

# Global S&D and Tradeflows

**Dr. Claudiu Covrig**

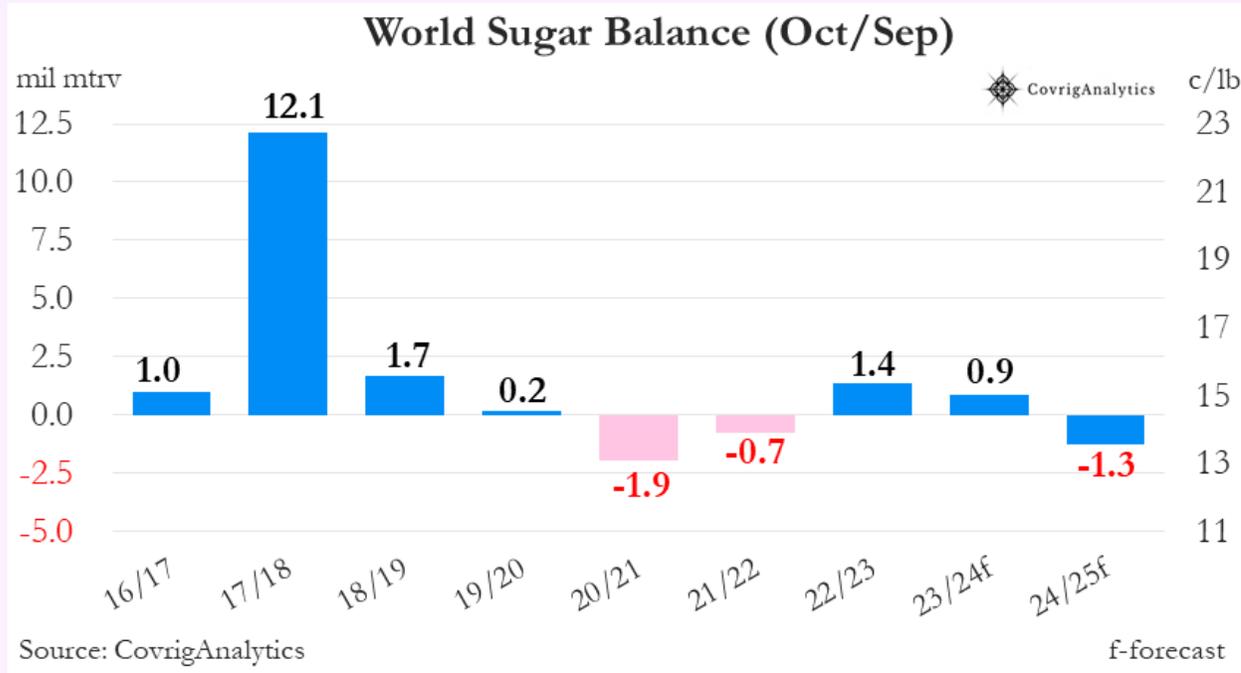
**CEO & Lead Agriculture Analyst  
CovrigAnalytics**



*Session 1 – S&D Classroom*  
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February 1, 2024

The Global Sugar Picture  
Many uncertainties ahead

# World: 2024-25 in a small deficit as higher Brazilian sugar mix might not be enough! Current season moves in a tiny surplus

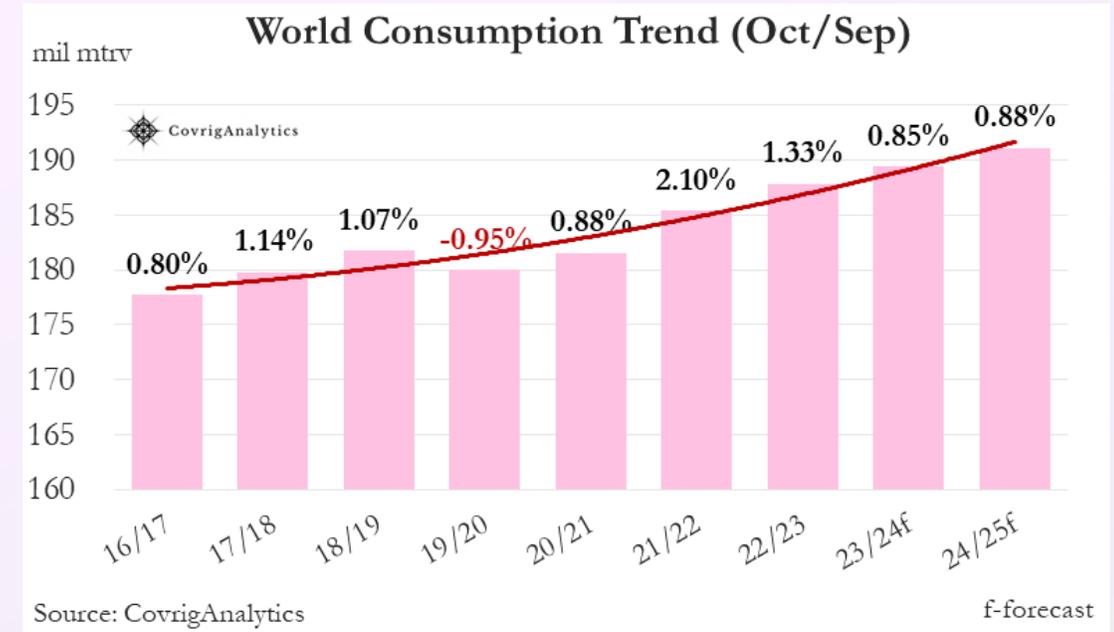
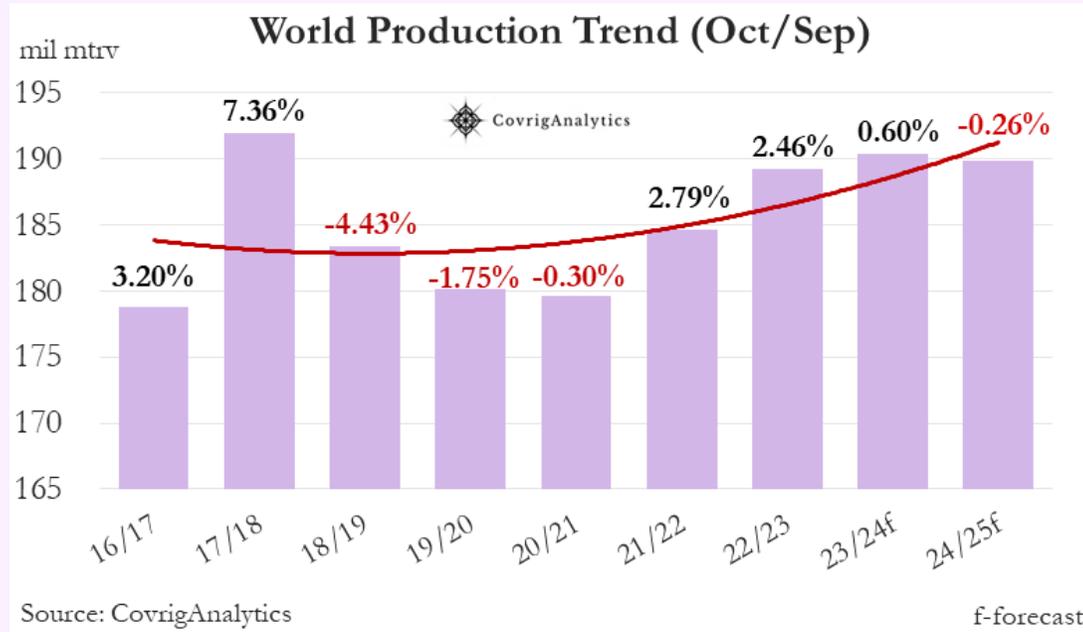


## Nov expectations



- Production in **CS Brazil** (Apr/Mar): for 2023-24 at **42.23 mil mttq** (up 2 mil mttq on Nov estimates); for 2024-25 at **42.4 mil mttq**
- A **new record sugar mix** in CS Brazil in 2024-25 (probably at 51.5%) might not be enough to offset a drop in cane volumes
- **2023-24** managed to move from deficit to surplus on a **huge Brazilian crop**, on “diversion to ethanol” cuts in India and on lower consumption in Europe

# 2024-25 global production might drop 0.3%; consumption growth at 0.88% (+1.66 mil mt) below the 10-year average

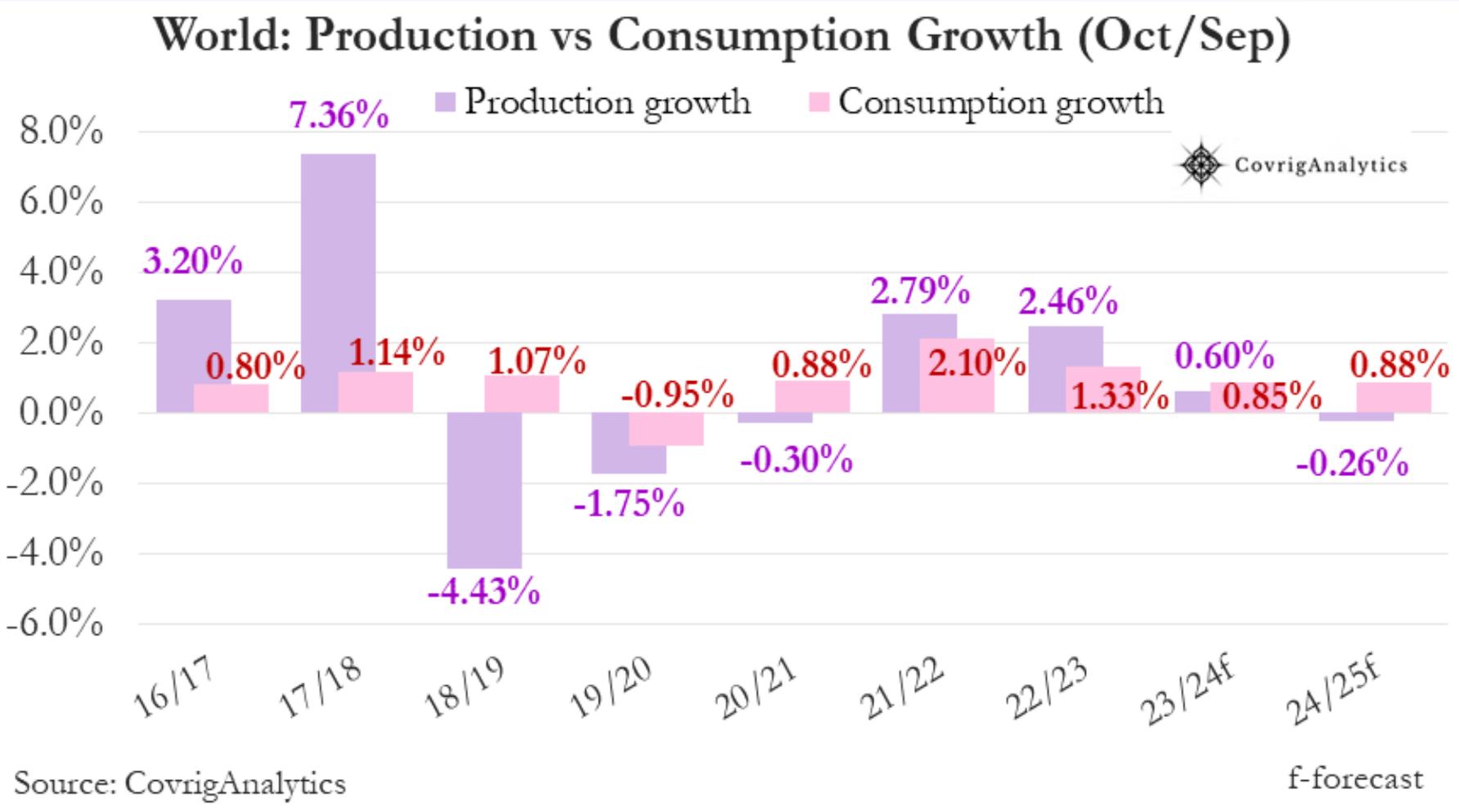


- 2024-25 production down 0.5 mil mt on the year at 189.8 mil mtrv
- This is 2.1 mil mt down from the 2017-18 peak 2023-24 (when India, Thailand, Mexico had better crops).
- ***Brazil might not “save” the world alone again! Could it be assisted by India this time?***

