



Sucden Quarterly Market Report

The Good, the Bad and the Ugly

September 2015



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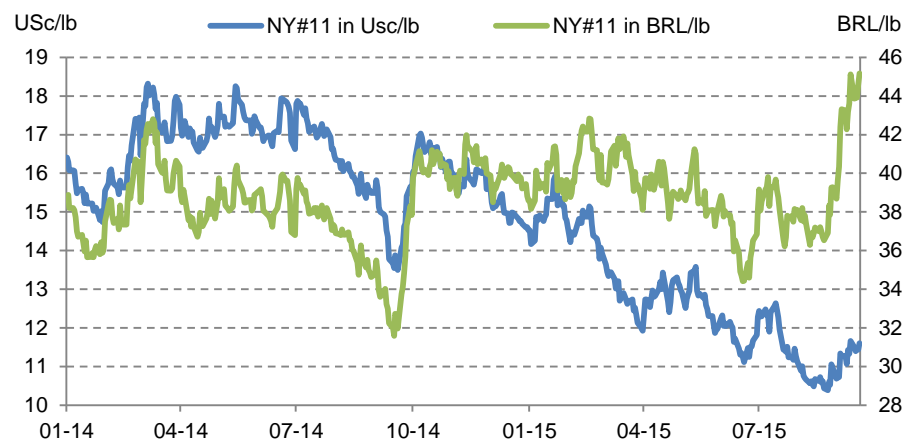
The sugar market in the past 3 months

The Good, the Bad and the Ugly

- From mid-July to end-August, sugar prices declined sharply, losing 18% in little more than one month. The close at US\$10,39/lb on 24 August was the lowest since June 2008. Amid fundamentals still marked by ample stocks, this last bout of weakness in the 4-year long bearish trend can clearly be attributed to the global macro-environment. During the same period, the BRL lost 13% from 3,14 to 3,55 and crude oil 25% from \$57 to \$43. This bearish macro culminated with the devaluation of the Yuan which heightened concerns about China's economy but was also driven by expectations that the US Fed will soon hike rates, hence creating a "strong USD" environment and to Brazil's domestic considerations which sent the BRL as one of the worst performing currencies.
- However, since the low of 24 August, sugar prices rebounded by almost 12%. More importantly, this rebound occurred at a time when the BRL extended its free fall to almost 3,90. In other words, the rebound of sugar prices in BRL was even bigger at 22%. At the same time, the October/March spread confirmed its firmness. The price rebound could be seen as a recovery from an overshooting decline after the Yuan-related Black Monday of 24 August. However, sugar fundamentals are certainly tightening too. If stocks are still ample after 5 years of surplus and some crops are faring well, others are stabilizing and others are even clearly heading towards dismal performances.

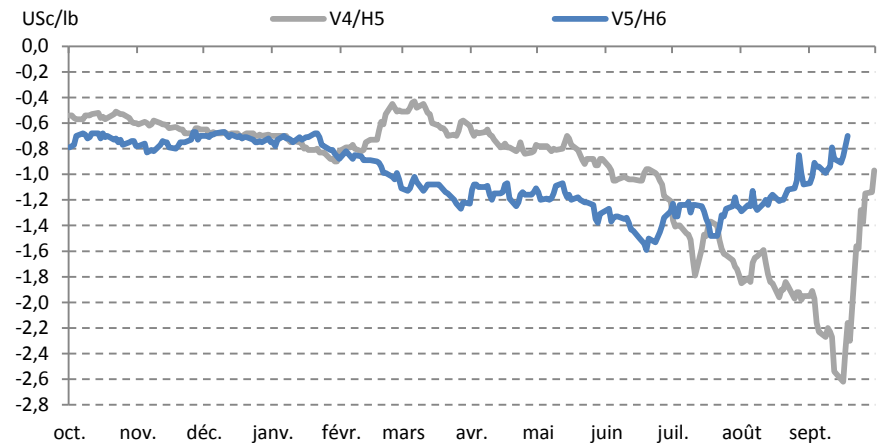
Sugar prices striking rebound...in BRL

NY#11 sugar prices in USD and BRL



And a firm intersafra calendar spread

NY#11 sugar Oct15/Mar16 spread (and Oct14//Mar15 spread)



