

SOSLAND SweetenerReport

Volume 6, Issue 40

March 21, 2018

U.S. and global sweetener news, data and prices from Sosland Publishing Company
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U.S. cash sugar: Slow sales pace, firm prices continue

Physical sales of bulk refined sugar continued at a steady but slow pace for 2018-19, with a few nearby sales also noted. Offering prices of both beet and cane sugar were held firm by sellers, while buyers continued to balk at price levels for both years.

Beet sugar for 2018-19 remained priced mostly at 34c a lb f.o.b. Midwest with lower prices available to large buyers. Some beet processors in other regions continued to offer sugar for next year at 36c a lb f.o.b. when there were freight advantages to the Midwest.

Refined cane sugar for 2018-19 continued to be offered mostly at 36c a lb f.o.b. Louisiana Gulf and 36c to 37c a lb f.o.b. in the Southeast and the Northeast.

Sugar sales for next year continued to run behind last year, when sales were well ahead of the average pace, but were only slightly behind the five-year average pace. As a result, processors were not concerned about the amount of sugar they had sold year-to-date for 2018-19, especially with the 2018 crop yet to be planted. The continued firm stance taken by sellers in part reflects ideas of expected lower beet sugar supplies available next year after record-high output in 2017-18.

Beet sugar prices spot through Sept. 30, 2018, held mostly at 36c a lb f.o.b. Midwest with higher values in other regions depending on location and competition from refined cane sugar. Spot prices were considered nominal as most coverage has been taken for the current year, although a small amount of nearby sales

continued from the few processors who were not sold out or who were willing to sell small amounts of contracted supply of which some buyers typically fail to take delivery.

Some in the trade think there still may be a slight downward adjustment to the U.S. Department of Agriculture's record-high 2017-18 sugar production forecast of 9,240,000 short tons, raw value, which includes record-high beet sugar production of 5,219,000 tons. Sustained cold weather across northern states helped maintain frozen sugar beet piles, and the U.S.D.A. in its March Sugar and Sweeteners Outlook said processors indicated they had mostly completed slicing of beets from exposed piles. The U.S.D.A.'s forecast beet sugar extraction rate of 15.3% was maintained from February and was well above last year's 13.7% and the five-year average of 14.5%. Meanwhile, sugar cane harvest in Florida was expected to run its normal length into early May.

Bulk refined cane sugar prices for 2017-18 were unchanged and mostly at 36c to 37c a lb f.o.b. Gulf and Southeast, at 37c to 38c a lb f.o.b. Northeast and at 41c to 42c a lb delivered on the West coast. Prices were at times above those levels for desired brands.

Louisiana's sugar cane crop was rated 8% excellent (8% a week ago), 30% good (25%), 54% fair (62%) and 8% poor (5%) as of March 18, compared with 61% good to excellent, 34% fair and 5% poor to very poor a year ago, the state U.S.D.A. office said. Louisiana last year produced a record-large volume of cane sugar.

U.S. bulk refined beet and cane sugar prices - nearby

F.o.b. plant, cents per lb.	Nearby March 21	- Change from 1 week	- Change from 1 year
Midwest beet	36.00	--	+ 7.00
Pacific beet#	40.00-41.00	--	+ 6.00
Pacific cane#	41.00-42.00	--	+ 2.00
Northeast Cane*	37.00-38.00	--	--
South/S.E. Cane	36.00-37.00	--	+ 1.00

* Spot raw +7%, +10.4c with 2% cash discount. # Delivered.

#16 Domestic raw sugar futures

Cents per lb.	March 21	- Change from 1 week	- Change from 5 weeks	- Change from 1 year
May 2018	24.65	-0.12	-1.22	-4.51
July	25.35	0.07	-1.20	-3.91
September	25.63	0.13	-1.26	-3.47
November	25.74	-0.13	-1.20	-3.16
January 2019	26.12	-0.37	-0.72	-1.88
March	26.13	-0.36	-0.58	-1.87
May	26.25	-0.59	-0.47	-1.35

#11 World raw sugar futures

Cents per lb.	March 21	- Change from 1 week	- Change from 5 weeks	- Change from 1 year
May 2018	12.67	-0.09	-0.64	-4.63
July	12.87	-0.10	-0.55	-4.42
October	13.26	-0.07	-0.52	-4.16
March 2019	14.25	0.02	-0.31	-3.56
May	14.39	0.01	-0.18	-3.25
July	14.47	-0.02	-0.12	-2.98
October	14.70	-0.07	-0.11	-2.72