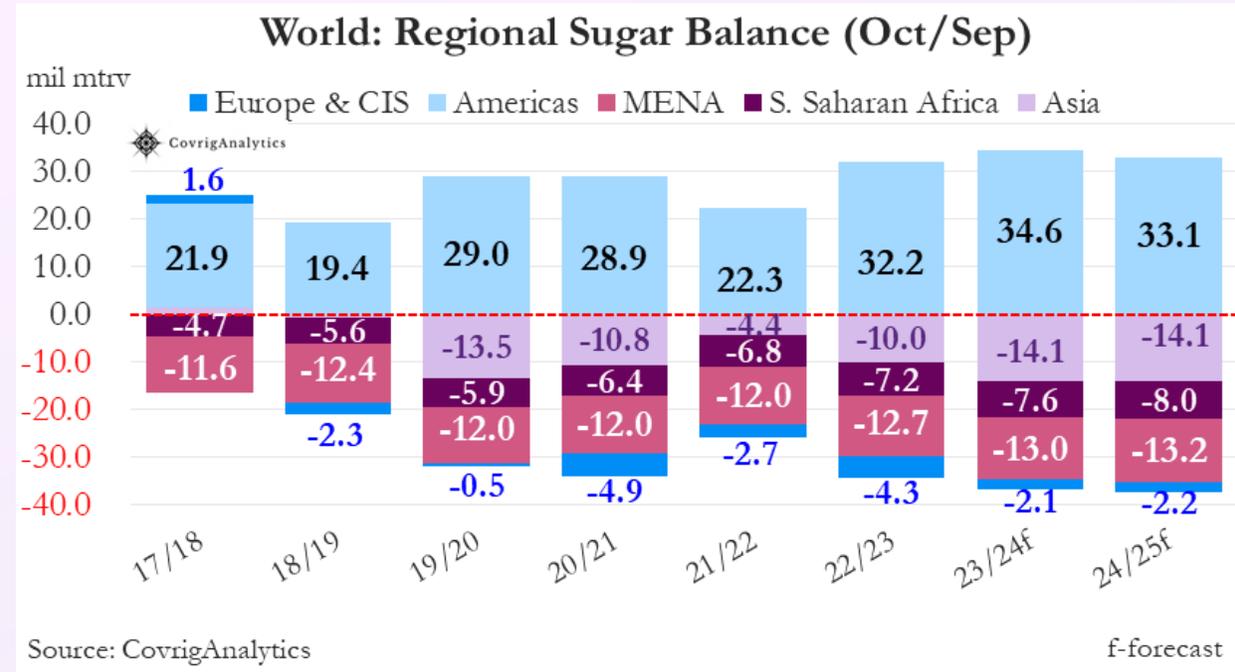
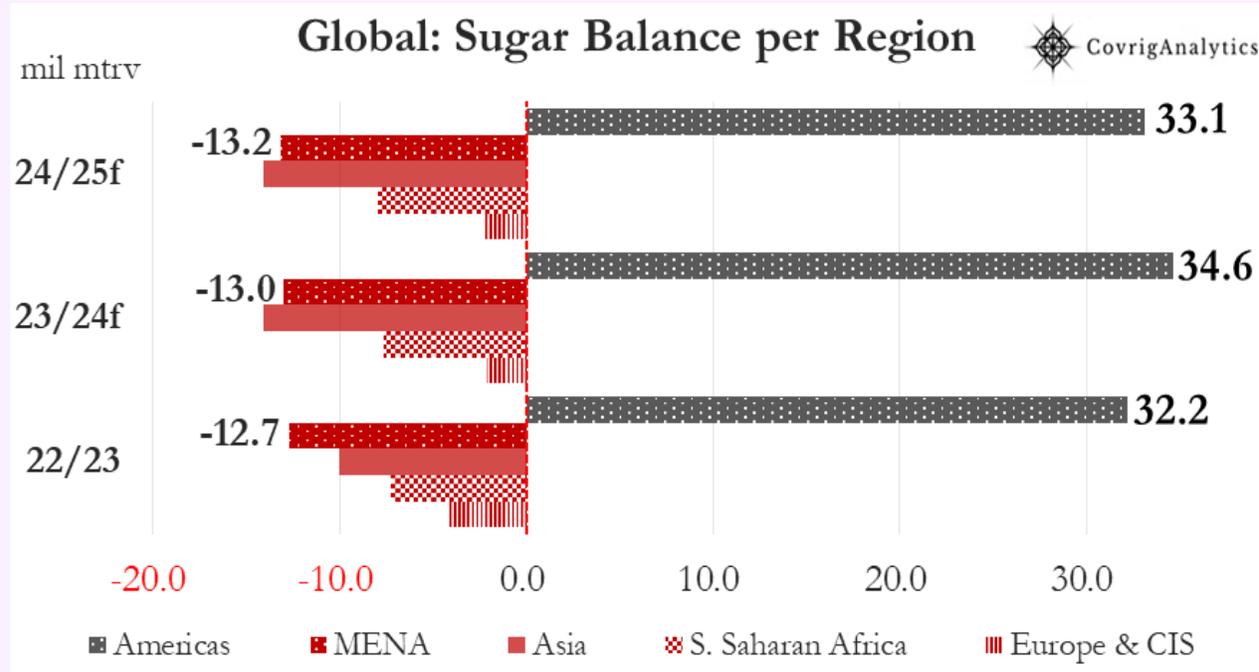
## Global CONSUMPTION (again at new peaks)

- 2024-25 consumption to grow at a lower rate (+0.88%)
- **0.88% growth represents now 1.67 mil mtrv**
- Constantly at new peaks (191.1 mil mtrv in 2024-25)

# Usually, production reacts to higher prices: it didn't happen this time!



# South America is feeding the world. Regional deficits to rise less (deficit in Asia up 4 mil mt this year but constant the next one)



## 2024-25

- Higher deficit in MENA (+210k mt) and in Sub-Saharan Africa (+350k mt)
- Constant/unchanged deficit in Asia after the expected surge in 2023-24 (+4.1 mil mtrv y-o-y)
- Lower surplus in the Americas (-1.3 mil mtrv) on lower Oct/Sep output expected for Brazil and for the US

# The top sugar producers: Historical development

## *Top 9 Global Producers and Consumers*

*Jan-Feb 2024 estimates*

*Unit: mil mttq*

*Crop year*

2018/19

2019/20

2020/21

2021/22

2022/23

2023/24f

2024/25f

### PRODUCTION

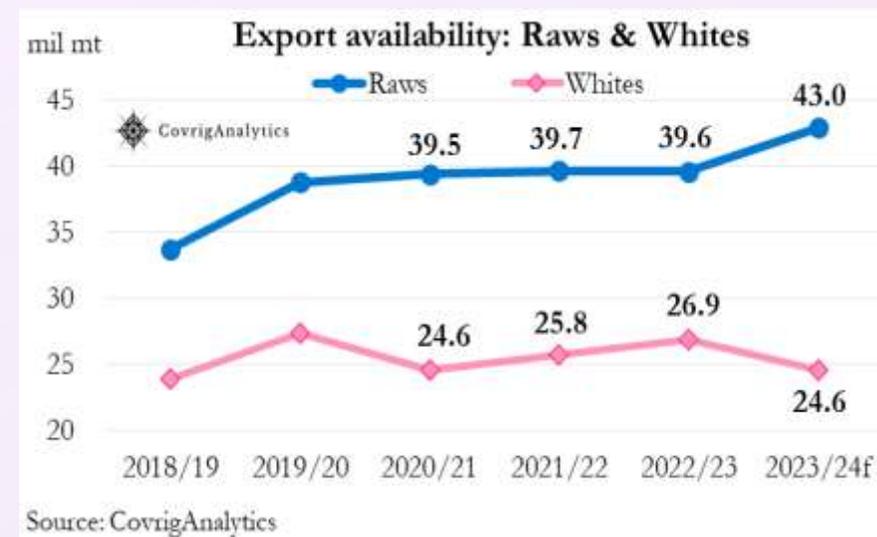
CS BRAZIL	<i>Apr/Mar</i>	26.51	26.76	38.47	32.07	33.73	42.23	42.36
<i>CS BRAZIL</i>	<i>Oct/Sep</i>	<i>26.13</i>	<i>36.88</i>	<i>35.67</i>	<i>29.47</i>	<i>40.06</i>	<i>43.25</i>	<i>41.67</i>
INDIA (no ethanol)	<i>Oct/Sep</i>	33.16	27.41	31.19	35.80	32.53	31.35	31.50
EU+UK (no ethanol)	<i>Oct/Sep</i>	16.15	16.02	14.08	16.27	14.25	15.28	15.49
CHINA	<i>Oct/Sep</i>	10.76	10.41	10.67	9.56	8.97	9.90	9.95
THAILAND	<i>Oct/Sep</i>	14.58	8.27	7.59	10.13	11.03	8.35	8.59
USA (raw value)	<i>Oct/Sep</i>	8.16	7.39	8.38	8.31	8.39	8.48	8.33
PAKISTAN	<i>Oct/Sep</i>	5.27	4.89	5.69	7.90	6.74	6.14	6.49
RUSSIA	<i>Oct/Sep</i>	5.93	7.53	5.10	5.56	6.13	6.59	6.25
MEXICO	<i>Oct/Sep</i>	6.43	5.28	5.72	6.19	5.22	4.76	5.27
<b>Top 9 sum</b>		<b>126.95</b>	<b>113.96</b>	<b>126.86</b>	<b>131.78</b>	<b>126.99</b>	<b>133.07</b>	<b>134.22</b>
<b>% in WORLD</b>		<b>72.95%</b>	<b>72.76%</b>	<b>72.82%</b>	<b>73.76%</b>	<b>74.34%</b>	<b>74.36%</b>	<b>74.26%</b>



# 2023-24 stocks higher on year on a big Brazilian output and on a cut in ethanol program in India. Slightly higher stocks-to-use ratio

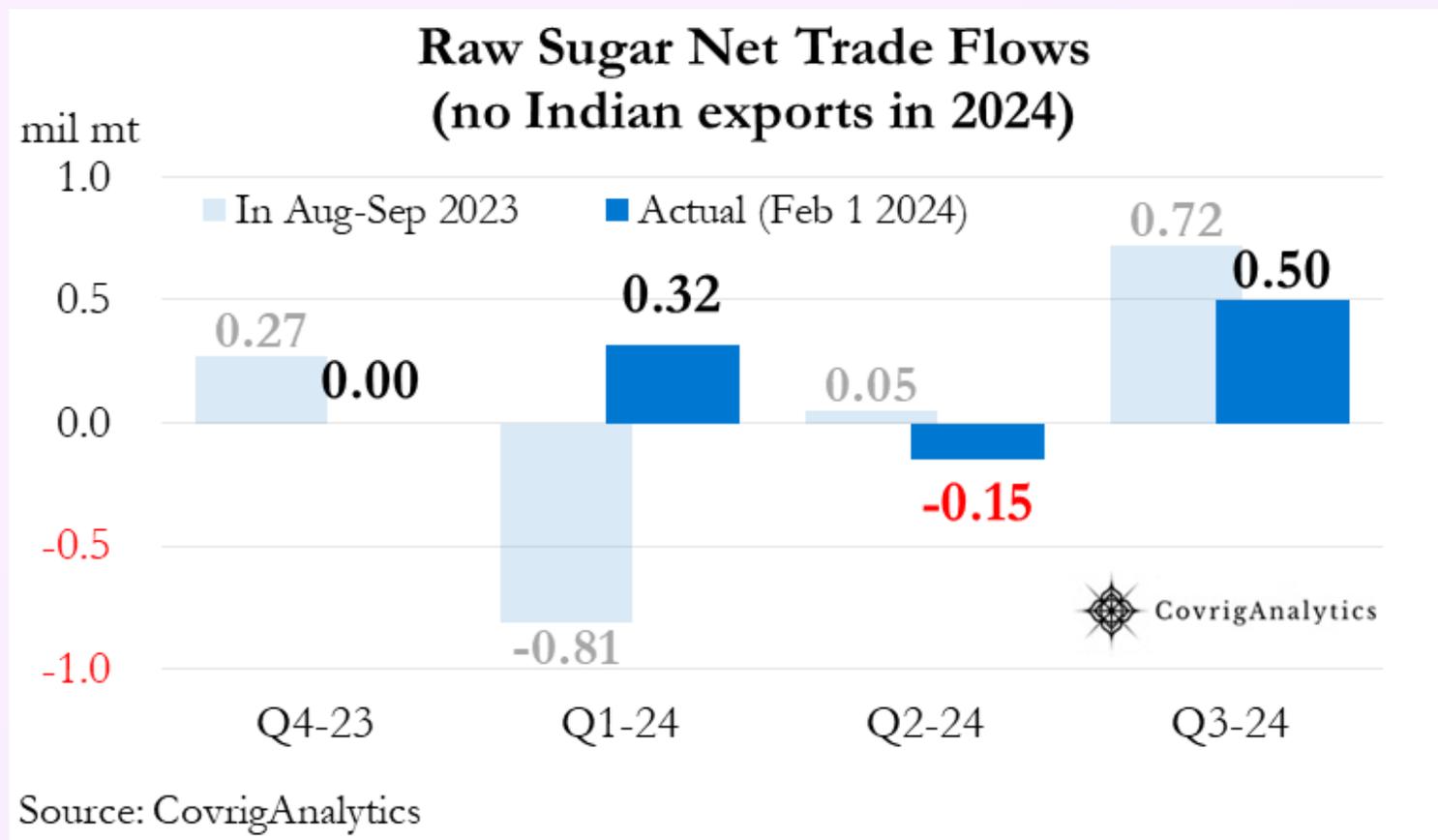
<i>Unit: mil mtrv</i>	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24f
Production	183.401	180.186	179.649	184.655	189.204	190.335
Consumption	181.717	179.982	181.574	185.393	187.851	189.447
<b>S&amp;D Balance</b>	<b>1.68</b>	<b>0.20</b>	<b>-1.92</b>	<b>-0.74</b>	<b>1.35</b>	<b>0.89</b>
Raws imports	-33.76	-38.82	-39.45	-39.70	-39.64	-42.06
Raws exports	33.76	38.83	39.46	39.71	39.64	42.97
All Whites imports (mttq)	-23.90	-27.20	-24.50	-25.69	-26.93	-25.99
All Whites exports (mttq)	23.90	27.44	24.63	25.80	26.94	24.59
Open Stocks	85.47	87.14	87.08	85.00	84.13	85.46
End Stocks	87.14	87.08	85.00	84.13	85.46	86.97
<b>Stocks to use ratio</b>	<b>47.96%</b>	<b>48.38%</b>	<b>46.81%</b>	<b>45.38%</b>	<b>45.49%</b>	<b>45.91%</b>