Key Countries

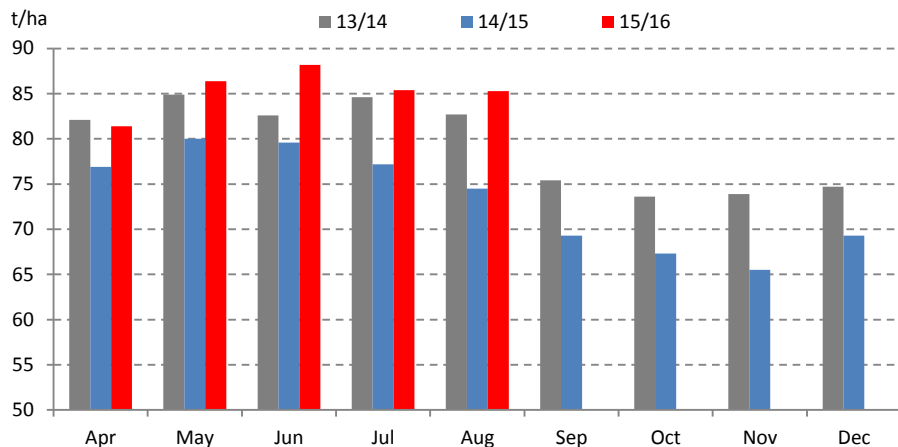
CS Brazil: plentiful cane and decent cane crushed

CS Brazil surprised twice during the 1st-half of the on-going season. Agricultural yields are high thanks to late rains and this means cane availability is ample at 657mt. Also, crushing capacity is higher than anticipated at around 3,2mt/day. Thanks to dry weather from mid-July to early September, cane crushed should reach 591mt, subject to future weather conditions.

- Agricultural yields reached 85t/ha in August. This is strongly up from last year -which was hit by drought- and also up from the year before. The trend is pointing to an average yield of around 83t/ha in 2015/16. Such performance achieved despite aging cane and cuts in fertilizers and chemicals must come from the mostly normal rainy season followed by good late rains.
- Combined with an area of 7,9 million hectares, 657mt of sugar cane should be available for harvest.
- 49,5mt cane crushed in 2nd-half July was a record indicating a crushing capacity of 3,2mt/day. Assuming normal weather conditions going forward, 591mt could be crushed in 2015/16, sharply up from 571mt in 2014/15 and not far from 13/14 record

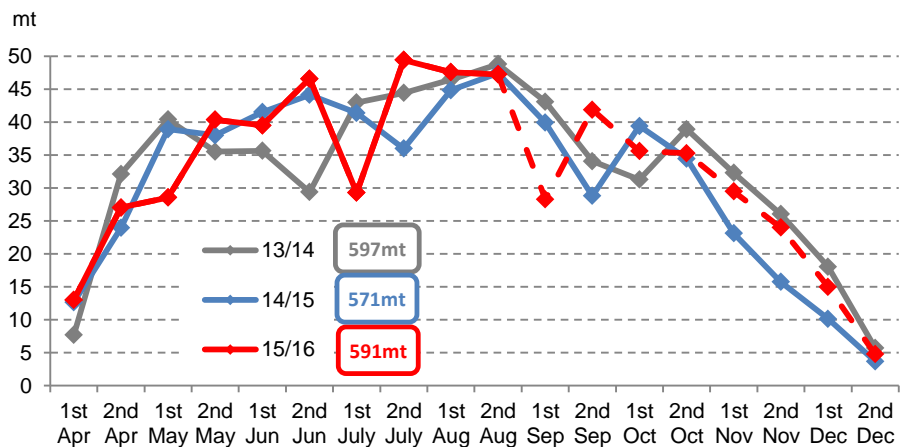
Agricultural yields strongly up from last year

Monthly agricultural yields in CS Brazil



Crush advancing well

Fortnightly cane crushed



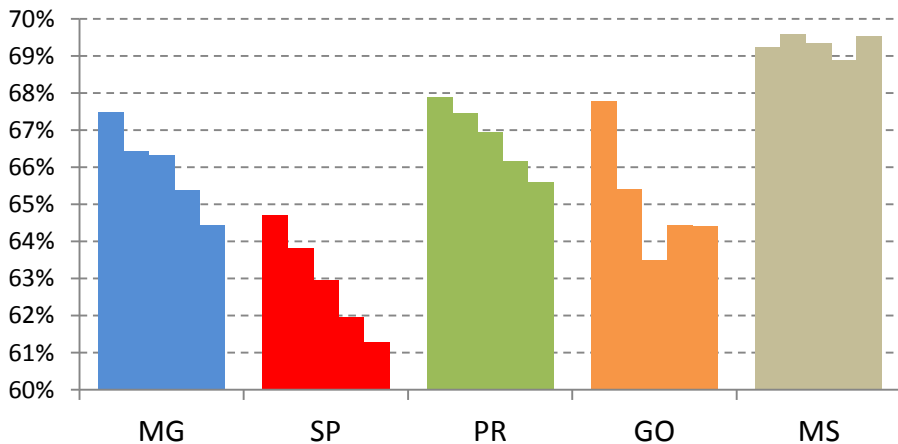
CS Brazil: record ethanol demand...

