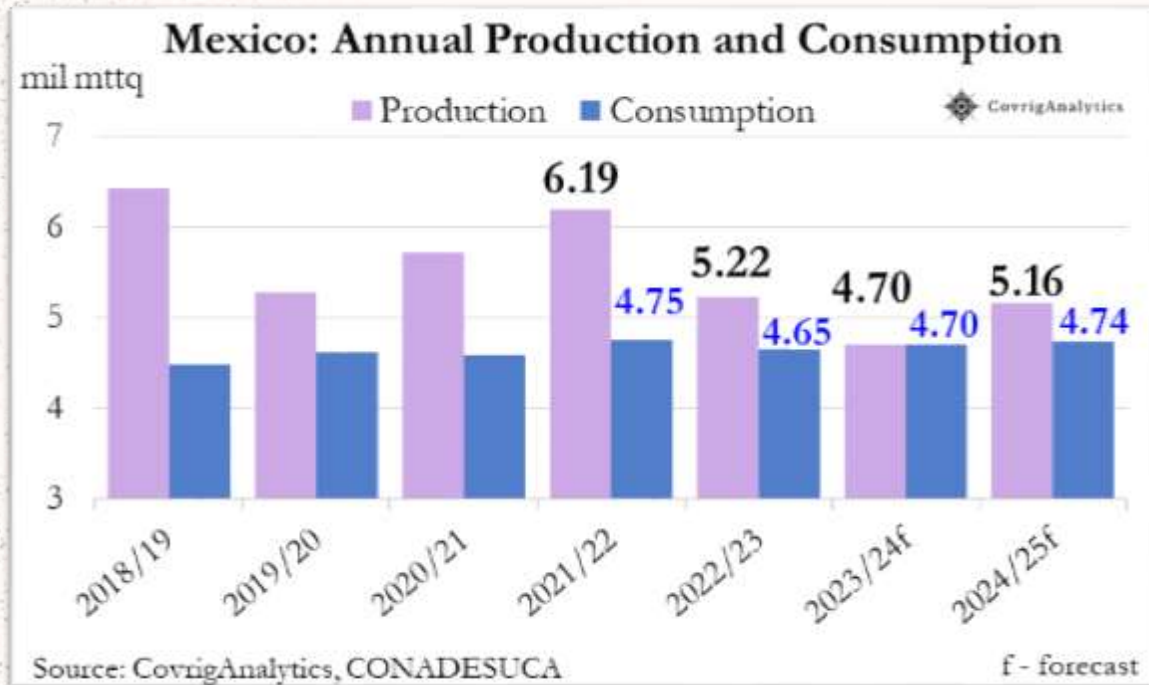
Ukraine white exports [1,000 mt]

Season	Q4	Q1	Q2	Q3	TOTAL
2022-23	125	143	154	23	445
2023-24	198	194	200	125	717
2024-25	205	255	215	200	875

- 2024-25: EU+Ukraine white exports at 2.6 mil mt (up 760k mt y-o-y)
- Big drop in Europe & CIS raw imports (down 1.9 mil mt from 2022-23)
- **Good production in Russia** - at 6.45 (vs 6.8) mil mtwv despite May, frost, mist, higher soil moisture level



Production in Mexico to recover a tad after a disastrous 2023-24



- The consensus sees a *slight* production recovery for 2024-25 (+300k - 500k mt y-o-y)
- A full production recovery to happen only in 2026-27, 2027-28
- 2 sugar mills are in “chapter 11”!
- The northeast region is with severe damage due to drought: very difficult to recover!

Thank you kindly for your attention!

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