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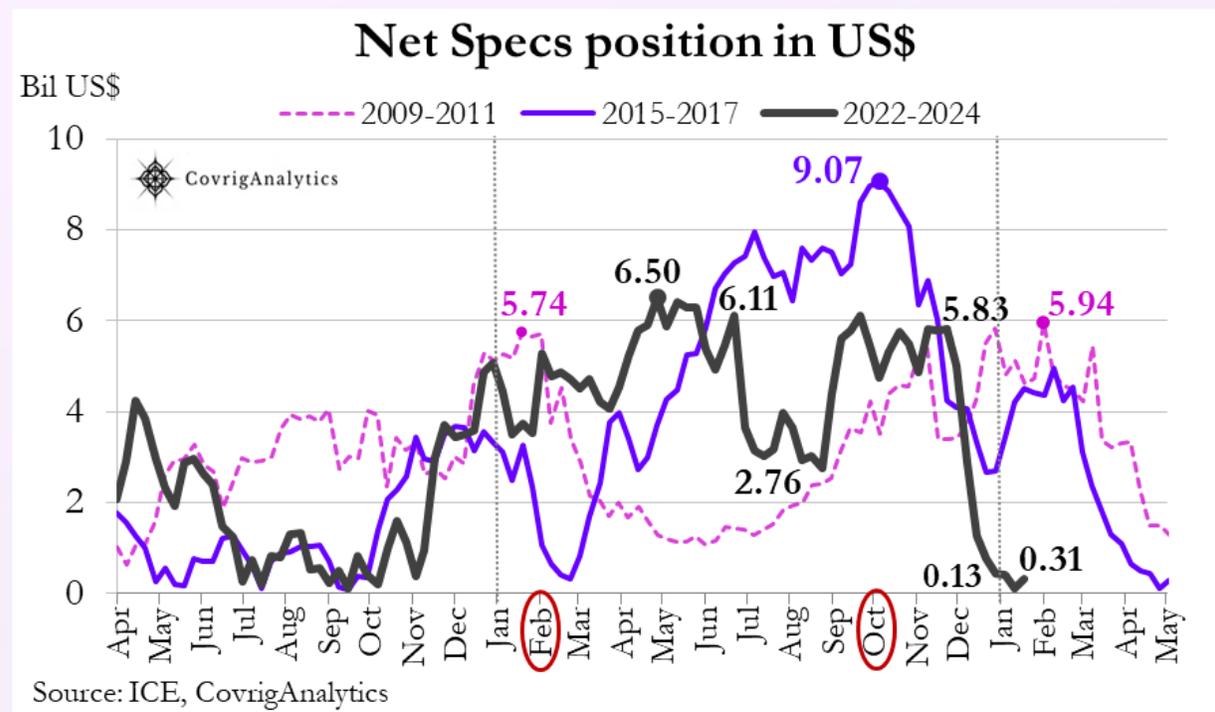
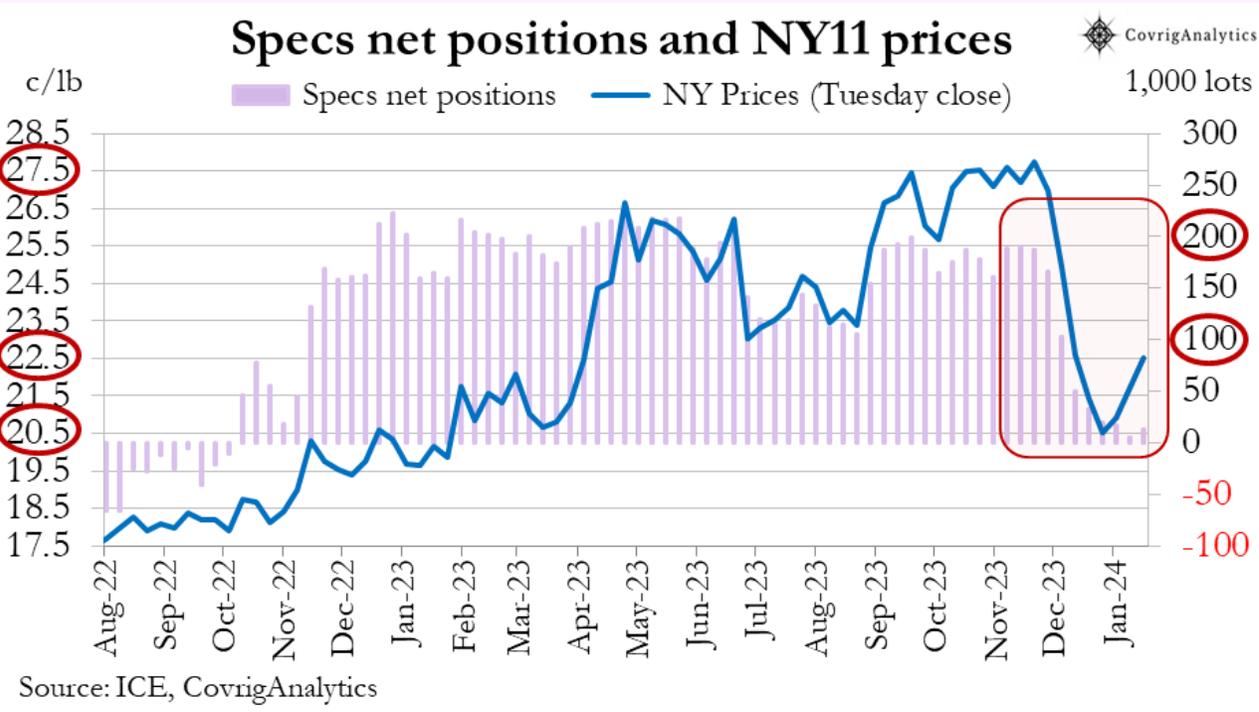


**Higher export availability on raws (+3.3 mil mt)! On whites it is expected 2.3 mil mt lower!**

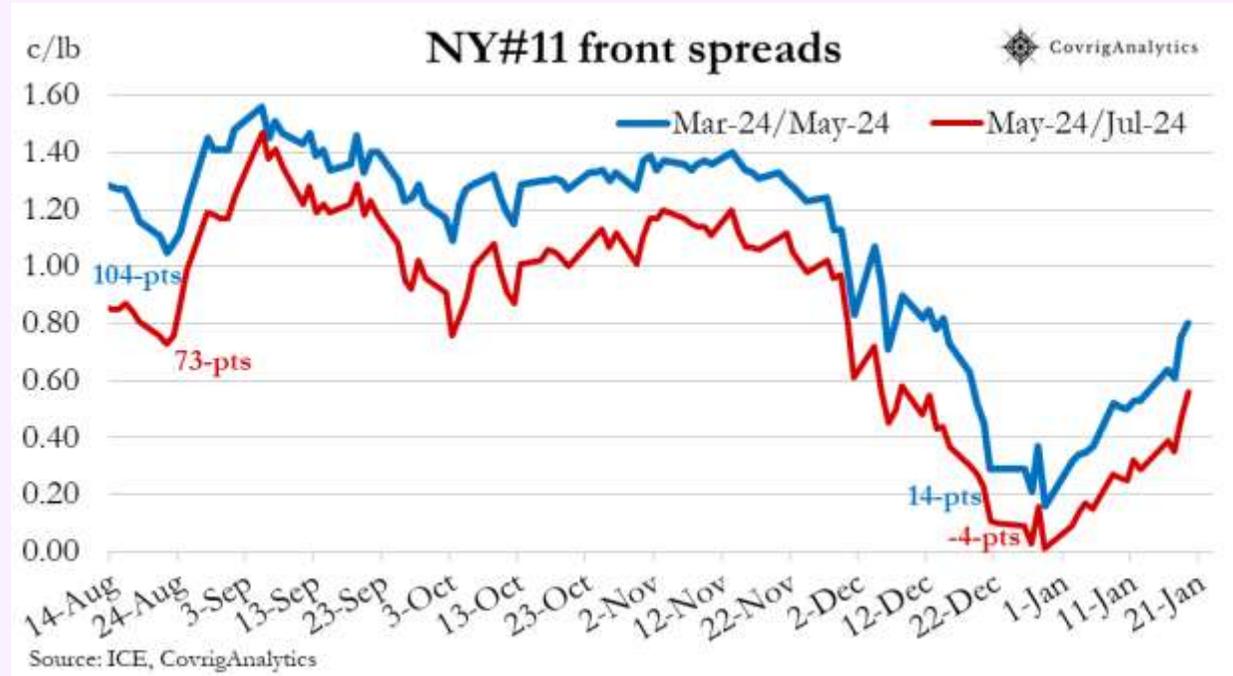
# On the net Tradeflows: the extra Brazilian availability solved the significant deficit expected for Q1; no role played by India