Brazil recession is slowing down growth in fuel demand to around 1%, sharply down from the average 7% of the previous years. However, regulation changes implemented earlier this year greatly improved the competitiveness of ethanol at the pump and allowed the biofuel to gain market shares vs gasoline. Ethanol demand is up +50% from last year and heading to a new record

- From April to July, fuel consumption (gasoline C and hydrous) grew by only 1,1%. Assuming this rate is maintained during 2015/16, it will be sharply down from +7,4% last year and 7% on average. An obvious impact from the country's recession.
- Ethanol competitiveness at the pump improved greatly with sharply lower Ethanol/Gasoline pump ratios. This is thanks to early-2015 regulatory changes (CIDE tax on gasoline, ICMS tax changes in Minas Gerais).
- As a result, ethanol gained market shares and consumption jumped by 50%. 2015/16 should see a record consumption above 2009/10.

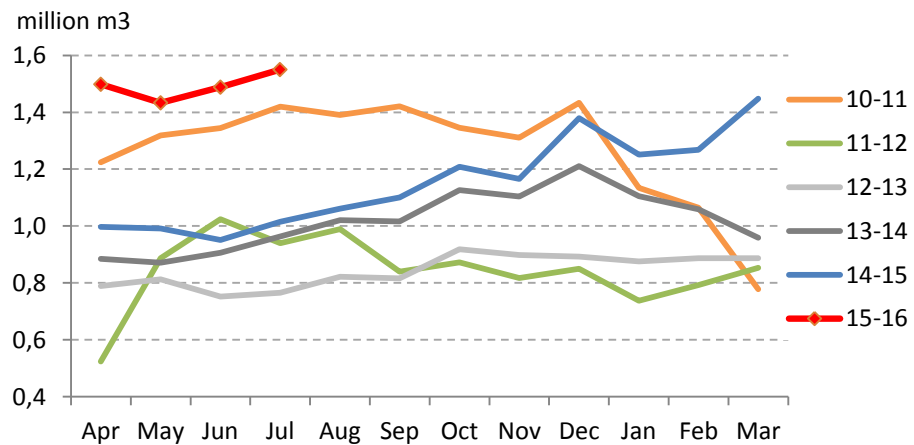
Ethanol competitiveness improved sharply

Monthly pump price ratio (hydrous / gasoline C) (April to August)



Driving ethanol consumption to a new record

Monthly hydrous ethanol consumption in Brazil



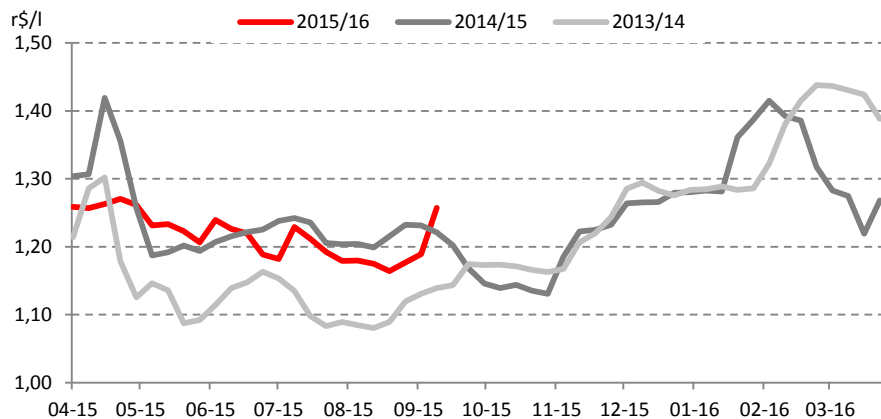
CS Brazil: ...supporting ethanol prices only to some extent

This strong demand supported ethanol prices to some extent but prices were stable at best until mid-September, being pressured down by high carry-in stocks and ample new supply coming from producers eager to sell new-crop. They increased more mid-September on disrupting rains and rumours of CIDE tax on gasoline and will continue to increase seasonally. However, the upside from the current futures curve is probably limited.

- From April to August, spot ethanol prices decreased from r\$1,26/l to r\$1,16/l (-7,9%). This seasonal trend was reinforced by the big carry-in stocks from last year, the good advance of the new crop and some producers being eager to sell –all factors contributing to send ethanol prices at a lower level than last year.
- Mid-September, prices increased substantially on disrupting rains, rumours of a CIDE tax on gasoline and higher sugar prices in BRL. The futures curve is already pricing a r\$0,20/l increase until March 2016 at the end of the intersafra period.
- Higher prices in the months to come will curtail demand. Hydrous consumption could reach 15,5 million m3 in 2015/16, up +2,7 million m3 from last year. This should lead to slightly tight end-of-season stocks indicative of a slight potential upside of the curve.

