

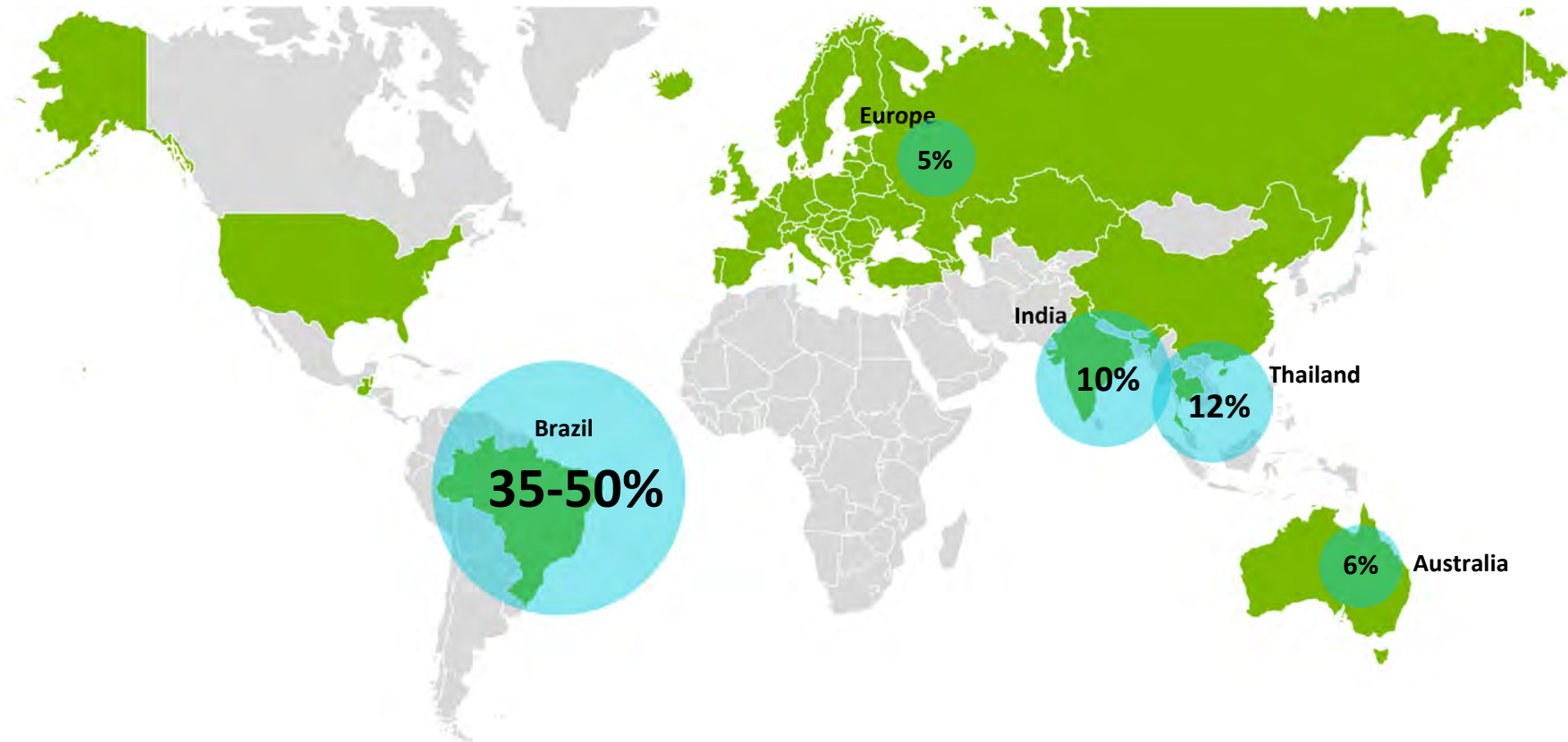


Overview of sugar exports from a global perspective

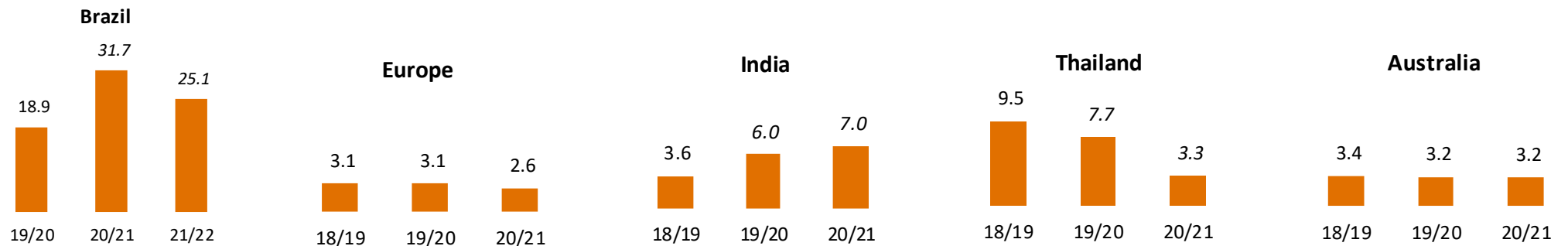
Martin Todd, ISMA Webinar, 5th October 2021

Brazil dominates exports; India & Thailand in 2nd place

% Share of global exports – average 2018/19-2020/21



Exports from key origins (basis their national crop years): 18/19–20/21 (million tonnes, tel quel)