# Specs exited the sugar market leading to a collapse in futures prices

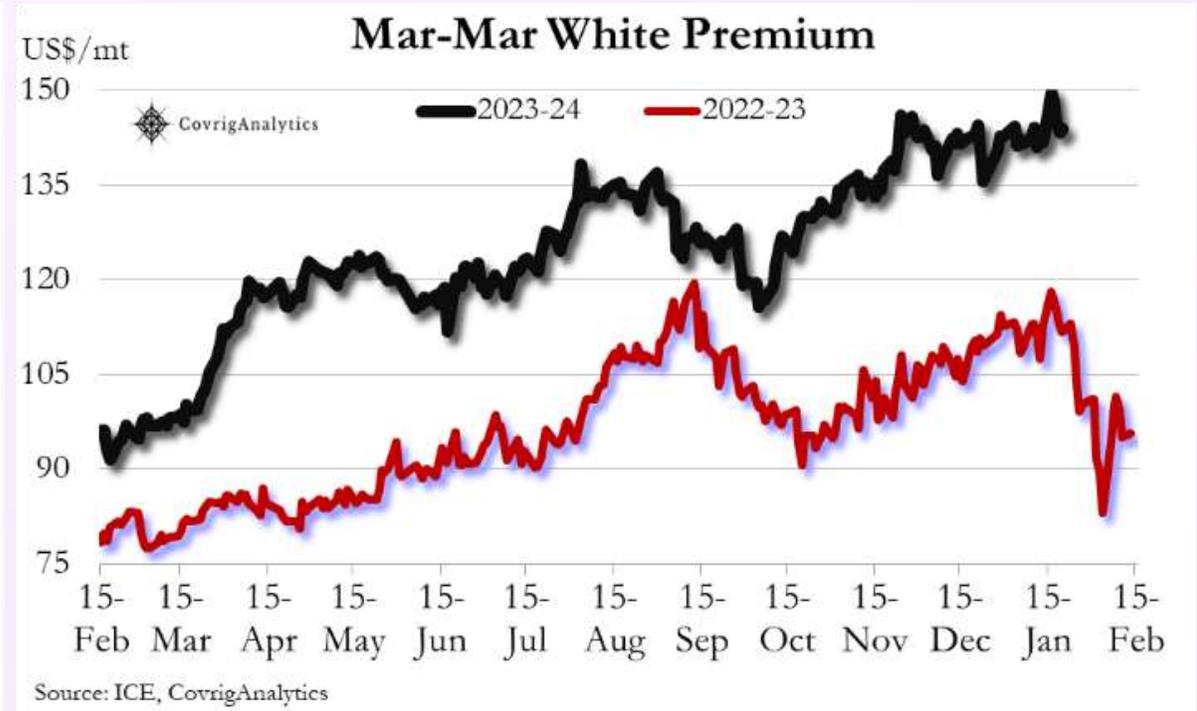
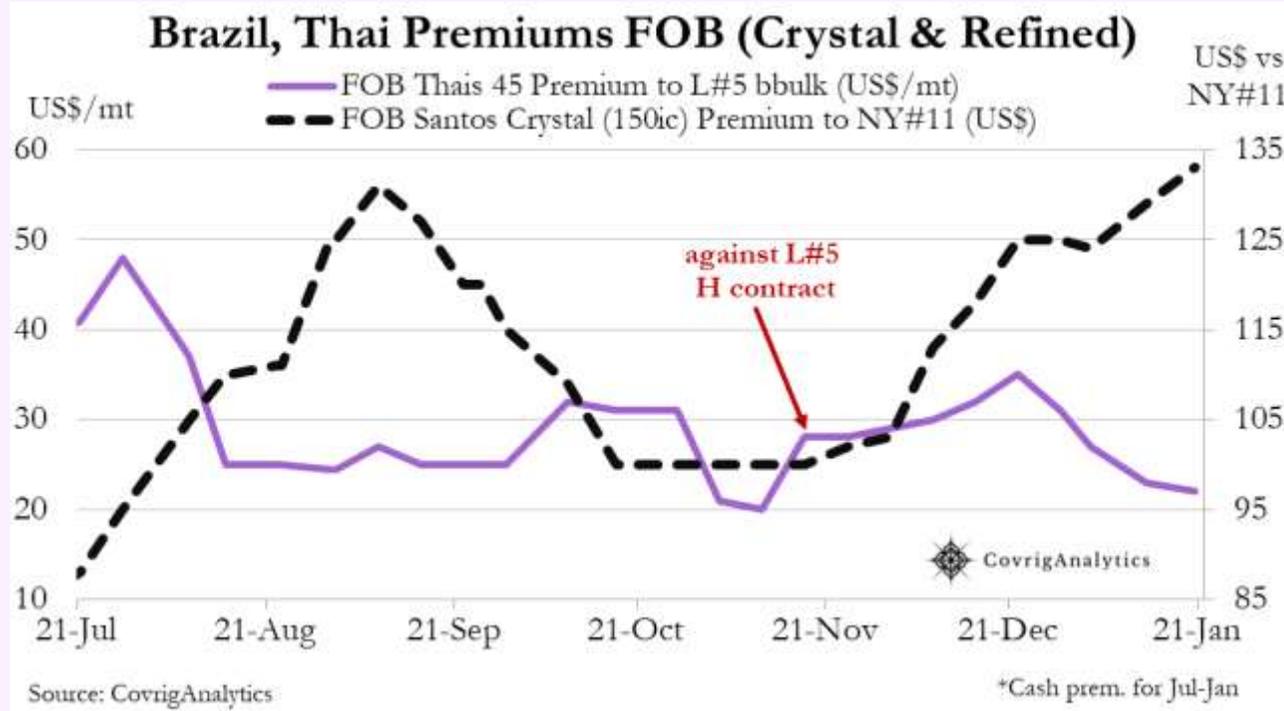


...they collapsed to the level of China/Indonesia import parity



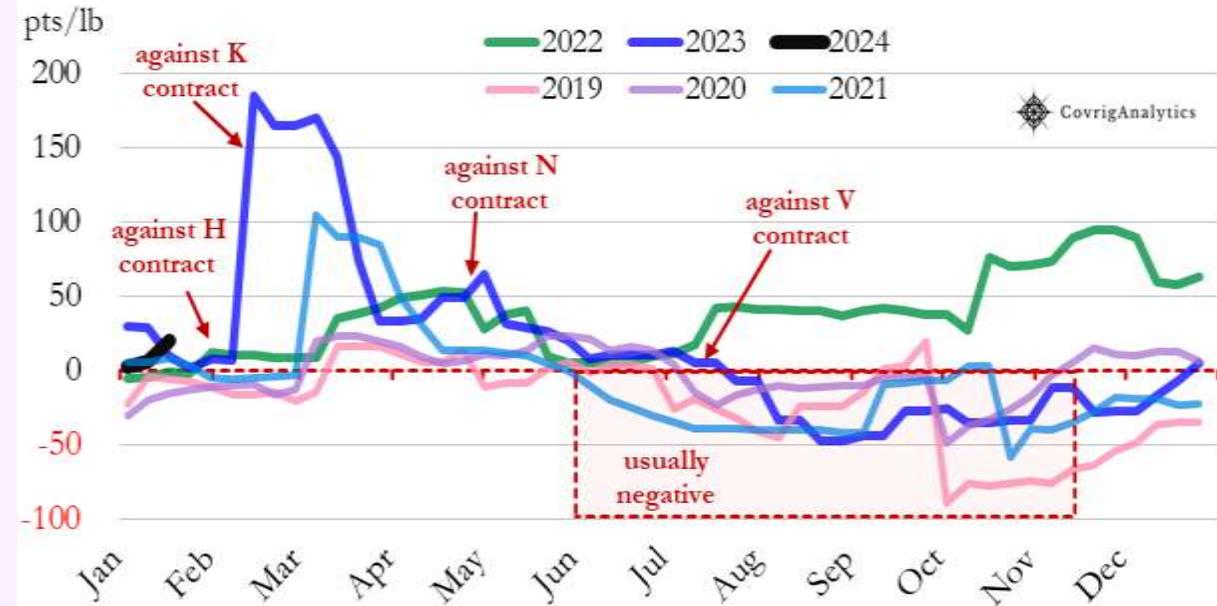
<b>Brazil-China OOQ import arbitrage</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>
Based on ZCE prices	-223.9	-224.7	-225.9	-224.7
+domestic cash prem (Rmb 410/mt)	-166.9	-167.7	-168.9	-167.7
+domestic cash prem (Rmb 800/mt)	-112.6	-113.4	-114.6	-113.4
<b>OOQ import arb to open at NY11 of:</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>
For dom. cash prem (Rmb 400-410/mt) to ~Rmb 6,731/mt	19.40	19.38	19.37	19.38
For dom. cash prem (Rmb 800/mt) to ~ Rmb 7,121/mt	20.75	20.73	20.70	20.73

But cash premiums are reacting (especially on whites); the same do the White Premiums that remain supportive!



# Recently, ahead of “H” NY11 expiry, so did the VHP premiums in Brazil; Thai HiPols started to surge already in Dec 2023

CS Brazil: VHP Cash Premiums to NY#11



Source: CovrigAnalytics

Thailand: HiPol Cash Premiums to NY#11



Source: CovrigAnalytics

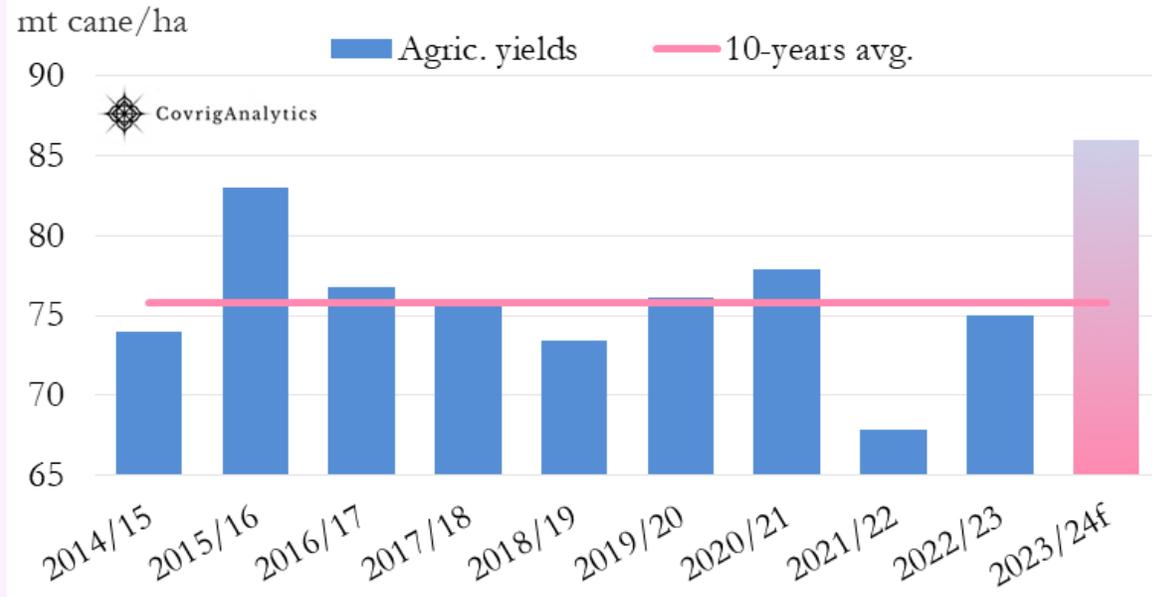
**The significant Dec correction in NY 11 and London 5 futures determined a spike in cash premiums!  
The bearish story was not fully bought by the physical market!!! Specs couldn't play this market!**