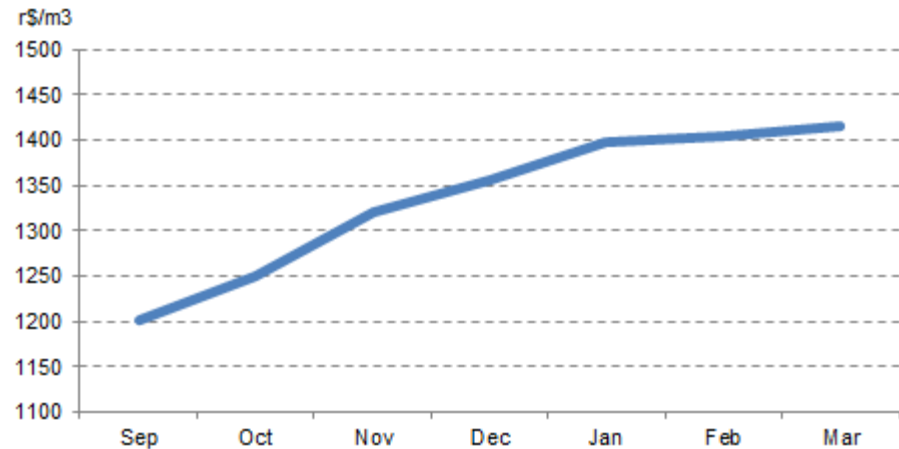
Ethanol prices stable at best until mid-September

Weekly spot ethanol prices (Cepea-Esalq)



Ethanol futures curve already in a significant carry

BMF Hydrous ethanol futures curve



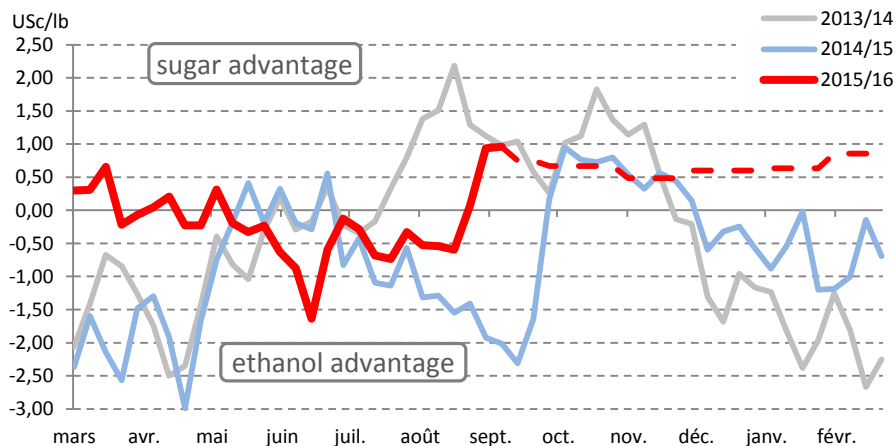
CS Brazil: Sugar mix driven lower by weak sugar prices

Despite stable ethanol prices and sharply weaker BRL, sugar prices have been even weaker and have remained below the ethanol parity between May and August. This have been driving the sugar mix down. It should average 41,8% in 2015/16, below the 43,0% of last year and the lowest level of the 7 past years.

- Ethanol parity decreased from USc12,8/lb at the start of the season to USc10,3/lb early September because of declines in ethanol prices and weakness in BRL
- However, sugar prices declined more and consistently remained below the ethanol parity until end-August.
- Consequently, the cumulated sugar mix on 31 August stood at 41,6% vs 44,4% last year. The recent hike in sugar prices , which are now above the ethanol parity, may support slightly the sugar mix going forward. However, the 2015/16 sugar mix should still end at a relatively low level around 41,8%.

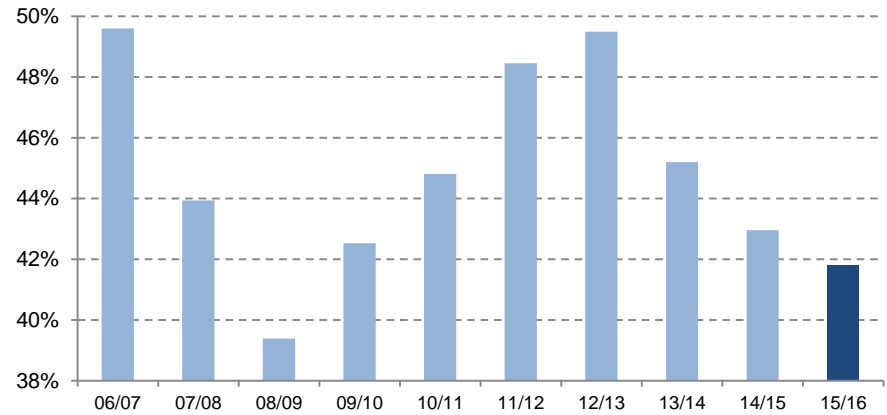
Sugar below ethanol parity until end-August

Weekly sugar vs ethanol parity (spot and forward)



To drive sugar mix at a 7-year low

Historical sugar mix



CS Brazil: sugar output at 31,2mt in 2015/16

Cane crushed should be strong but will be mitigated by a low ATR -impacted by late rains and flowering- and a low sugar mix. In total, sugar output should reach 31,2mt, 800kt less than last year. Main risks come from weather conditions until the end of the season with upside/downside if weather is dry/wet.