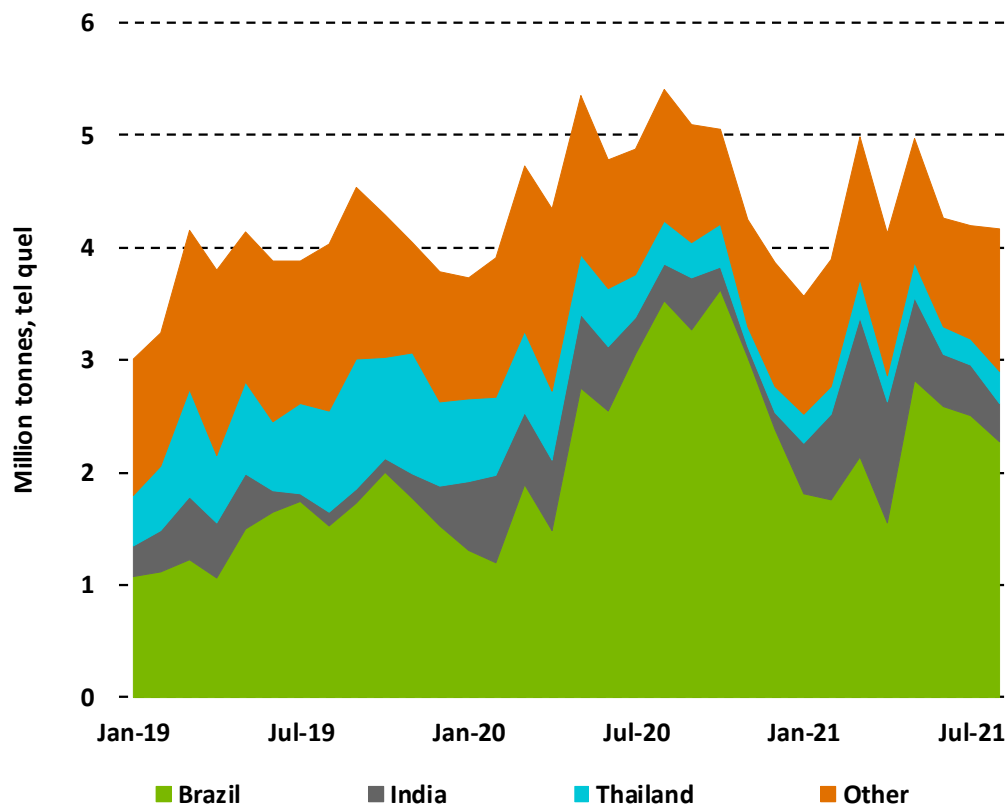


Trends in global trade – flows have slowed in 2021

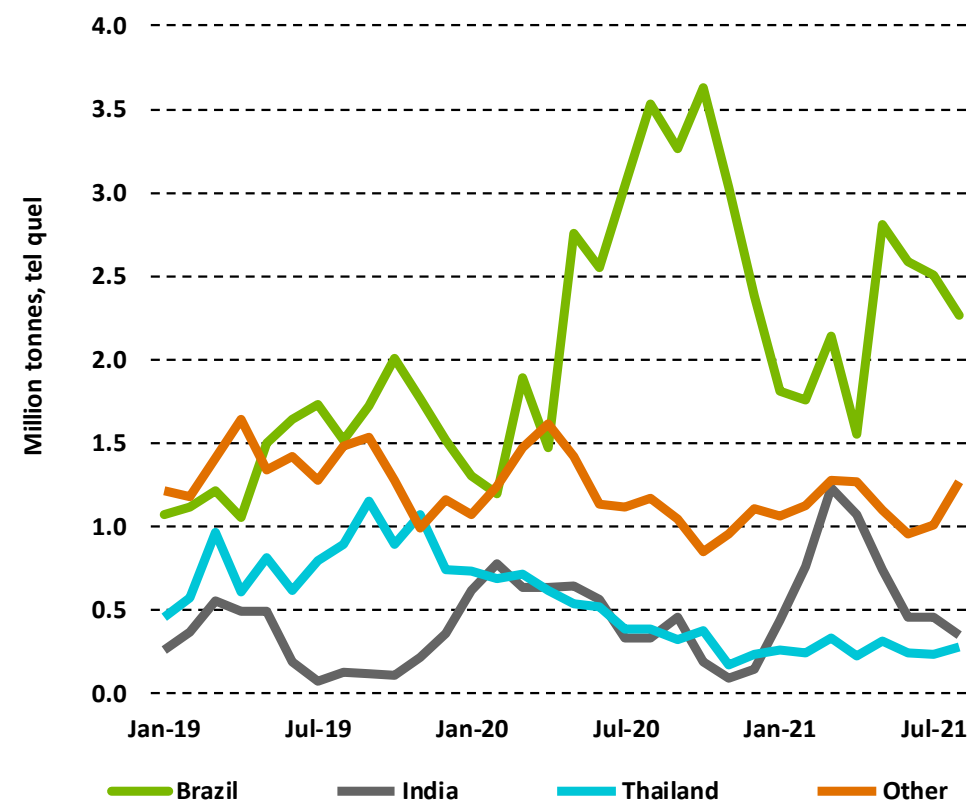
Smaller crops in Brazil and Thailand mean they have less sugar to sell in 2021 than in 2020

- Of the major exporters, only India has increased its exports in 2021

Global sugar exports from the major origins



Global sugar exports from the major origins



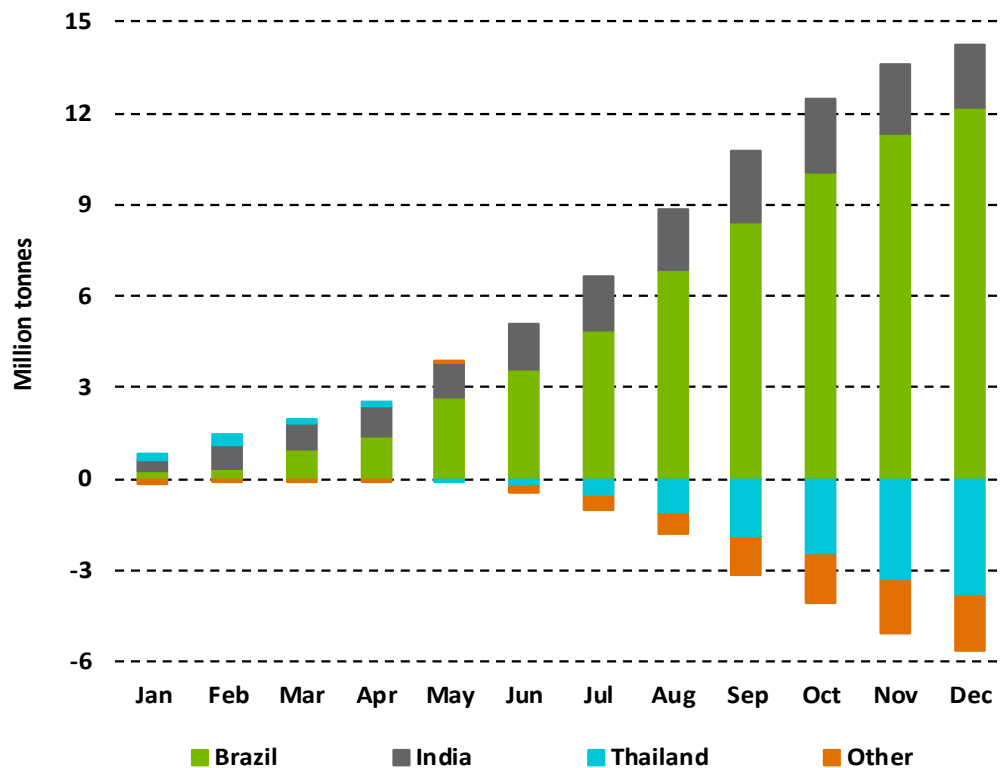
Brazil and Thailand have left a gap for India to fill

