



Sugar #11 and #5 : prices

February: sugar remains calm in a storm

Sugar values ended February at the same level as they entered, despite the storm on markets caused by the situation in Ukraine. Russia produces 5-8 Mt of sugar per year, and exports about 1.5 Mt, mainly to neighbouring countries (Uzbekistan, Kazakhstan). Ukraine produces around 1.5 Mt, and only exports 0.2 Mt. The closing of borders would therefore not have a big direct impact on the sugar market, quite the opposite of cereals which literally exploded during the month (+13% for wheat, +7% for soy, +8 % for corn). But the collateral effect could be strong: speculators may come back on commodities, and began to do so on sugar (now net buyer of 1.5Mt against 1.3Mt at the beginning of the month).

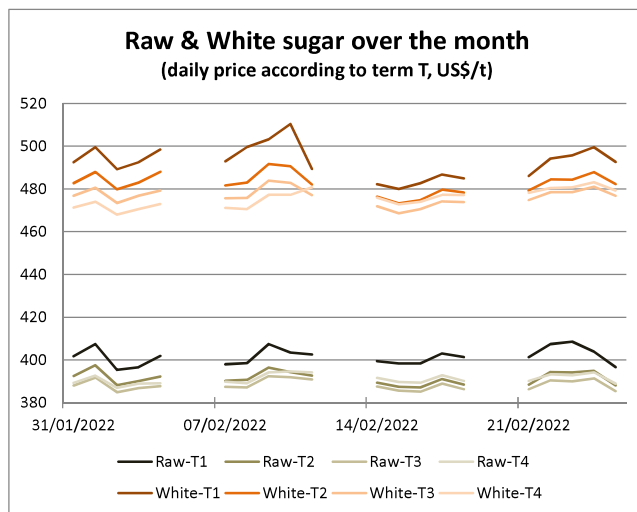
The fears for the sugar sector mainly come from the rise in costs.

- Fertilizers, of which the price has already risen due to energy prices, may simply not be available in the coming months, as Russia is the origin of 40% of the nitrogen sold in the world (60% being bought by Brazil) and 17% of the phosphorous. Furthermore, Russia and Belarus are the origin of 40% of the potassium sold in the world, and needed for both cane and beet.

- And of course, energy prices are scrutinized. The Brent entered March over 110 \$/t, a highest since 2014 (p. 4), which will cause a rise in farming costs as well as in industry (mainly for the beet sector). Could it also bring ethanol to a highest, supporting sugar value? It is the case in Europe, not yet in USA (p.4). For the moment in Brazil, ethanol is remaining calm, especially because the Brazilian currency is resisting remarkably well (+4%). But the impact of the rise in corn value will certainly impact domestic ethanol value as, nowadays in Brazil, almost 12% of the ethanol comes from corn.

Freight followed the trend of energy, and supramax, the most common index used for sugar, gained 50% during the month (p.8)!

	Settling date	First week of February-22	Last week of February-22	Difference in currency	Difference in %
<b>White sugar</b> (sugar#5, London, \$/t)	Mar 22	494,4	493,6	-0,8	<b>-0,2%</b>
	May 22	484,3	483,6	-0,7	<b>-0,1%</b>
	Aug 22	477,3	477,9	0,6	<b>0,1%</b>
	Oct 22	471,4	480,3	9,0	<b>1,9%</b>
<b>Raw sugar</b> (sugar#11, NY, cts/lb)	Mar 22	18,17	18,30	0,13	<b>0,7%</b>
	May 22	17,79	17,78	-0,01	<b>0,0%</b>
	Jul 22	17,59	17,63	0,04	<b>0,2%</b>
	Oct 22	17,66	17,78	0,11	<b>0,6%</b>
<b>Raw sugar</b> (sugar#11, NY, \$/t)	Mar 22	400,6	403,5	3,0	<b>0,7%</b>
	May 22	392,1	392,0	-0,1	<b>0,0%</b>
	Jul 22	387,9	388,7	0,8	<b>0,2%</b>
	Oct 22	389,4	391,9	2,5	<b>0,6%</b>
<b>Premium</b>	Mar 22 - Mar 22	93,9	90,1	-3,8	<b>-4,0%</b>



Warning ! Terms changed for the white on the 15th of Feb. And for the raw on the 28th of Feb. ! Thus, the first week of Feb. In the table above refers to the previous terms.

Sugar#11 and #5 prices since January 2010 front term, US\$/t