- Weather risks: cane crushed will be higher/smaller in case of dry/wet weather. El Nino would traditionally be associated with a wet end of season.
- Markets risks: firmer sugar prices and collapsing BRL could send sugar higher above ethanol parity and drive the mix slightly higher.
- While assuming sugar output at 31,2mt, slight changes on cane crushed and sugar mix can have a +/-500kt impact

Sugar output to decrease despite strong crush

Sucden forecast for 2015/16 crop

		2013/14	2014/15	2015/16
Cane crushed	mt	597	571	591
ATR	kg/t	133,3	136,6	132,5
Sugar ratio	%	45,2%	43,0%	41,8%
Sugar production	mt	34,3	32,0	31,2
Ethanol production	mm3	25,6	26,1	26,7

Forecasts risks at +/-500kt

Sugar output sensitivity to cane crushed and sugar mix

	ATR:	sugar mix								
		40%	40,5%	41%	41,5%	42%	42,5%	43%	43,5%	
cane crushed	132,5	580	29,3	29,7	30,0	30,4	30,8	31,1	31,5	31,9
	585	29,5	29,9	30,3	30,7	31,0	31,4	31,8	32,1	
	590	29,8	30,2	30,5	30,9	31,3	31,7	32,0	32,4	
	595	30,0	30,4	30,8	31,2	31,6	31,9	32,3	32,7	
	600	30,3	30,7	31,1	31,4	31,8	32,2	32,6	33,0	
	605	30,6	30,9	31,3	31,7	32,1	32,5	32,8	33,2	
	610	30,8	31,2	31,6	32,0	32,3	32,7	33,1	33,5	

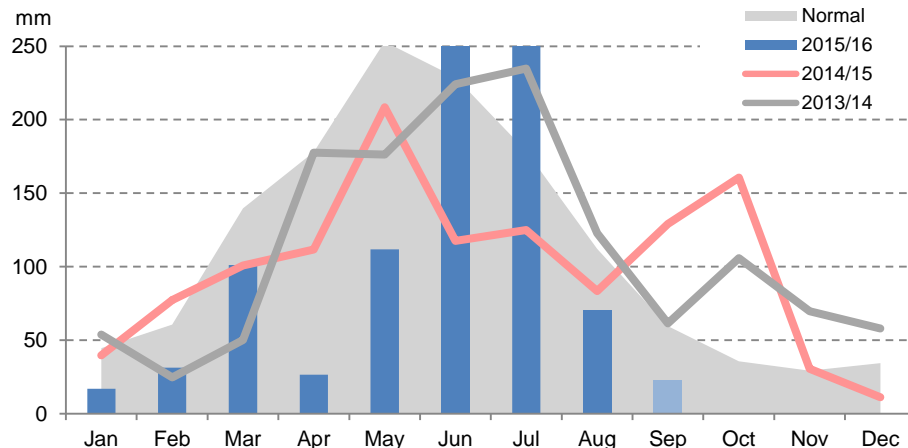
NE Brazil: 2015/16 crop outlook in line with last year

After a very dry start in April-May, the rainy season was finally satisfactory overall thanks to good rains in June-July. Cane crushed would decrease slightly but a return-to-average of the ATR should allow the production to be maintained at a similar level as last year around 3,6mt. The 2015/16 crop is at its early stage, starting in September.

- Cumulated rain from March to August: 820mm 75% of normal and erratic distribution with dry April-May
- Cane crushed slightly down: rainy season (no more than) satisfactory and slight area decrease
- Sugar mix slightly down on good demand for ethanol. Higher ATR to offset lower cane and sugar mix to maintain sugar production at the same level as last year around 3,6mt.

A satisfactory rainy season

Monthly rainfall in NE Brazil



To maintain similar sugar production

Sucden forecasts for 2015/16 crop

		12/13	13/14	14/15	15/16
Cane crushed	mt	55,7	56,5	61,7	58,2
ATR	kg/t	135,9	124,1	124,3	132,0
Sugar ratio	%	57,5%	51,2%	48,8%	48,5%
Sugar production	1,000t	4,15	3,42	3,56	3,55
Ethanol production	1,000m3	1,86	1,97	2,31	2,28