After a huge surge in exports in 2020, Brazil's exports are slowing and Thailand's shipments have continued to fall ... and the gap is big enough to absorb India's surplus

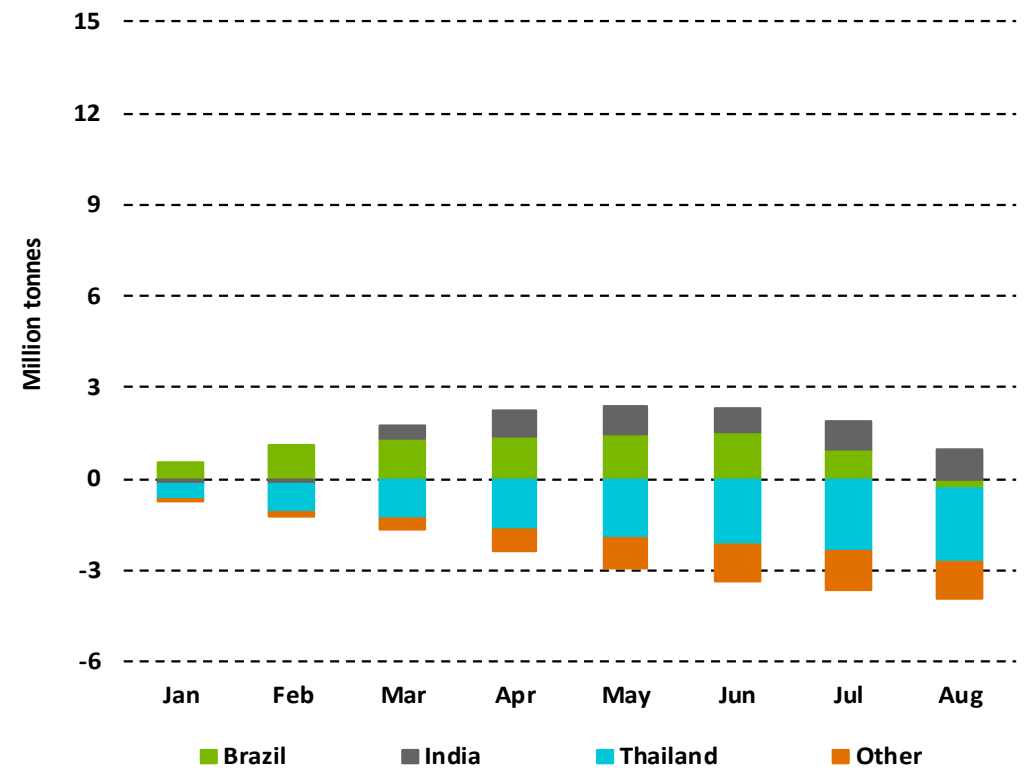
This means market needs India's surplus and is willing to pay the MSP to buy it