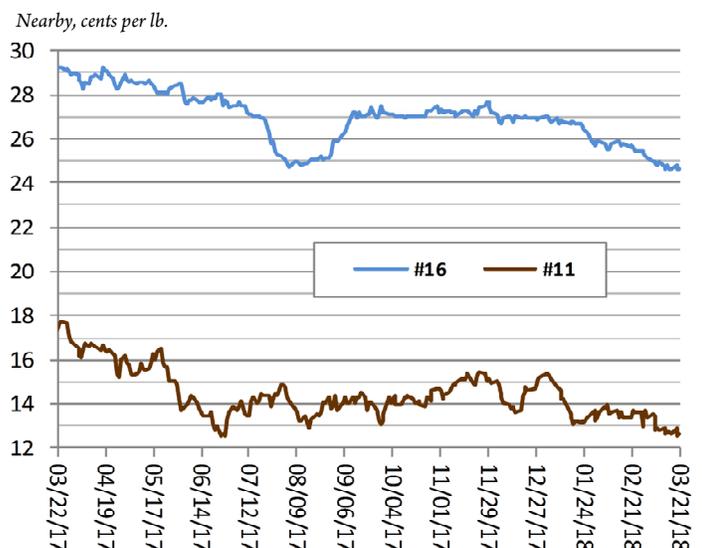
Sugar futures: Nearby world raws edge lower

World raw sugar futures posted modest and mostly lower closes for the week, but not before a fresh 2½-year low was set in nearby May during Monday's session. Short covering pulled futures off those lows, but it was difficult for the market to generate a sustained rally amid burdensome global sugar supplies. News that India was lifting its sugar export tax, and rumors that it may subsidize exports, outweighed ideas that Brazil may offer less sugar on the world market as it increases ethanol production in the new crop year that begins April 1. Trading volume was on the light side most days. Futures were down about 0.10c to 0.65c a lb from five weeks ago and were down about 2.70c to 4.65c a lb from a year ago. Speculators added 36,038 lots to their net short position in world raw sugar futures and options during the week ended March 13, bringing the total net short to a six-week high of 165,613 lots, according to Commodity Futures Trading Commission data.

Domestic raw sugar futures also were mixed but mostly lower for the week. With the exception of heavy volume in nearby May on Tuesday, trading was very light. Still, sizeable price adjustments were made in deferred months on several days. Pressure was said to come from active arrivals of raw sugar from Mexico at U.S. refineries. Futures were about 0.45c to 1.25c a lb lower for the past five weeks and were down 1.35c to about 4.50c a lb from a year ago.

The nearby domestic/world raw sugar futures spread ended at 11.98c a lb today.

U.S. #16 and #11 raw sugar futures



Mexico sweeteners

Cane harvest progressing well

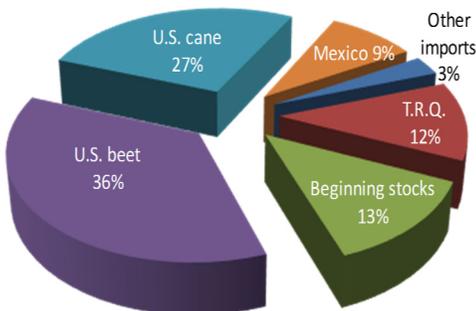
Mexico had produced 3.208 million tonnes, actual weight, of sugar for the season through March 3, up 0.7% from the same period last year, as the cane harvest continued “without major interruption,” the U.S.D.A. said in its March Sugar and Sweeteners Outlook. Harvested area to date of 388,000 hectares was down 1.9% from a year earlier, but yield and sugar recovery rates have been higher, which boosted sugar outturn.

Production of low-polarity (below 99.2) sugar that meets specifications for “other sugar” (not refined) in the countervailing duty and anti-dumping suspension agreement export limit totaled 409,000 tonnes through March 3, the U.S.D.A. said. Production to date accounts for 54% of the “other sugar” portion of the export limit (70% of the total export limit), suggesting “production of low-polarity sugar appears to be on track to meet the export limit allocation,” the U.S.D.A. said. Low-polarity sugar production was concentrated in 13 of Mexico’s 50 operating mills, Conadesuca said.

Total disappearance of sugar in Mexico in 2017-18 was forecast at 4,886,000 tonnes, actual weight, up 35,000 tonnes from last year, but sugar for human consumption was forecast at 4,496,000 tonnes, down 19,000 tonnes. The difference is expected to be made up in higher consumption of high-fructose corn syrup in part related to high sugar prices and slow sugar deliveries in Mexico, the U.S.D.A. said. Conadesuca reported domestic sugar deliveries for human consumption for the October-January period were down 5.5% from a year earlier, while HFCS deliveries were up 9.1%.

U.S. sugar supply sources

Projected 2017-18. Source: U.S.D.A. March WASDE.



International markets

BRAZIL — Brazilian sugar mills are attempting to limit losses amid low raw sugar prices by increasing sugar-based ethanol production, building raw sugar stocks that will be carried until prices rise, increasing white sugar production for the domestic market, and, as a last resort, negotiating “washouts” to cancel export contracts, Reuters reported. Cost of production in Brazil’s key south-central region is estimated at 13.5c to 15c a lb. Nearby world raw sugar futures fell to a 2½-year low of 12.30c a lb during Monday’s session on mounting global supplies, with Brazil’s 2018-19 season set to begin April 1.