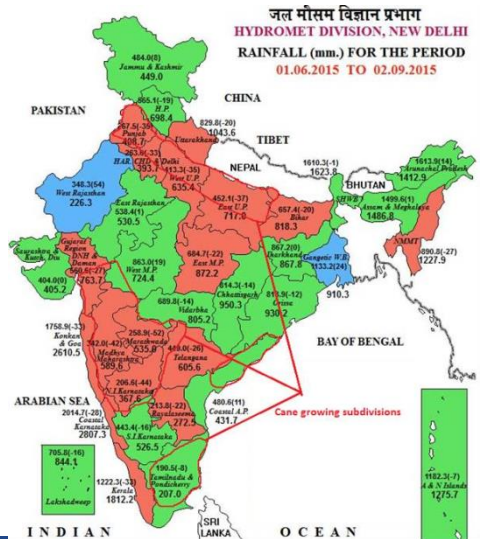
India: 2015/16 crop seen down -2,0mt to 26,3mt

The Indian monsoon has been below-normal so far. This should affect agricultural yields mostly in Maharashtra and Northern Karnataka, while the area planted with sugar cane is stable. The crop forecast has been reviewed down because of those low rains to 26,3mt, 2,0mt below last year. Downside risks persist in case the end of the monsoon disappoints further.

- Maharashtra (-2,000kt) and Northern Karnataka (-300kt) to be most affected by the disappointing monsoon, against a background of dam levels and irrigation not expected to fully compensate the lack of rain and where cane diversion could increase with the set up of fodder camps.
- Uttar Pradesh (+400kt) has also seen lower-than-normal rainfalls but agricultural yields should not be affected given sufficient irrigation capabilities.

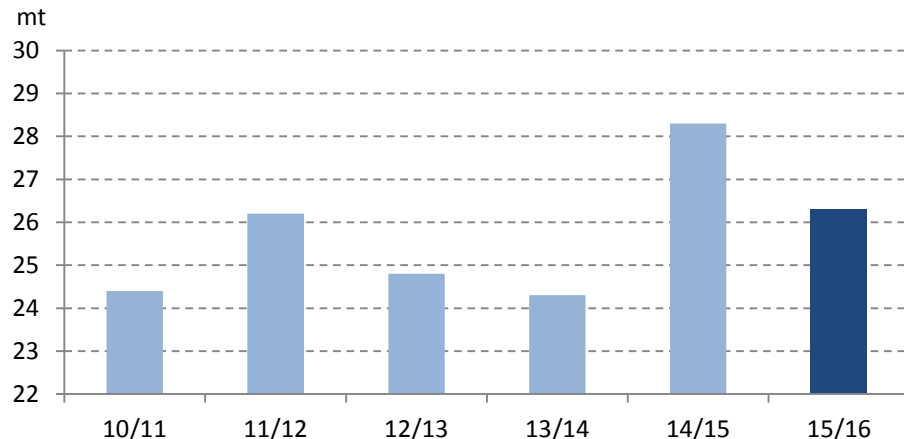
2015 monsoon disappointing in sugar cane regions

Cumulated rainfalls since start of monsoon on 1st June 2015



Sugar production down on disappointing monsoon

Sugar production in India (Oct/Sep, tel quel)



LEGEND: **EXCESS** (+20% OR MORE) **NORMAL** (+19% TO -19%) **DEFICIENT** [-20% TO -59%]
SCANTY [-60% TO -99%] **NO RAIN** (-100%) **NO DATA**

NOTES:
a) Rainfall figures are based on operational data.
b) Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)
Percentage Departures of Rainfall are shown in Brackets.

India: current situation unfriendly for Indian exports

Indian domestic prices are currently pricing a “weather risk” that should persist at least until relief rains are received in Maharashtra/Northern Karnataka by mid-October or, alternatively, until more clarity on the size of the Indian crop is gained early next year.

Meanwhile, current market levels mean export parities are closed for raw as for white sugar.

- Indian domestic prices rebounded strongly from mid-July on expectations of export incentives for 2015/16, rumours of mandatory exports and disappointing monsoon; and despite the large carry-in stocks. NCDEX futures gained 12% from INR22,000/t to INR24,600/t. As the rupee weakened only moderately, export parities for raw and white sugar are closed.
- It now seems that export incentives will not be reconducted on the same format as last year but would instead be replaced by direct payments to farmers. A more complicated scheme that decreases the probability of a successful implementation over the next few months.
- Until there is more comfort about the size of the crop -potentially as late as Q1 2016- domestic markets should continue to price a “weather risk” which shall prevent a significant connection with world markets.