➤ No need for an export subsidy

Cumulative change in origin exports, 2020 vs. 2019



Cumulative change in origin exports, 2021 vs. 2020

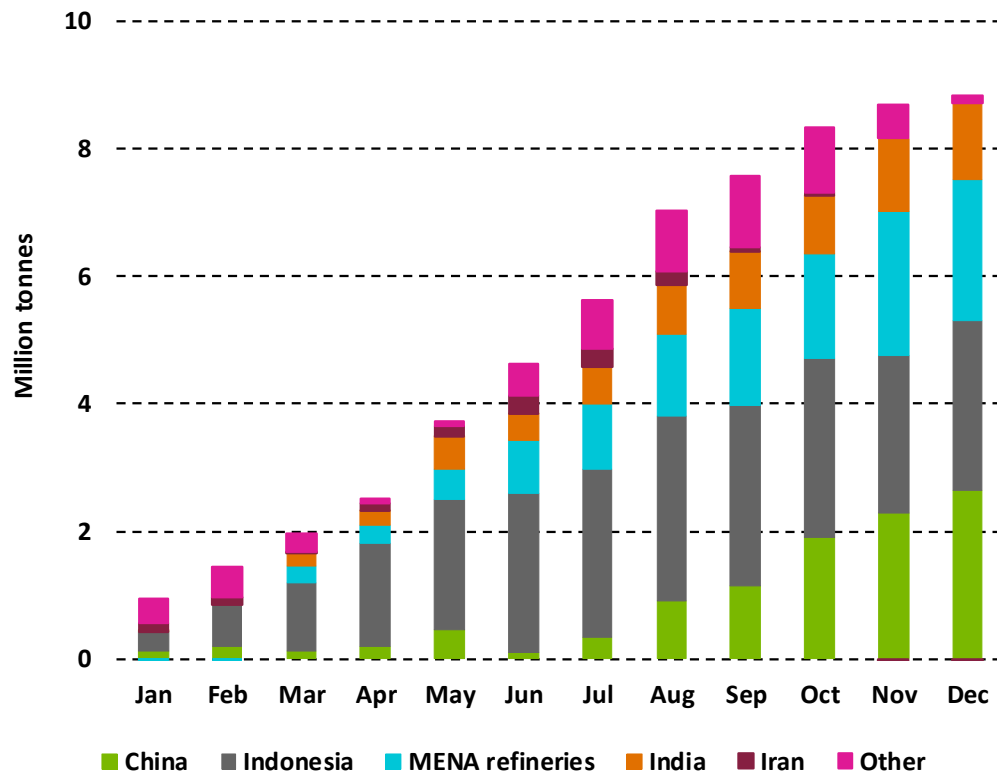


Only China is importing more than last year

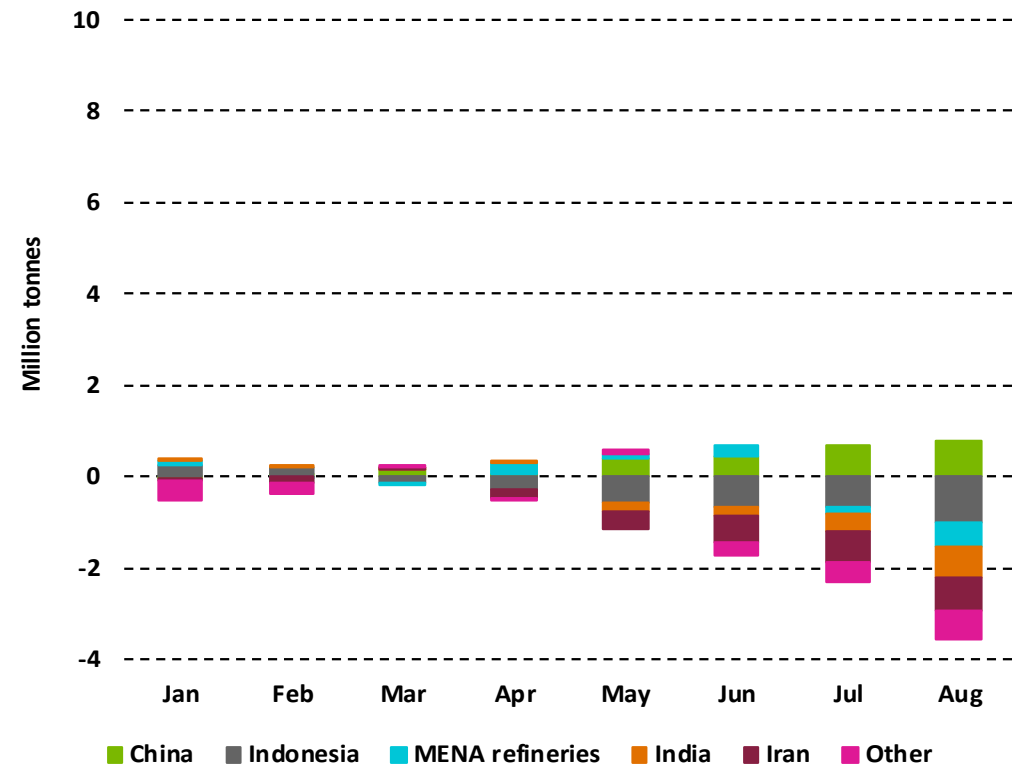
In 2020, the surge in exports was absorbed by many countries: **China**, refineries in **MENA** and **India** and **Iran** ... in 2021, only **China** has imported more

- **India's** refineries have looked inwards to source their raw sugar
- **Indonesia** has run down stocks that it built up in 2020
- **Iran** has had a better crop and is sourcing almost all its sugar from Brazil

Cumulative change imports by destinations, 2020 vs. 2019



Cumulative change in imports by key destinations, 2021 vs. 2020

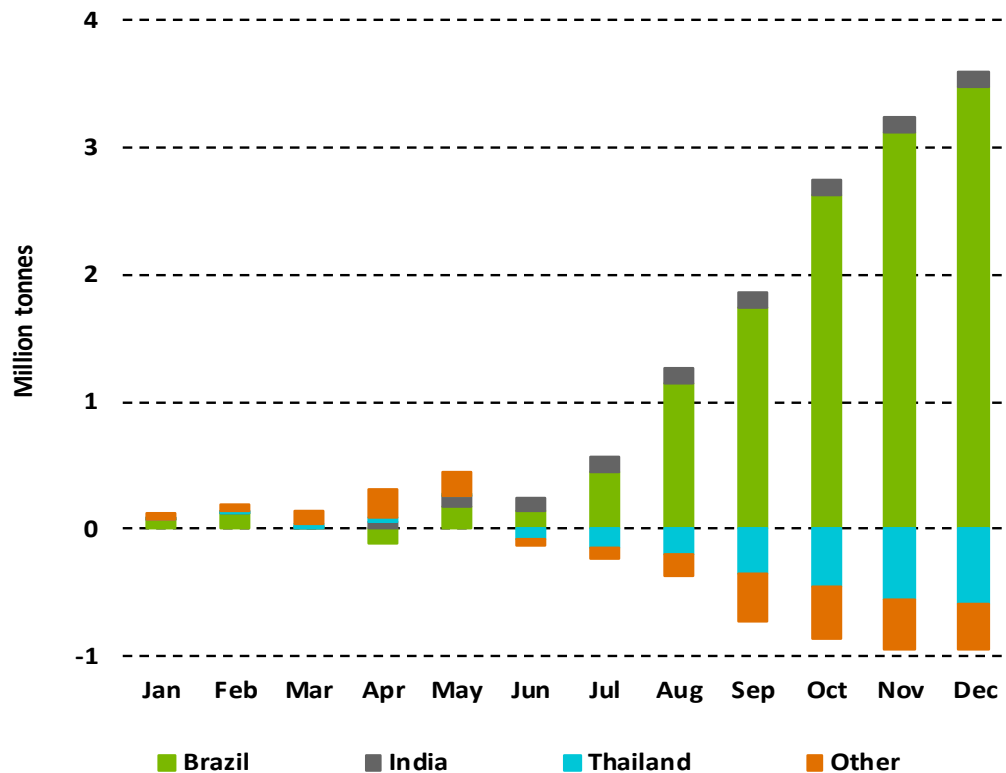


China continues to draw in increasing amounts of sugar

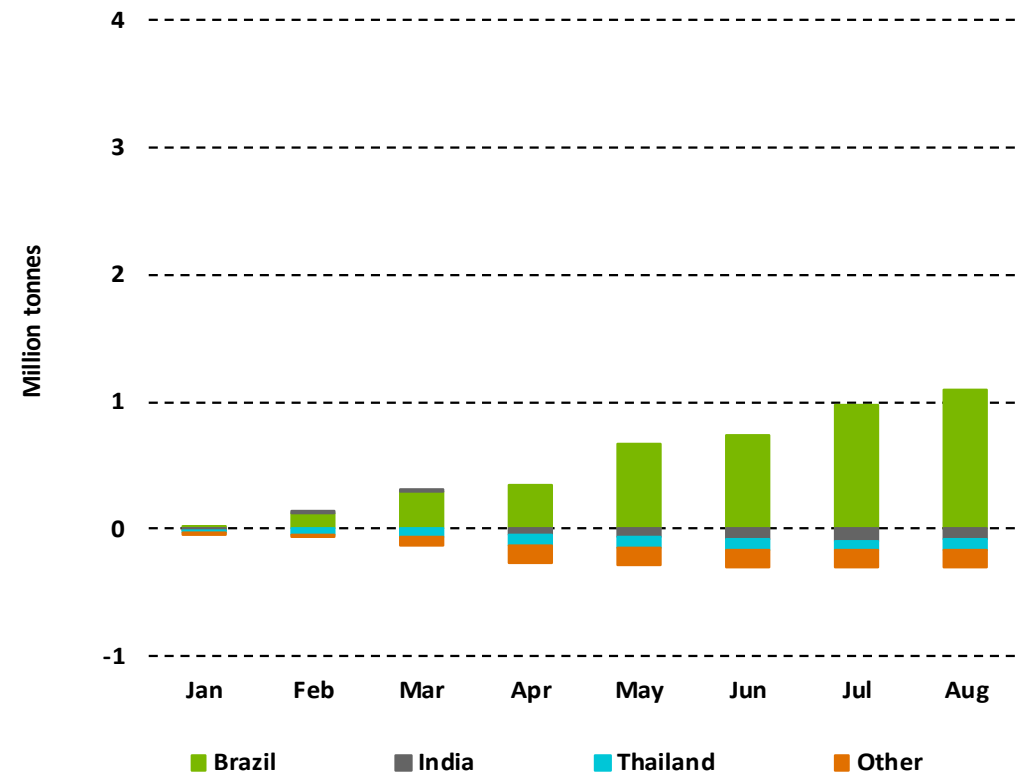
China's imports surge has been instrumental in supporting world sugar prices