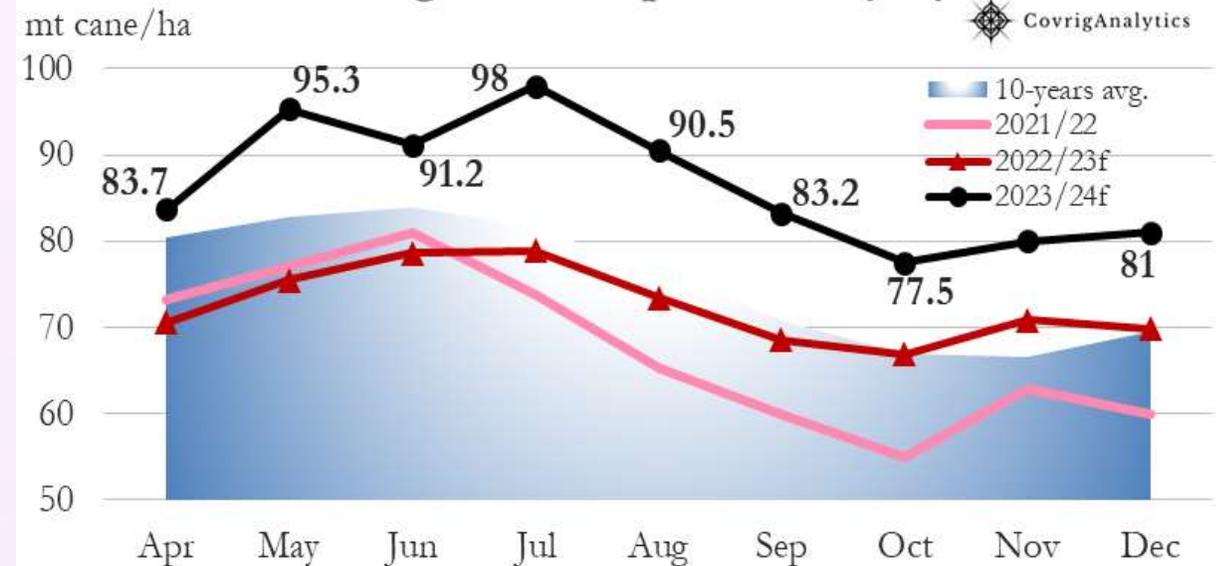
# The Situation at Country Level

# CS Brazil: Record yields brought more cane volumes than expected

## CS Brazil: Historical agricultural yields



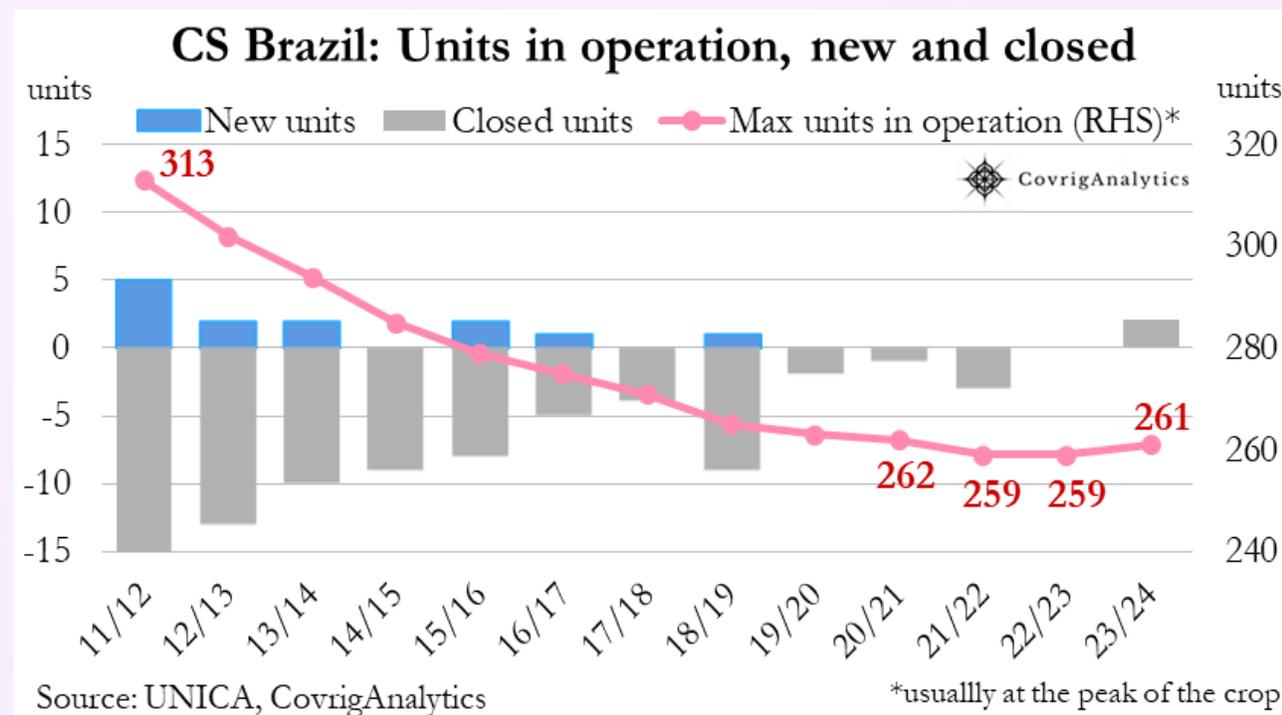
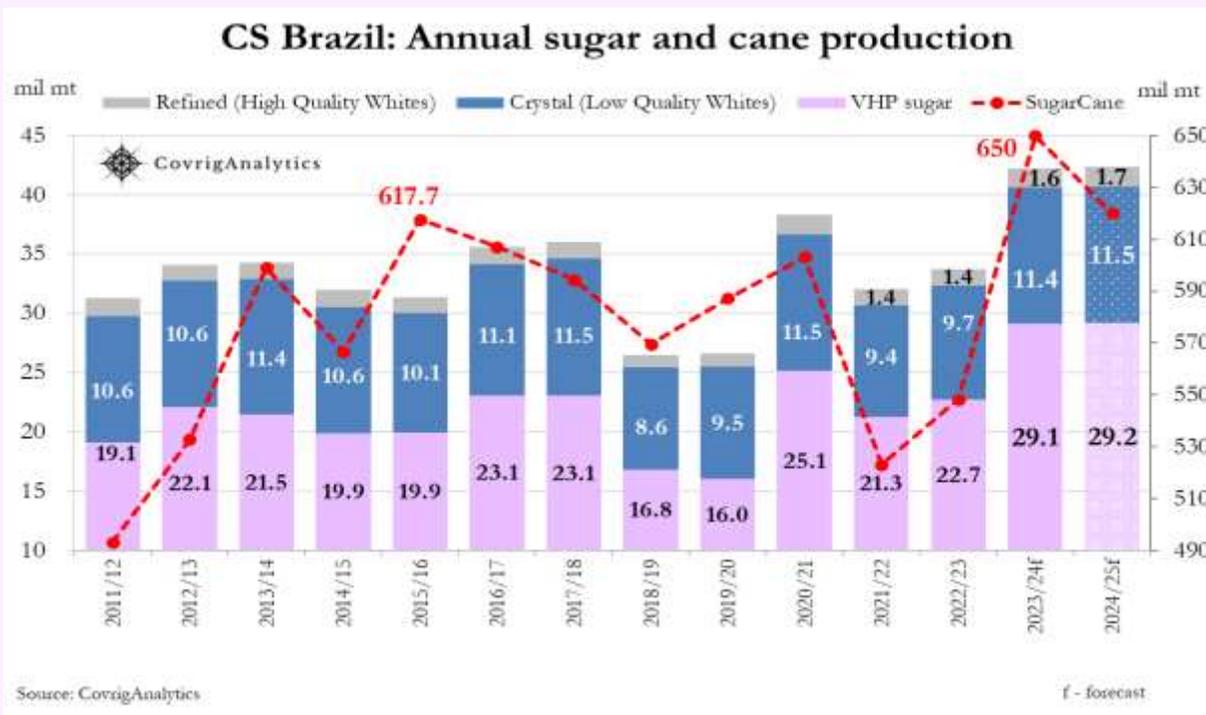
## CS Brazil: Agricultural productivity by month



- Apr-Dec 2023 yields at 87.6 mt/ha vs 77.2 mt/ha in 2022
- Good rains in the cane growing period, better use of fertilizers and a lower cane age (replanting)
- 2023-24 cane crushing at a record: ~650 mil mt threshold
- On top of this, 8-10 mil mt of cana bisada (leftover cane) could be reported for the 2024-25 crop



# CS Brazil: a fantastic season! But there were NO new investments in adding sugarcane capacity, no new sugar mills on-line since 2016-2018



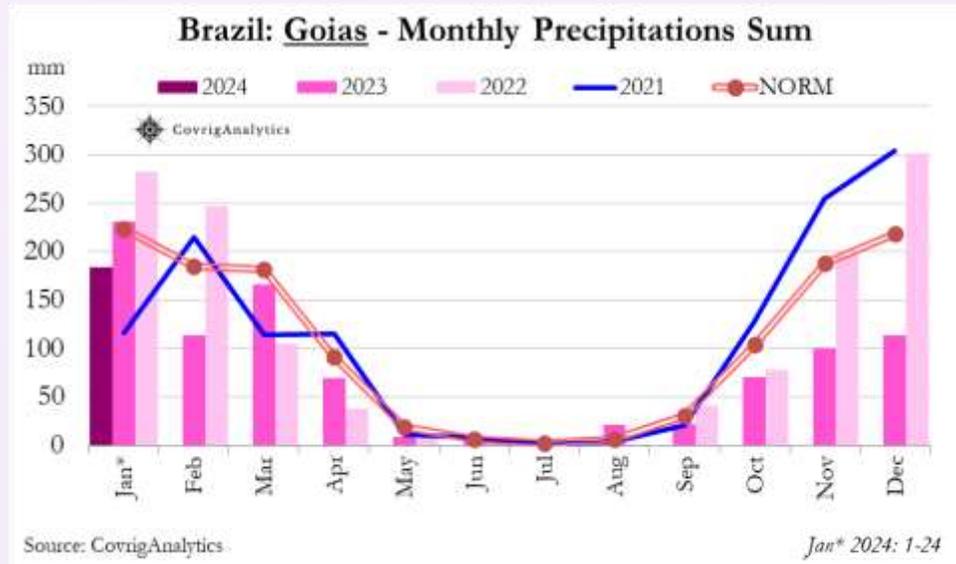
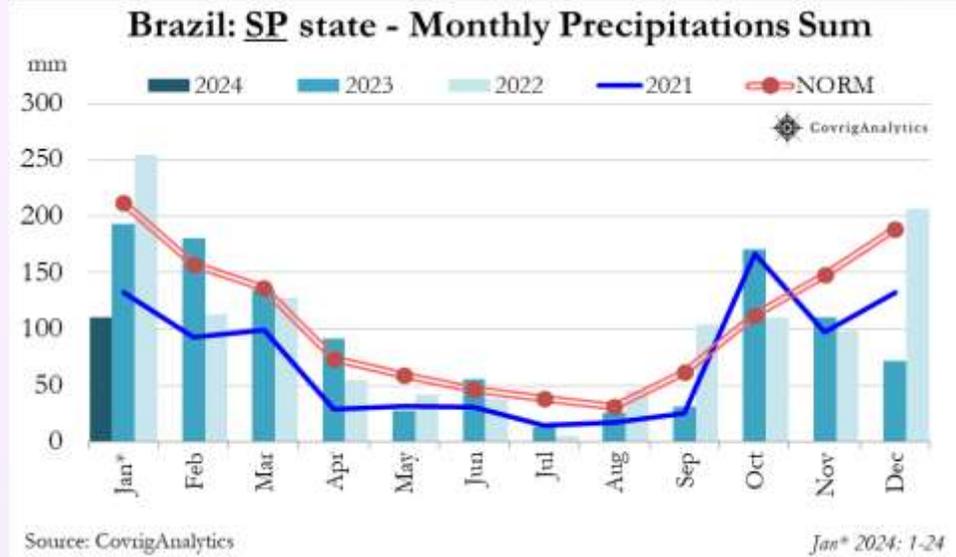
- **Sugar mix** might spike to new records: at 51%-51.5% in 2024-25 (55% target in 2-3 years from now)
- +1% of sugar mix is adding 850,000-865,000 more sugar
- **But cane volumes are crucial: 13 mil mt less cane offsets an increase in sugar mix of 1%**

# CS Brazil: Not enough rains in main producing states!

## CS Brazil production estimates (April/March season)

CovrigAnalytics		2022/23	2023/24 <sup>f</sup>	2024/25 <sup>f</sup>
	Unit	Realized	Estimate	Estimate
Cane crush	mil mt	548.3	650.0	620.0
ATR	kg/mt cane	140.8	139.3	139.5
Sugar Mix	%	45.85%	48.96%	51.40%
Ethanol Mix	%	54.15%	51.04%	48.60%
Sugar	mil mt	33.73	42.23	42.36
Cane Ethanol	mil m3	24.48	27.10	24.65
Δ Sugar production (y-o-y)	mil mt	1.65	8.51	0.13
Δ Ethanol production (y-o-y)	mil m3	0.32	2.62	-2.45

Higher sugar mix (at 51.4%) is offset by the drop in cane volumes



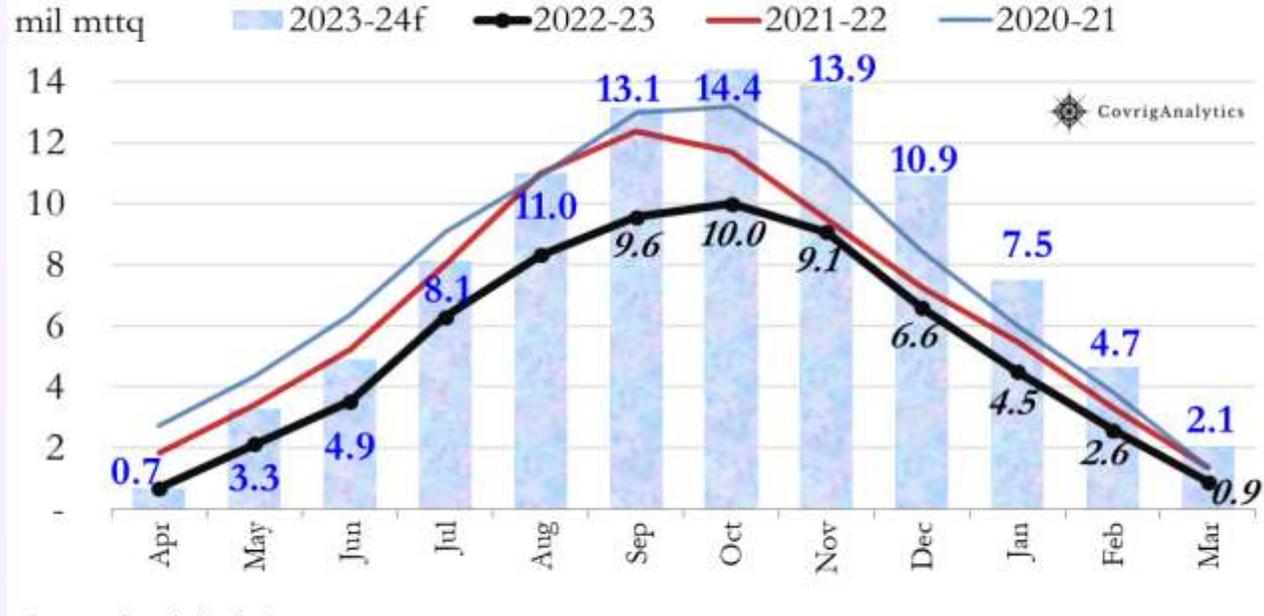
# CS Brazil: Record stocks and 6.7 mil mttq more exports in 2023-24