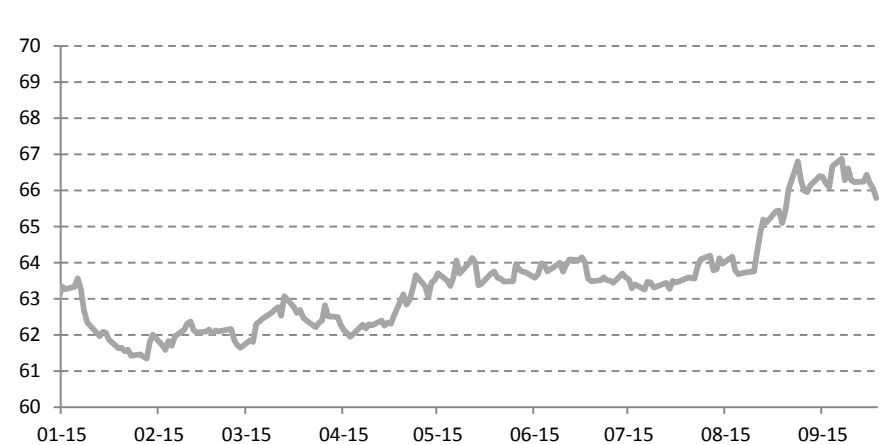
Domestic prices gained 12% since mid-July

India domestic sugar prices (NCDEX futures)



While the Indian rupee weakened by only 4%

USD/INR exchange rate



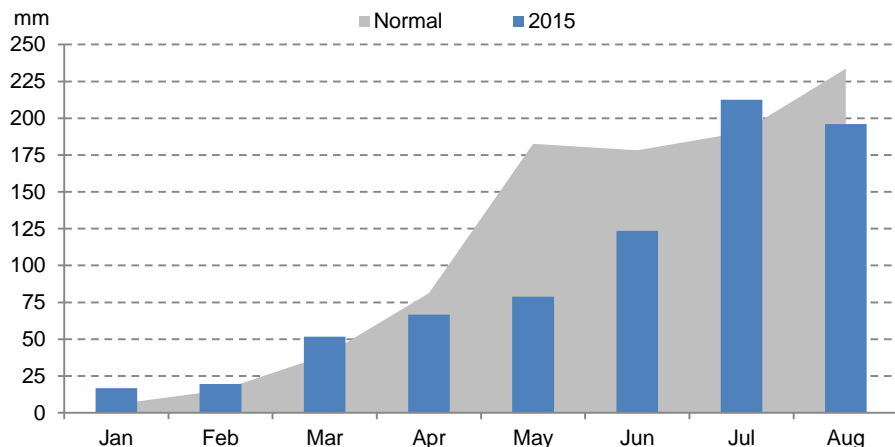
Thailand: a “stable crop” outlook for 2015/16

Rainfalls have generally been lower-than-normal in Thailand. However, thanks to a planted area up +2% and to irrigation capabilities in some regions, the sugar cane crop should be slightly bigger than last year at 108mt. Assuming a sugar content in line with the historical average, and a similar diversion to ethanol, the sugar output could still reach 11,0mt, close to the level of last year

- For Thailand as a whole, the early part of the rainy season was below normal but July and August saw better rains so that the impact on agricultural yields should be limited overall. The most affected area was probably the Central region where July rains were below normal and irrigation water was lacking.
- Area expansion, up +2%, mostly thanks to the conversion of rice fields in the Northeast region.
- Forecast cane crushed: 108mt to produce 11,0mt of sugar (net of 4-500kt of raw sugar used for ethanol)

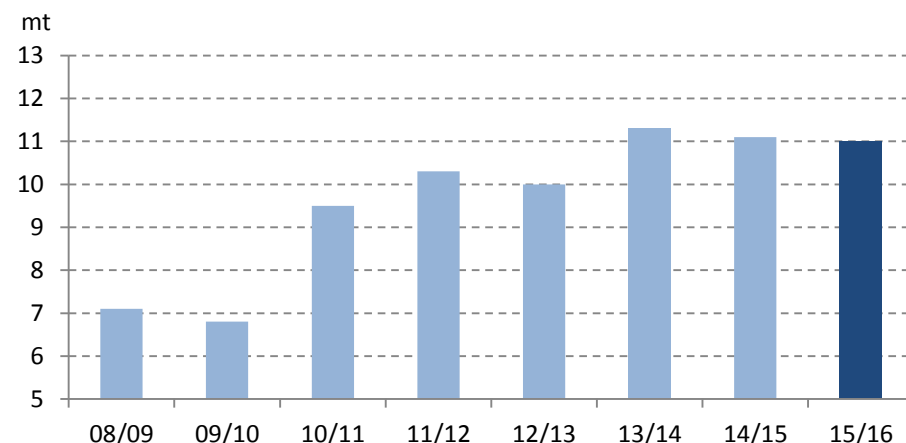
Rainy season improved after a poor start

Monthly rainfall in Thai sugar cane areas



Sugar production similar to last year

Thailand sugar production (Dec/Nov, tel quel)