INDIA — As expected, India ended its 20% sugar export tax to encourage exports due to surplus production and falling domestic prices, Reuters reported. Sugar production in 2017-18 is forecast at 29.5 million tonnes, up 45% from last year’s drought-reduced output. There has been talk that India may offer export subsidies due to low global sugar prices, but it faces an added challenge in that most production in India is refined white sugar, and the export market favors raw sugar. Further, ample global production leaves little room for additional exports.

In an exclusive report citing anonymous government and industry sources, Reuters last week said India soon would require sugar mills to export 2 million to 4 million tonnes of sugar in the current marketing year (which ends Sept. 30) to support domestic prices, which have declined more than 15% in the past six months due to sharply higher production from last year. The move would require the elimination of the 20% sugar export tax (which as been announced as noted above), and may come with export incentives (subsidies) due to low prices on the world market that would make exports difficult. Because the price mills must pay growers for cane is set by the government while sugar is sold at market prices, mills often struggle to pay growers and currently are about 140 billion rupees in arrears. The report said mills would receive export quotas based on their average production of the past three years. India required mills to export sugar in 2015, initially setting a 3.2-million-tonne quota but ending the requirement after 1.5 million tonnes were exported.

IRAN — Iran issued a tender that closes April 17 for 60,000 tonnes of raw sugar, plus or minus 10%, for delivery in June, according to Reuters.

The **International Sugar Organization** composite sugar price on March 21 was estimated at 12.93c a lb, down 0.09c from March 14.

The **Kingsman** raw sugar price on March 21 was estimated at 12.69c a lb f.o.b. Brazilian ports, down 0.04c from March 14.

Compiled from newswires, web sites and private sources.

Top industry news

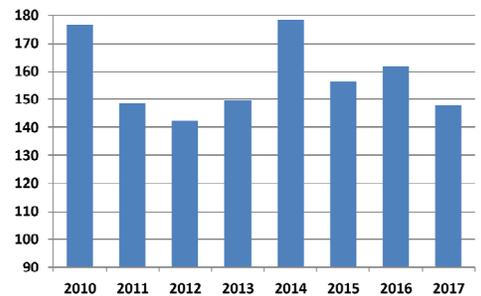
U.S. honey production down 9% from 2016

U.S. honey production from operations with five or more colonies totaled 147,638,000 lbs in 2017, down 9% from 161,882,000 lbs a year earlier, the U.S.D.A. said in its annual Honey report March 14. Production was the lowest since 142,296,000 lbs in 2012 and the second lowest in records going back more than 30 years. Honey was harvested from 2,669,000 colonies (operations with five or more colonies) in 2017, down 4% from 2016, which had been the highest colony count since 1994. Honey yield per harvested colony averaged 55.3 lbs, down 5% from 58.3 lbs in 2016. Dec. 15, 2017, producer honey stocks were 30,577,000 lbs, down 26% from 41,253,000 lbs a year earlier.

Honey prices averaged 215.6c per lb in 2017, up 2% from 211.9c per lb in 2016, which was revised up from 207.5c reported last year.

U.S. honey production

In million lbs. Source: U.S.D.A.



Corn sweeteners: Seasonally quiet

Activity in corn sweetener markets remained seasonally quiet in the past week.

Nearby corn futures were down about 13c a bu from last Wednesday. Sharply lower wheat futures Monday spilled over into other grains, while some improvement in Argentine corn growing areas also added pressure. Limiting declines to some degree were ongoing strong corn export sales and ideas of increased soybean plantings and less corn this spring.

	42% HFCS spot ¹		55% HFCS spot ¹		Corn syrup spot ¹		Dextrose spot ¹		
	2018	2017	2018	2017	2018	2017	2018	2017	
Midwest	24%-25%	23%-24%	30%-31%	29%-30%	34%-35%	32%-34%	East	39%-41	39-41
Northeast	26%-27%	25%-26%	31%-33%	30%-31%	36%-37%	34%-36%	Midwest	38%-40	38-40
Southeast	26½-27½	25%-26%	31%-33%	30%-31%	36%-37%	34%-36%	South	40%-42	40-42
South	26-27	25-26	31½-33	30%-31%	37%-38%	35½-37%	West	41½-43	41-43
West	26%-28%	25%-27%	32%-34%	31%-33%	38%-39%	36%-38%			

¹—Delivered, cents per lb, wet, except dextrose, dry weight.

The **Sosland SweetenerReport** is published 50 Wednesdays a year along with a daily update, both of which are available for \$500 annually at: www.SweetenerReport.com
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