**CS Brazil: Annual sugar exports**



Source: CovrigAnalytics, Williams

**CS Brazil: Monthly sugar stocks**



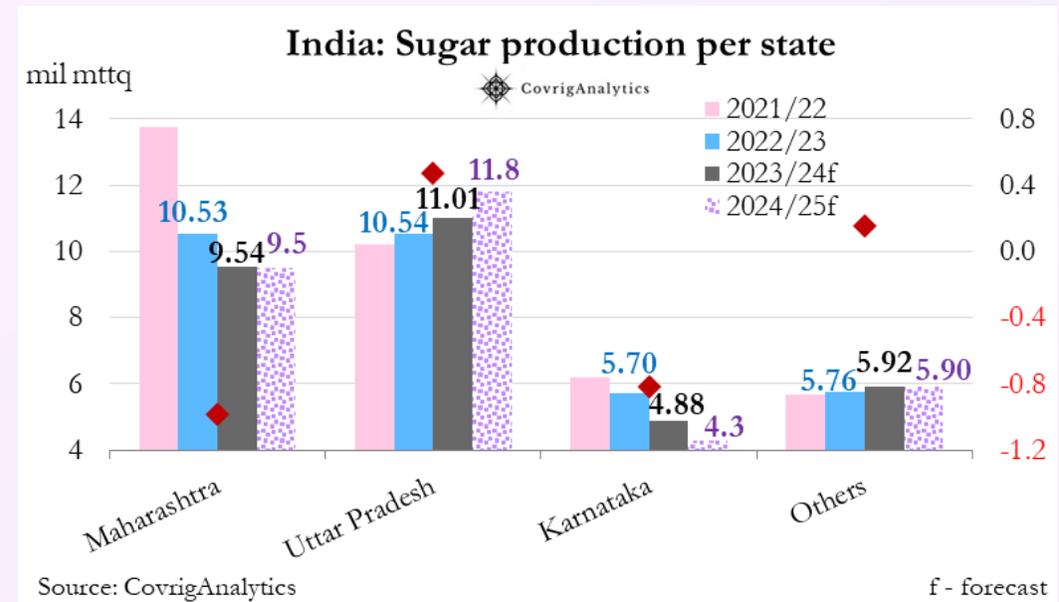
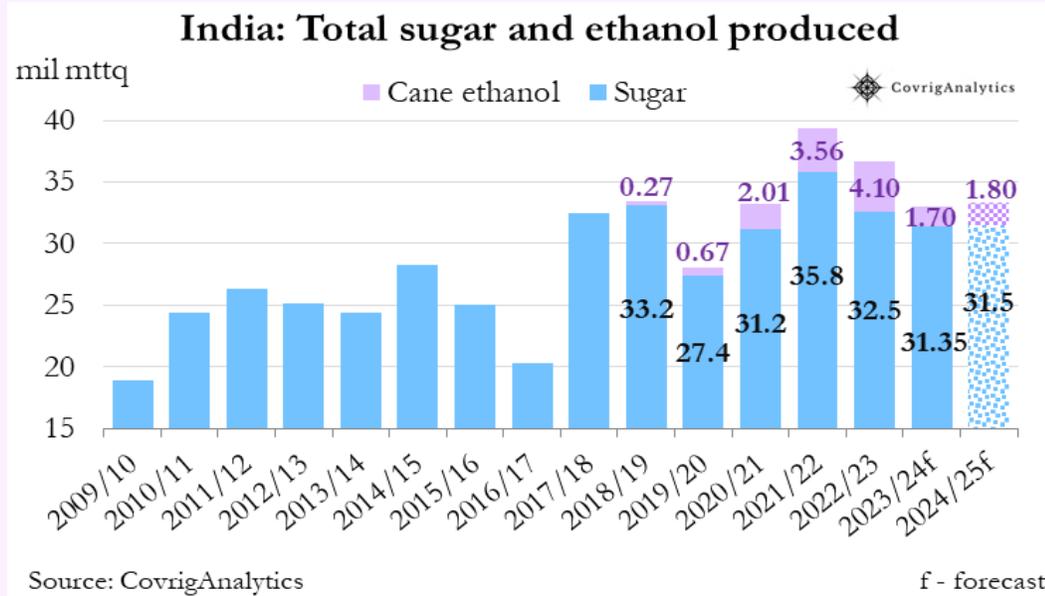
Source: CovrigAnalytics

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- Record exports this season ~32.2 mil mttq (28.2 mil mt of raw sugar)!
- Record stocks in CS Brazil – at a peak in Oct-Nov (14-14.4 mil mt)!
- Depending on Q1 raw exports (we have it at 6 mil mt) about 1-1.5 mil mt of raws to be carried into Q2 !

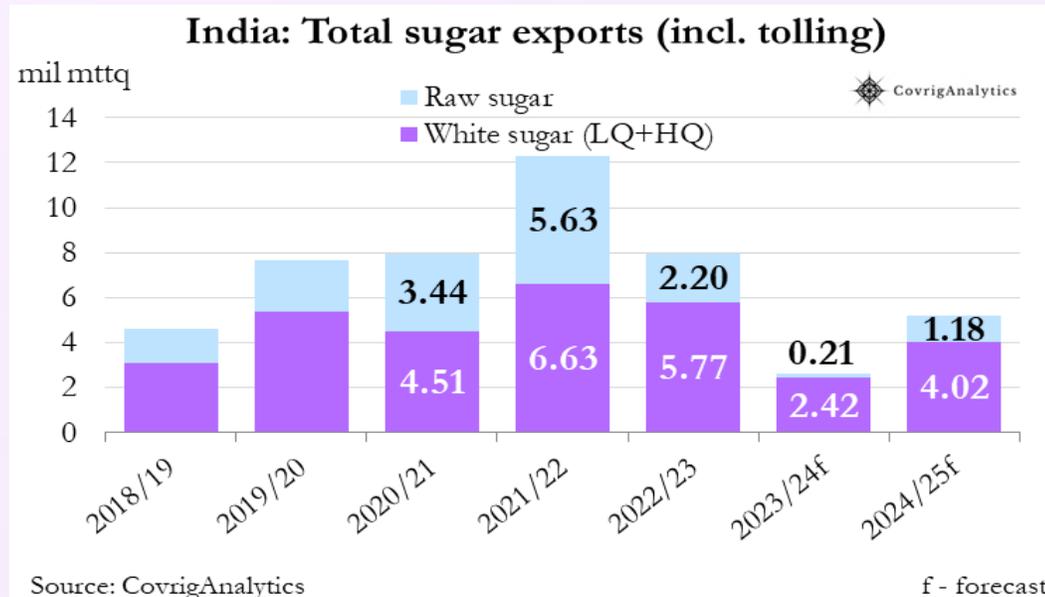


# India: Sugar production might stay at current levels. Exports in 2024-25?



## Exports in 2024-25?

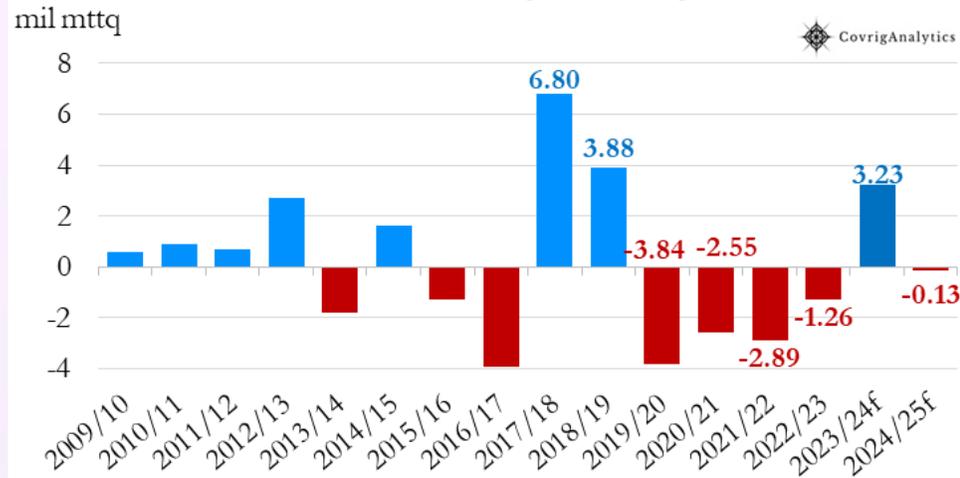
- 180k mt of **raws-in bag exports**
- 1 mil mt of **domestic raws**
- 1.1 mil mt of **crystal/LQ whites**
- 600k mt of **refined sugar**
- Exports from **tolling** of 2.3 mil mt



# India balance sheet: Domestic surplus in 2024-25. End-stocks at 7.5 mil mt

INDIA SUGAR S&D [Unit: 1,000 mt]						INDIA SUGAR TRADE					
	TOTAL 22-23	Q4-23	Q1-24	Q2-24	Q3-24	TOTAL 23-24	Q4-24	Q1-25	Q2-25	Q3-25	TOTAL 24-25
<b>INDIA SUGAR S&amp;D</b>											
PRODUCTION (in RV)	35'118	12'152	19'043	2'489	391	34'076	12'297	19'107	2'487	322	34'213
PRODUCTION (in Tel Quel)	32'531	11'180	17'520	2'290	360	31'350	11'313	17'590	2'300	296	31'500
PROD RAW'S (in RV)	2'782	0	0	0	0	0	0	150	150	0	300
PROD WHITES (in WV)	29'749	11'180	17'520	2'290	360	31'350	11'313	17'440	2'150	296	31'200
CONSUMPTION (in RV)	29'891	7'609	7'497	7'585	7'646	30'337	7'735	7'578	7'725	7'788	30'826
CONSUMPTION (in Tel Quel)	27'500	7'000	6'897	6'978	7'034	27'910	7'116	6'972	7'107	7'165	28'360
<b>INDIA SUGAR TRADE</b>											
RAW EXPORTS	2'201	158	30	25	0	213	100	830	225	25	1'180
DOMESTIC RAW'S FOR COASTAL REFINERIES	622	0	0	0	0	0	0	150	150	0	300
RAW IMPORTS FOR TOLLING (Mainly from CS Brazil)	-1'676	-749	-645	-465	-560	-2'419	-650	-370	-360	-550	-1'930
LQW EXPORTS	2'574	24	0	0	45	69	25	800	200	45	1'070
HQW EXPORTS	3'191	630	595	585	540	2'350	650	1'050	650	600	2'950
BEGINING STOCKS INCL. RAW IMP. FOR TOLLING	5'540	4'282	8'398	19'041	14'208	4'282	7'508	11'580	19'889	14'367	7'508
END STOCKS INCL. RAW IMP. FOR TOLLING	4'282	8'398	19'041	14'208	7'508	7'508	11'580	19'889	14'367	7'378	7'378