... but it is heavily focused on sugar from Brazil

Cumulative change in imports into China by origin, 2020 vs. 2019



Cumulative change in imports into China by origin, 2021 vs. 2020



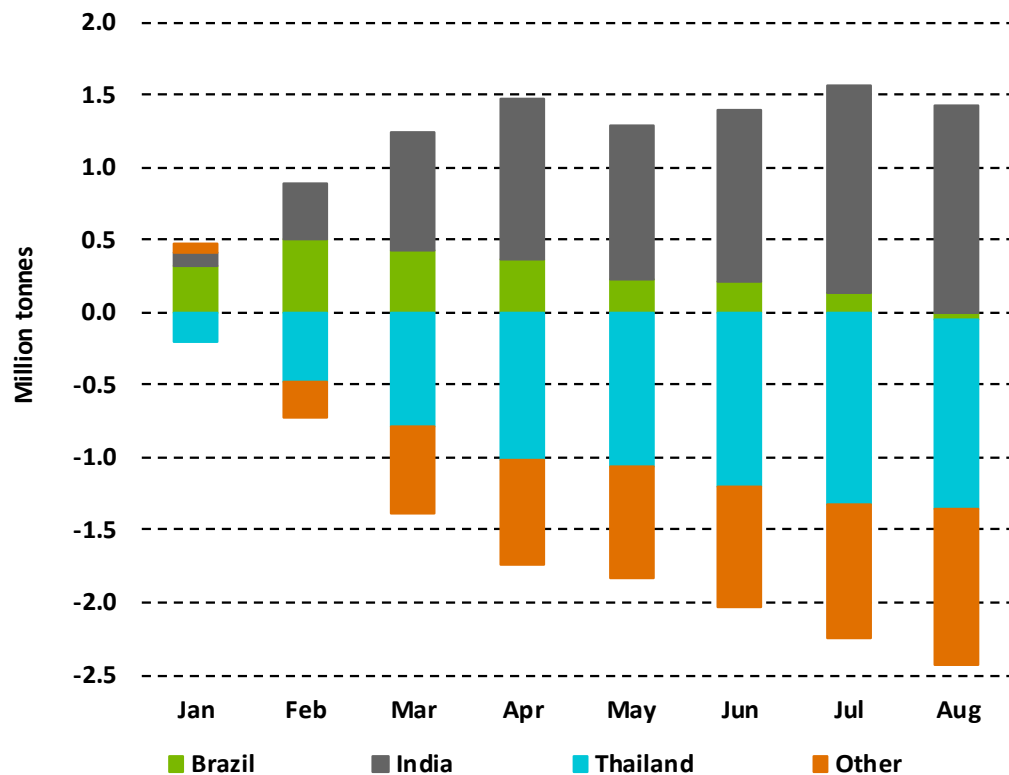
Indonesia – a good market for India

In 2021, Indonesia has drawn down stocks and reduced its imports

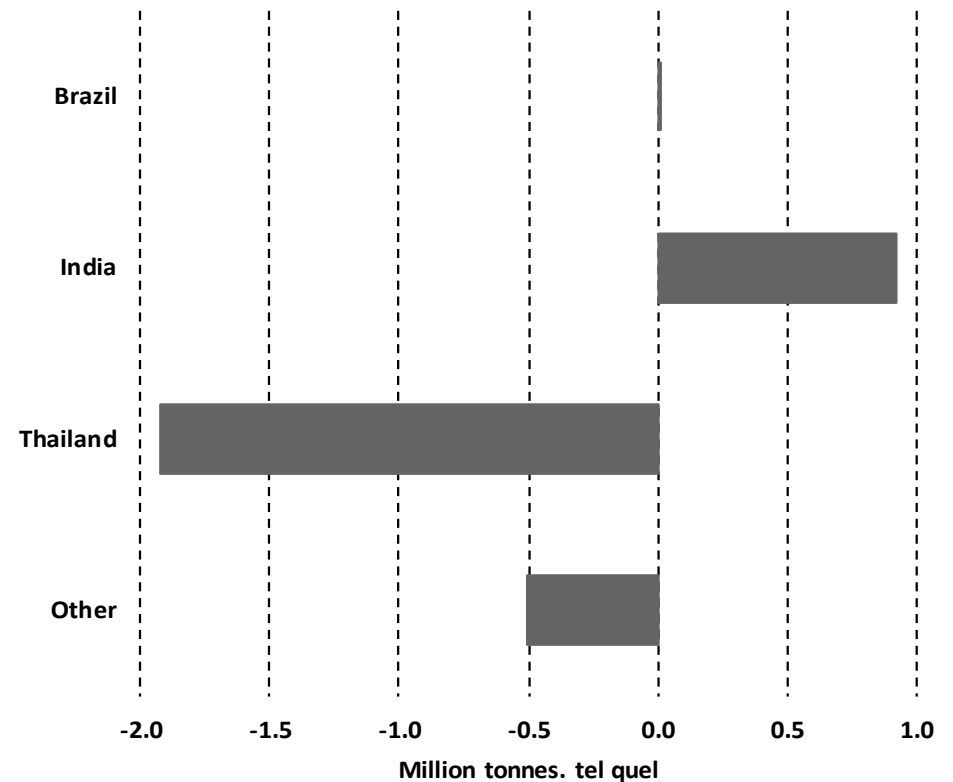
... but, it has continued to source more raws from India after a political agreement including palm oil and sugar

➤ The increase in India's raw sugar exports to Indonesia have partially offset the drop in shipments from Thailand

Cumulative change imports into Indonesia by origin, 2021 vs. 2020



Change in raw exports by major origin, 2021 vs. 2020



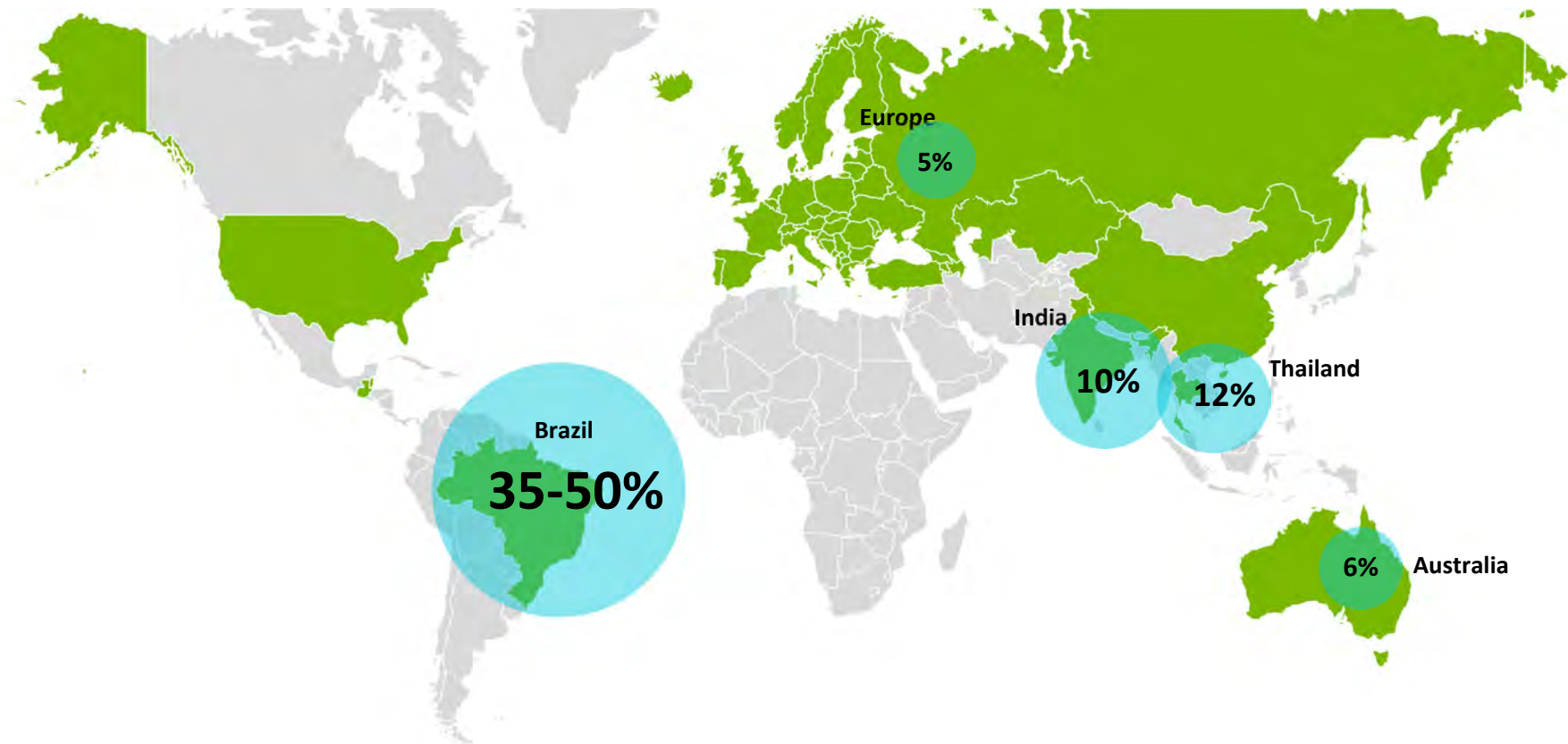


What next?

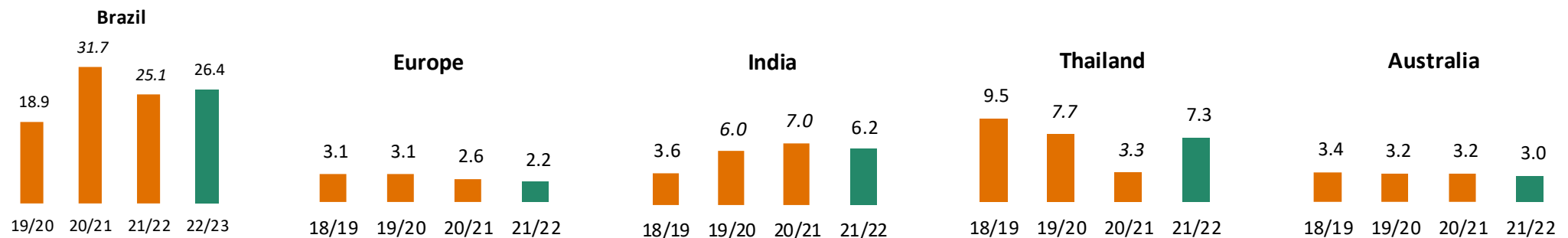


Thailand to resume 2nd place ... but little change in Brazil

% Share of global exports – average 2018/19-2020/21



Exports from key origins (basis their national crop years): 18/19–20/21 (million tonnes, tel quel)