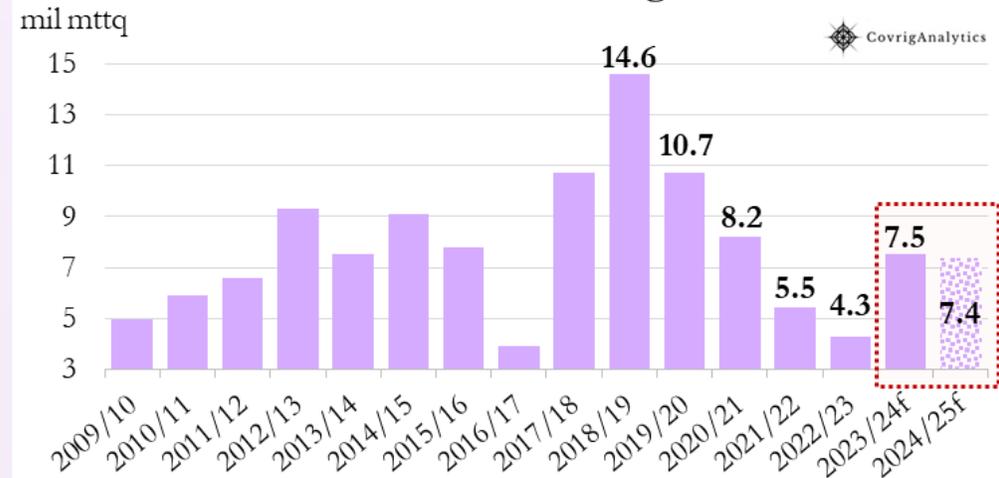
India: Annual Changes in Sugar Stocks



Source: CovrigAnalytics

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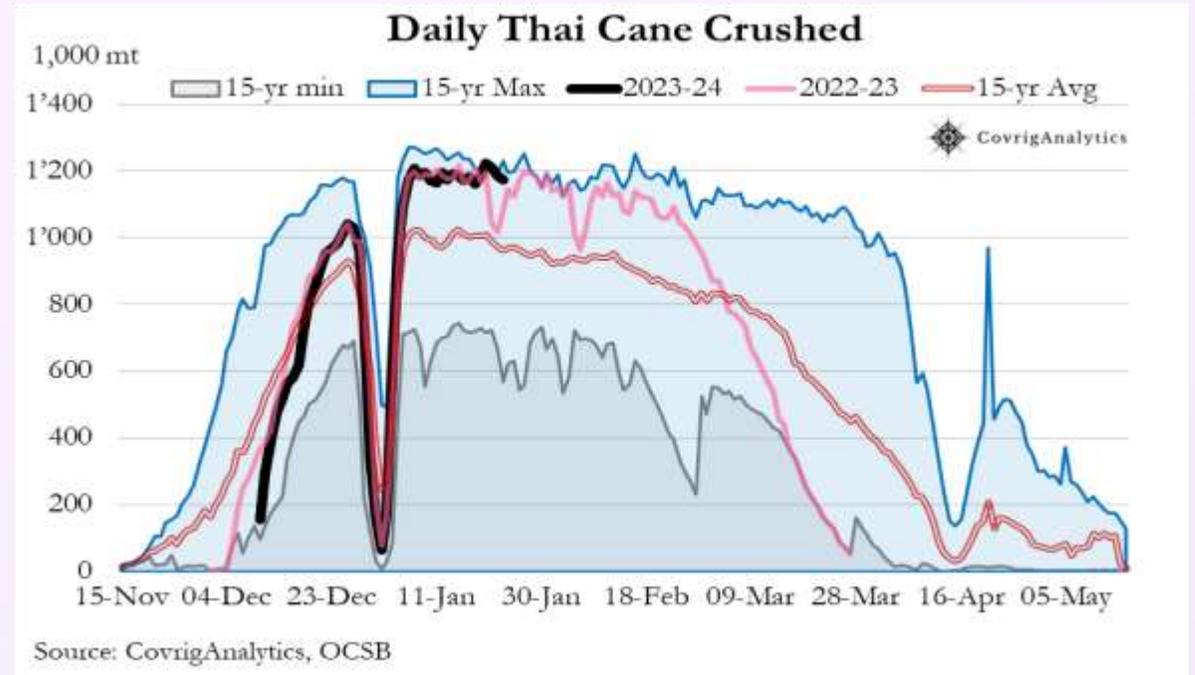
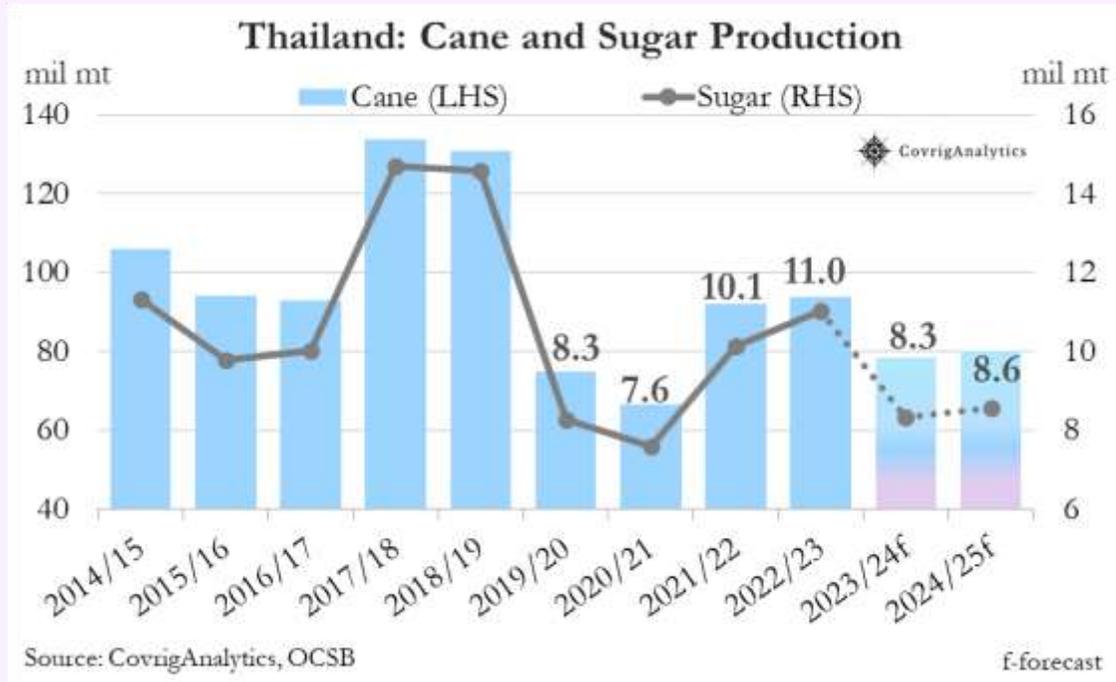
India: End of Season Sugar Stocks



Source: CovrigAnalytics

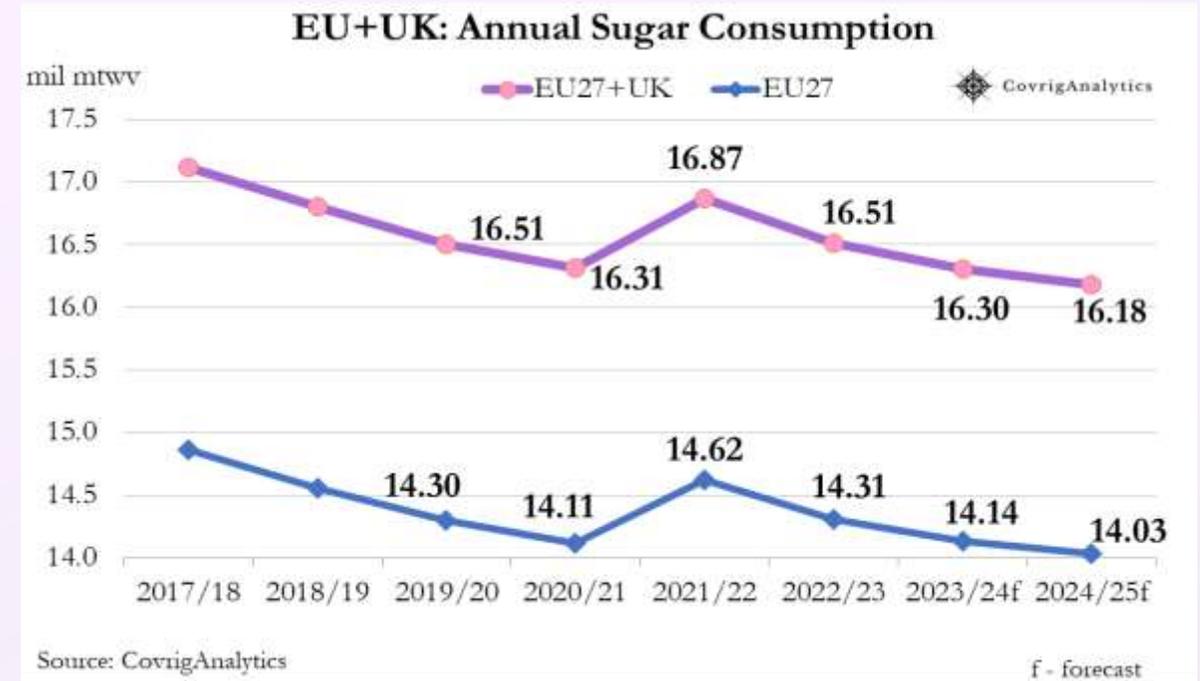
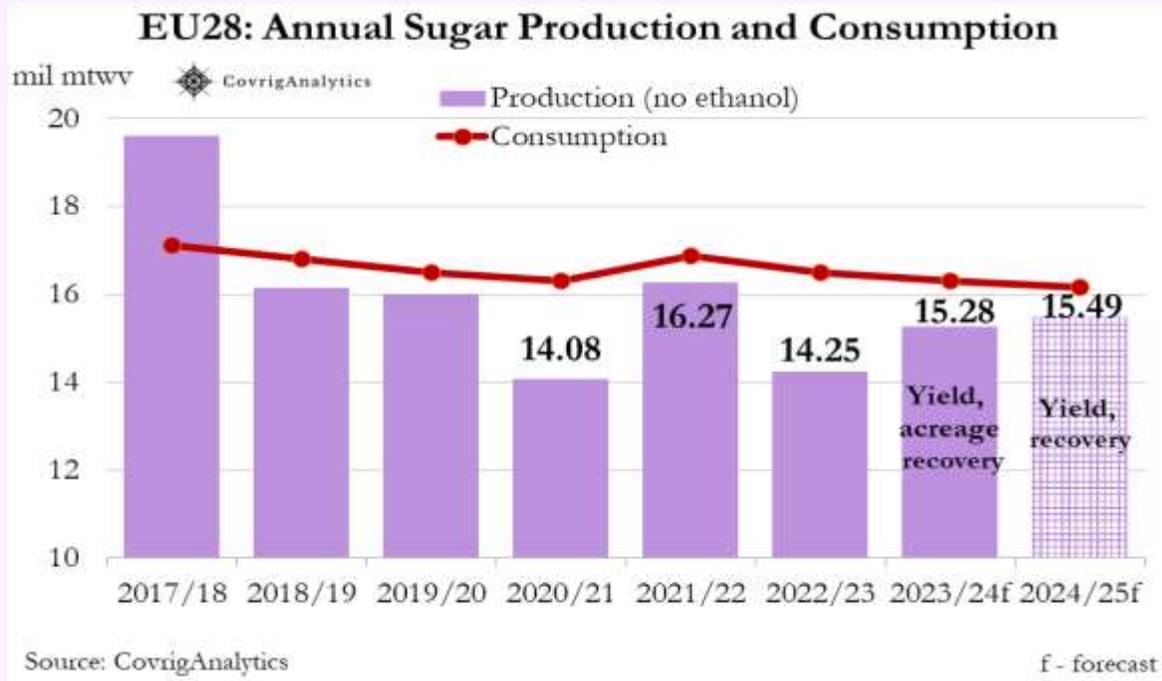
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# Thailand: 2024-25 production seen just 240k mt higher on the year



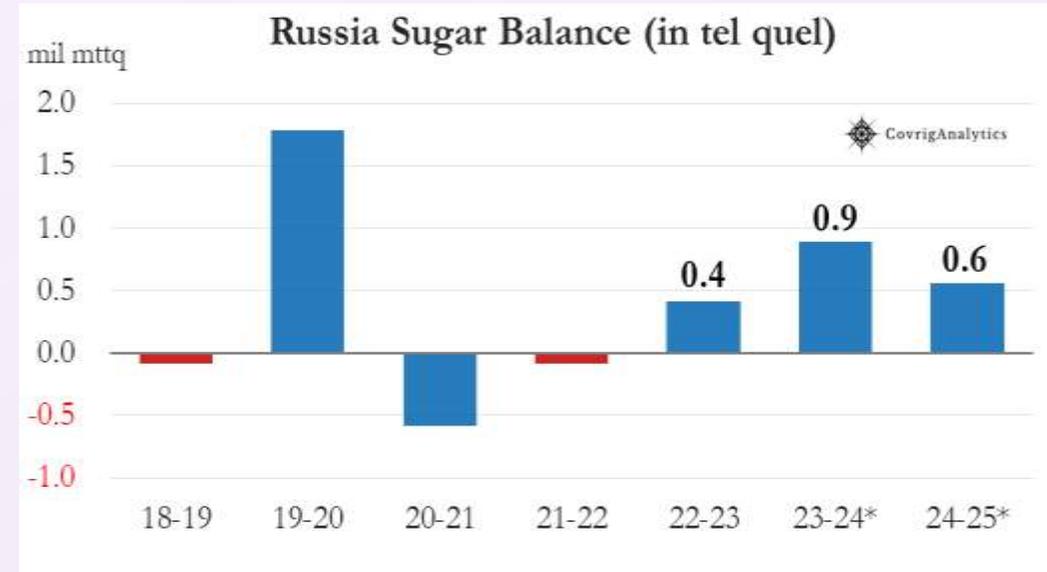
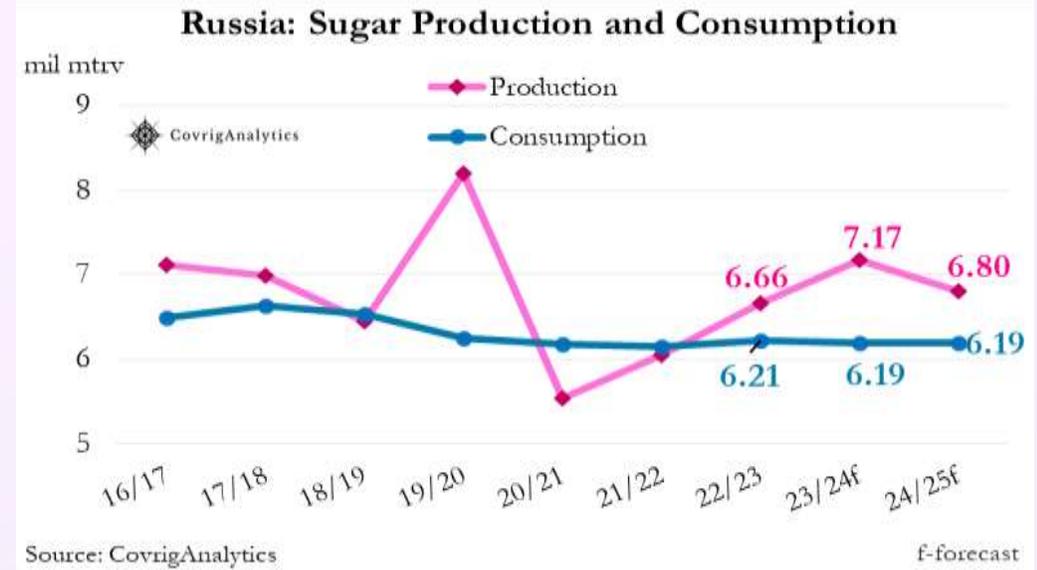
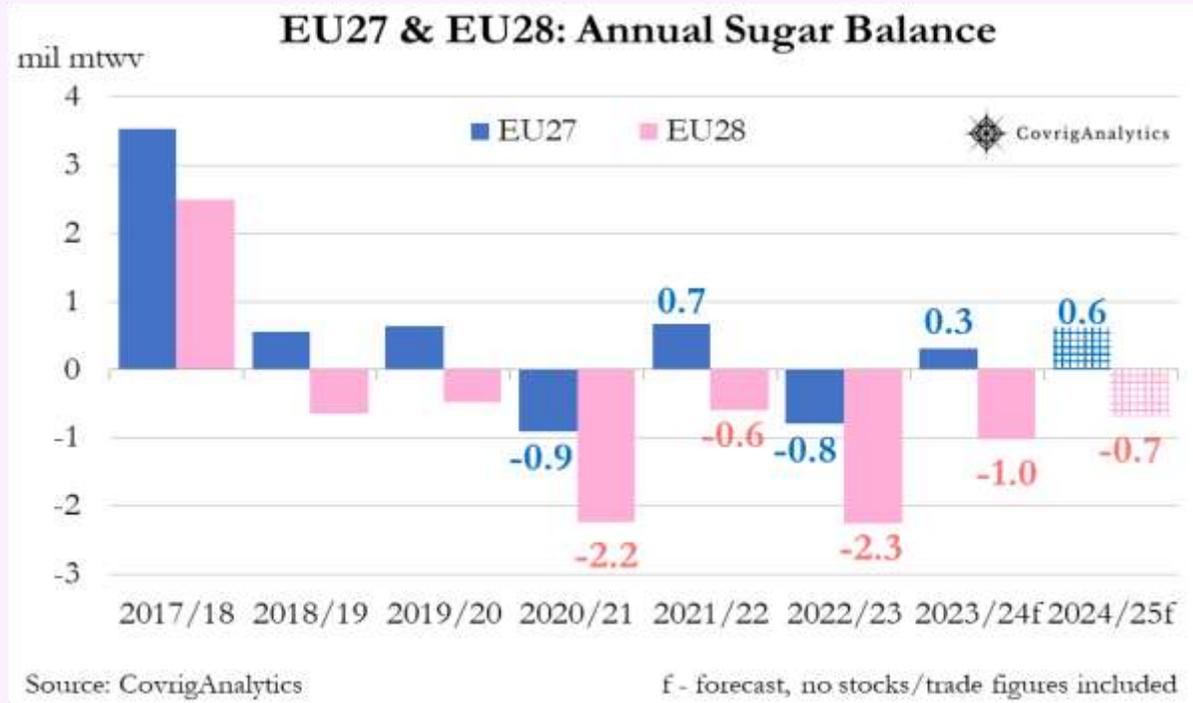
- **2024-25 Thai cane** crush at **80.4 mil mt**, sugar production at **8.6 mil mt**
- Today daily cane crushing is close to historical max (>1.2 mil mt). Crushing capacity is there!
- **The problem is the feedstock:** dryness reduced the yield, competition from cassava further reduced the cane acreage
- 2024-25 marginal increase in the cane acreage (~1.5 mil ha) despite higher cane prices (THB 1,410/mt vs THB 1,080/mt)
- Cassava pays at least 25%-50% better than cane in many regions

# The EU+UK: Mild production recovery expected (+210k mtwv) Consumption suffers instead – back on a downtrend



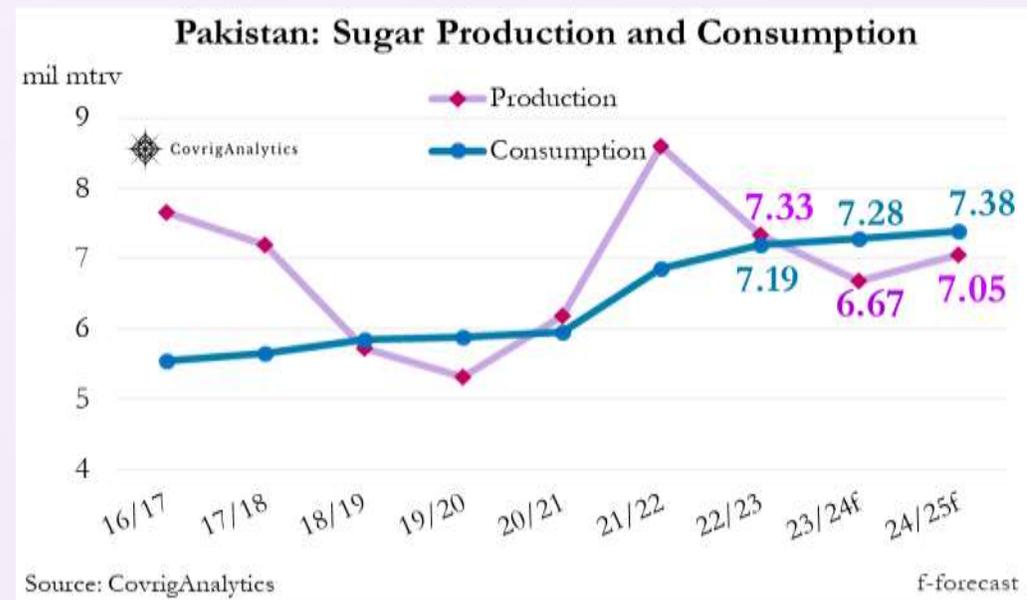
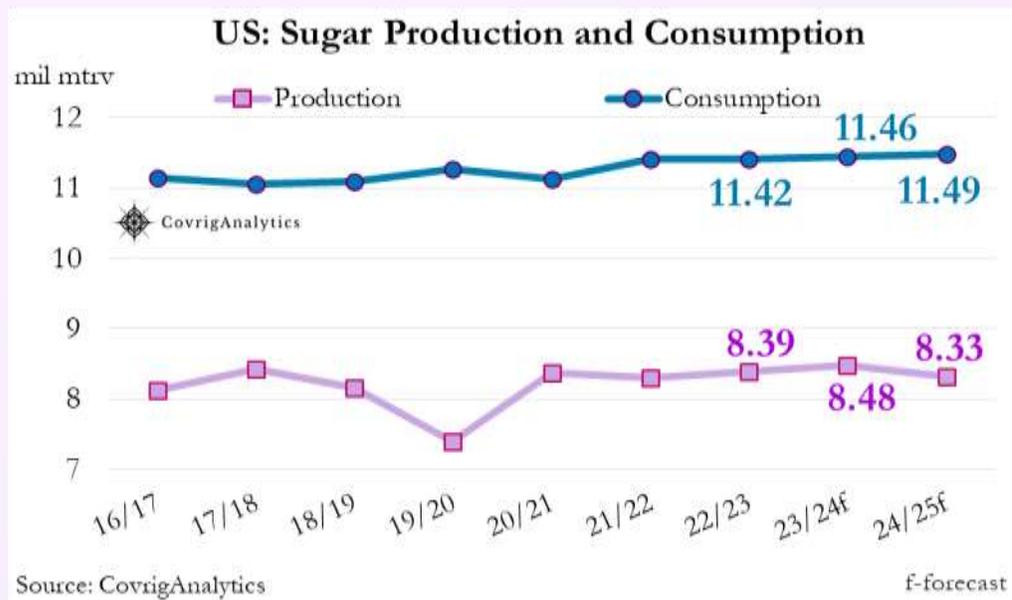
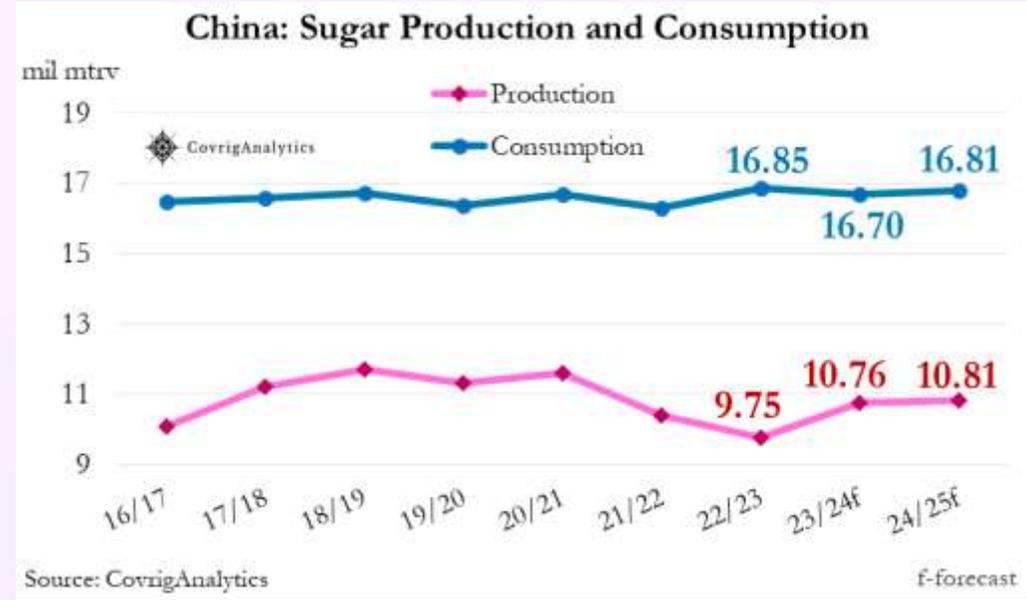
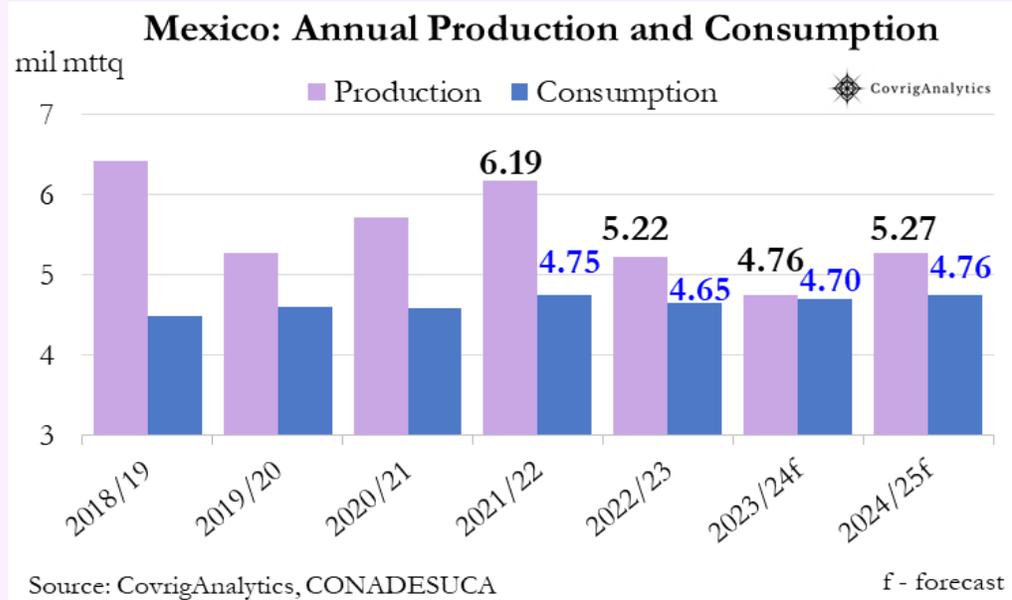
- Inflation caused a drop in consumption (fewer people in restaurants, cuts in spending with outside home activities)
- Some switches in buyers' behaviors have also added to the drop in demand (sugar-free yoghurts)
- From 2021-22 recent peak of **16.87 mil mtwv** (Ukrainian refugees ) consumption **dropped to 16.3 mil mtwv** this season

# The 2024-25 EU28 balance in tiny deficit! Extra availability in Russia!



- The EU+UK balance remains short 690,000 mtwv (due to UK balance)
- The EU27 balance shall move in a 600,000 mtwv surplus). Some imports will still happen!
- *Good production in Russia - at 6.6 mil mtwv following good crop/yields*

# Other countries contributing to the global deficit



Prepared for the panel discussion?

# Thank you kindly for your attention!



[reports@covriganalytics.com](mailto:reports@covriganalytics.com)

[sugar@covriganalytics.com](mailto:sugar@covriganalytics.com)

[www.covriganalytics.com](http://www.covriganalytics.com)

**Dr. Claudiu Covrig, CEO & Lead Agric. Analyst**



Mob 1: +41 78 865 63 92 (CH); Mob 2: +40 784 534 882 (EU)



Email: [claudiu@covriganalytics.com](mailto:claudiu@covriganalytics.com)



WeChat: Claudiu79



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