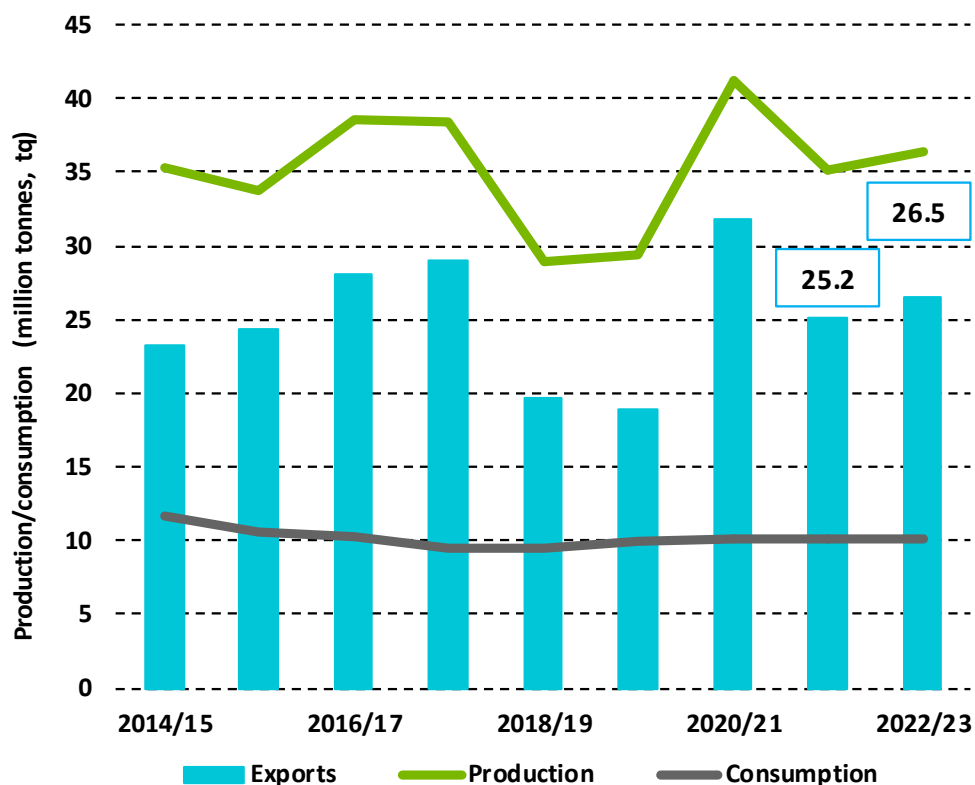
2022 – local battle grounds

Thailand left a convenient gap for Indian sugar in 2020 and 2021 ... and this gap has been greatest in Indonesia

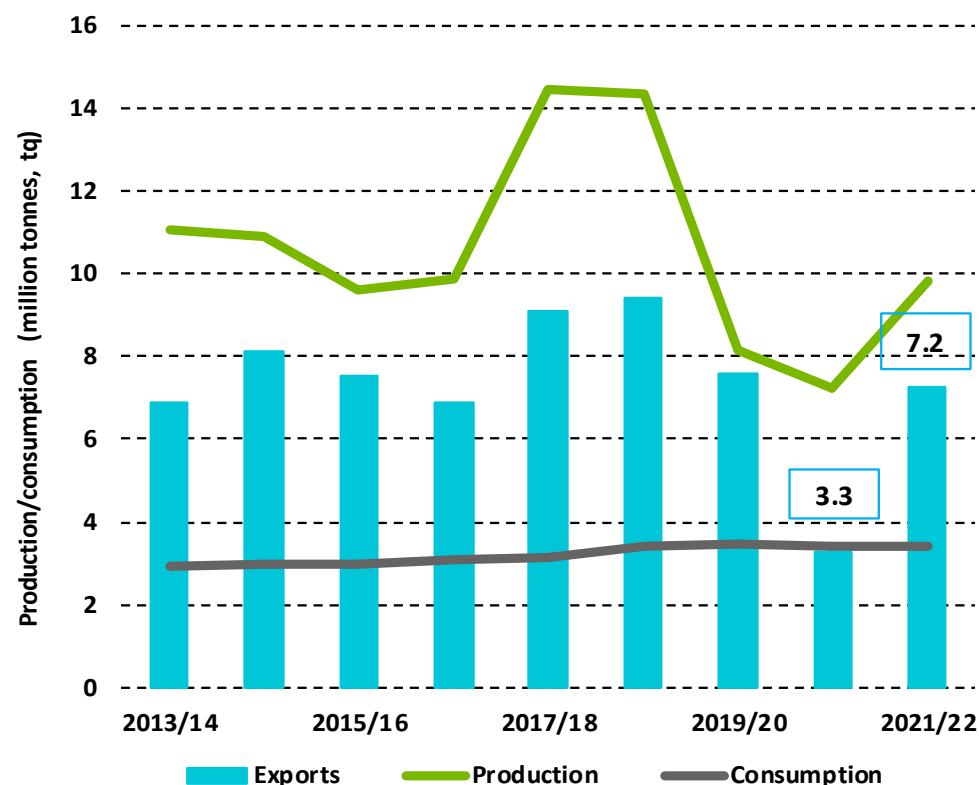
In 2022, Thailand could export three million tonnes more sugar ... a lot of this will be raw sugar and Indonesia is the natural outlet for this sugar

➤ Will this push Indian sugar exports west to fill the gap left by reduced exports from Brazil?

C/S & NE Brazil supply/demand balance



Thailand supply/demand balance

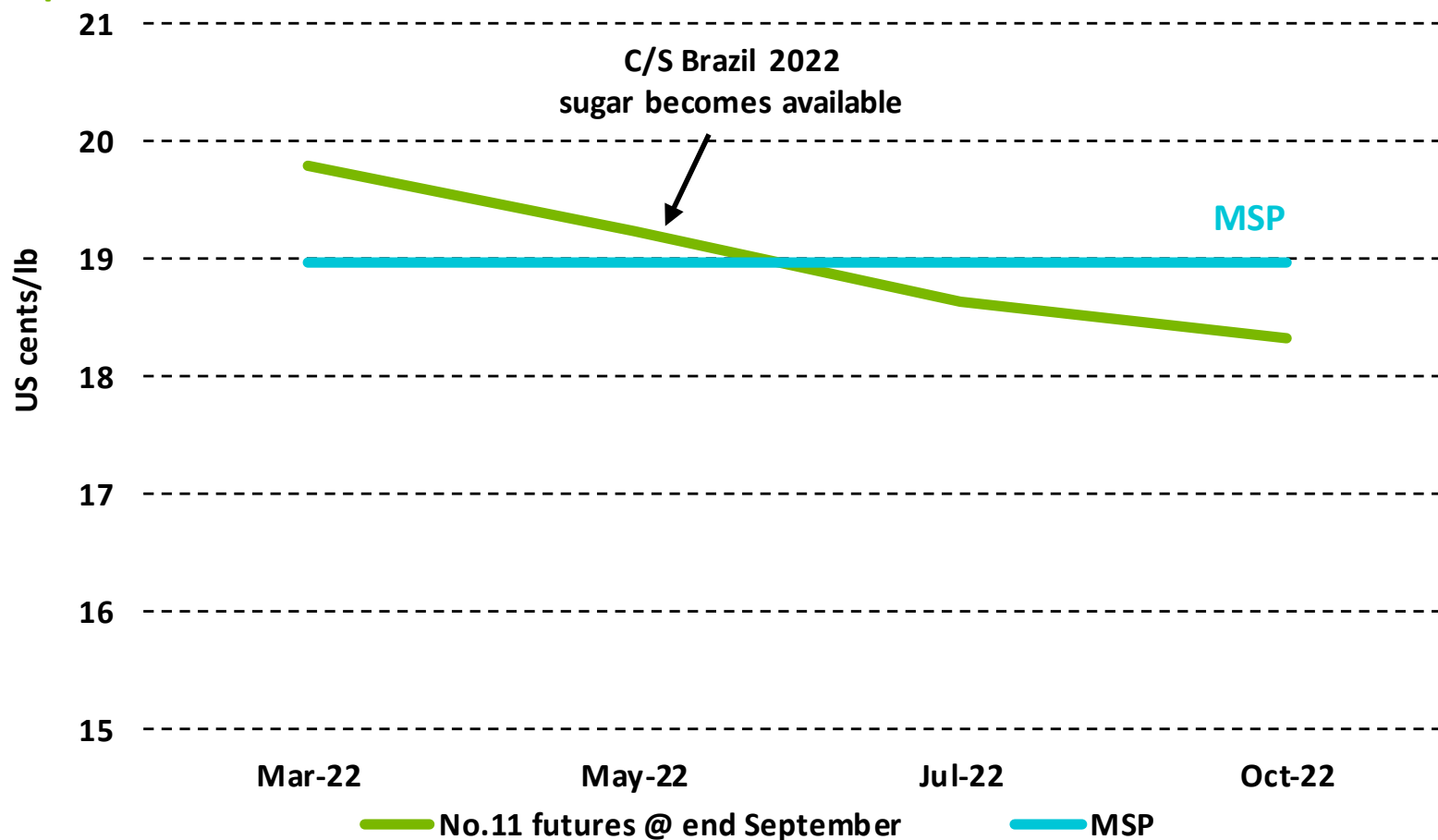


2022 – all about timing

It looks like Brazil and Thailand will exports 4-5 million tonnes more sugar in 2022 than in 2021

- But, Brazil's exports will not pick up until mid-2022 ... this is leaving a gap for India and Thailand and explains the current structure of sugar futures prices
- And, it is unclear by how much Brazil's exports will bounce back in 2022

No.11 raw sugar prices – 2022 contract months





Conclusions

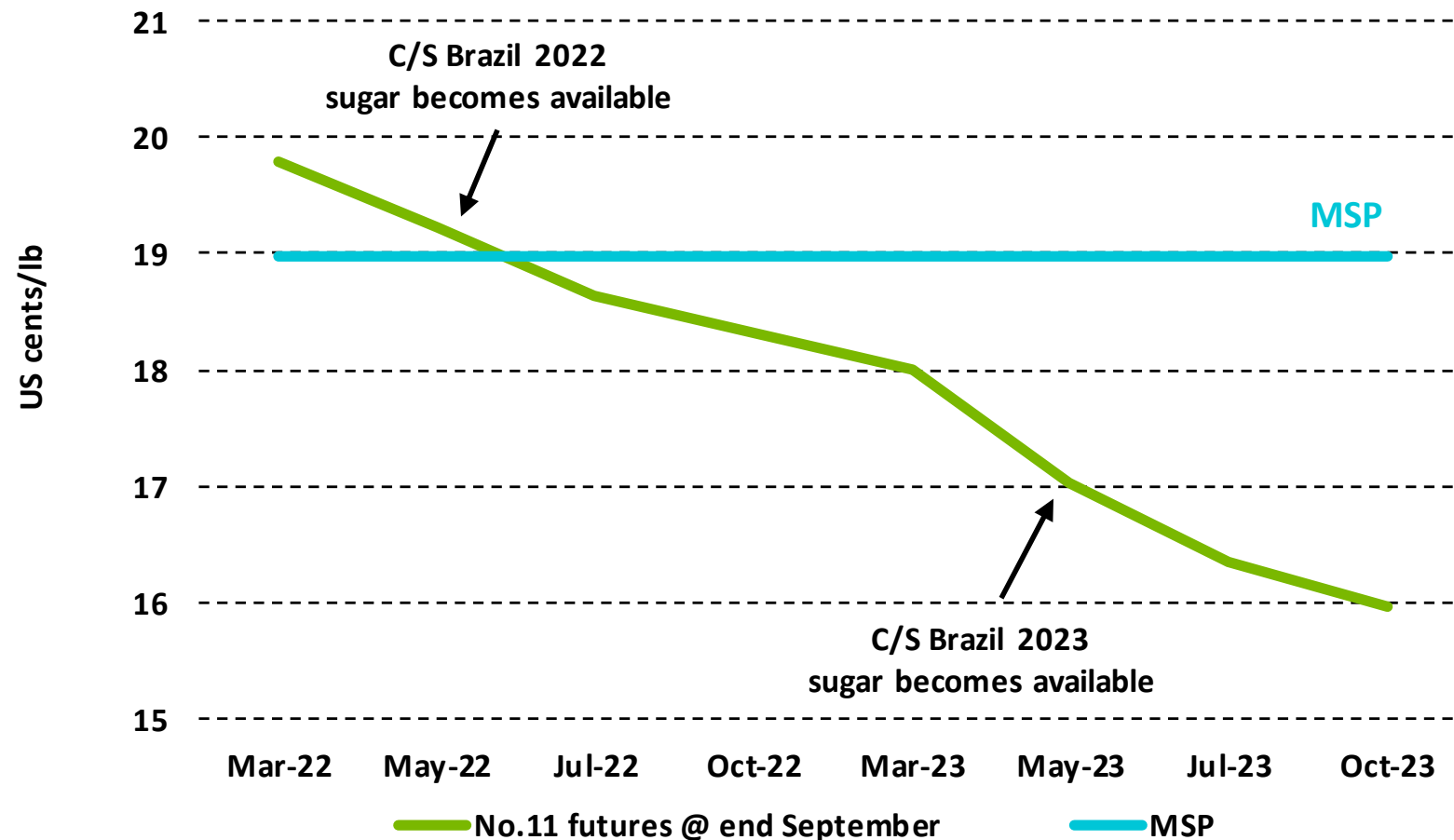
2022 looks promising ... but challenges lie ahead

The world sugar market currently needs India's surplus and is willing to pay India's MSP to buy its sugar

This is likely to change in 2023 as crops in Brazil and Thailand continue to recover

- This suggests the world market will need less Indian sugar than it does today
- Current futures prices indicate it will not pay the MSP ... so, will India export less and/or export with subsidies?

No.11 raw sugar prices – 2022 & 2023 contract months



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