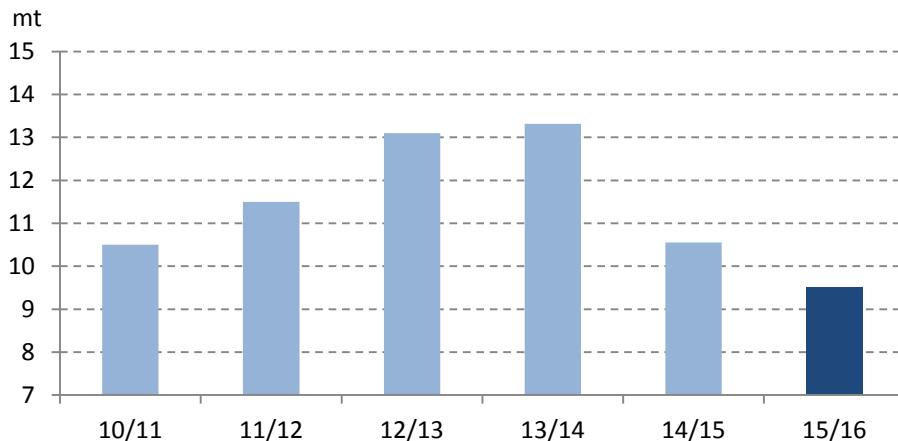
China: a dismal crop pointing to higher imports

Sugar output in China is set to decrease after a new decline in the planted area itself driven by consecutive cuts in the price of cane. With a crop seen at 9,5mt, the deficit over consumption would grow to almost 6mt, the biggest of the past few years. This should lead to more imports in a context of limited “commercial” stocks, particularly if “strategic” stocks are not released

- 2015/16 crop seen around 9,5mt, a significant decrease from 10,6mt in 2014/15 mostly due to a lower planted area. In Guangxi, the main producing state, the planted area could be down as much as 11% and sugar production would decrease by over 600kt.
- 2016 imports should be bigger than in 2015 given the growing production/consumption deficit of 6mt and the limited “commercial” stocks while it seems releasing “strategic” stocks may not be a preferred option by the Government.
- China represents a potential significant buyer of CS Brazil sugar during the intersfara period

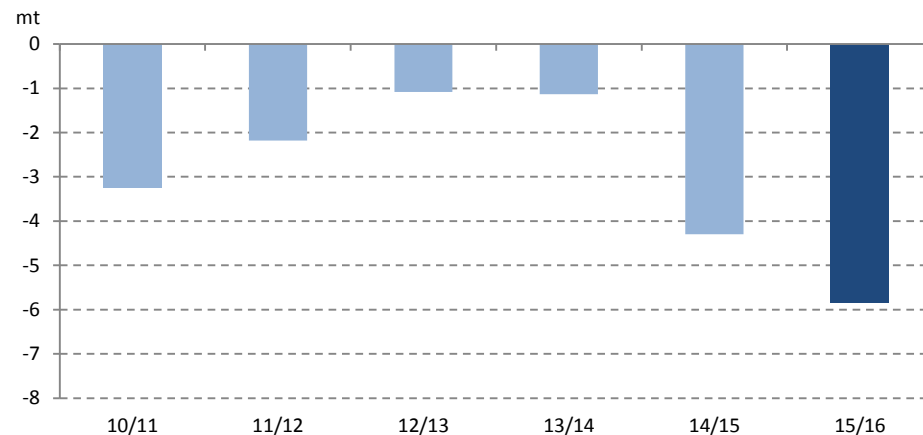
A dismal crop level

China sugar production (Oct/Sep, tel quel)



Increasing the country's deficit

China production/consumption balance



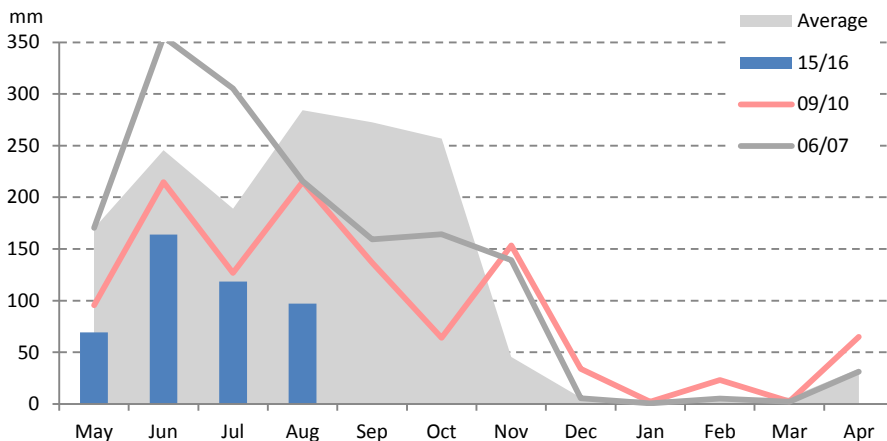
Central America: El Nino strikes back

El Nino is responsible for much below-normal rainfall in Central America. While past El Nino's were beneficial (less rain offset by irrigation/more sunshine), this year looks so dry that it could have a detrimental impact to a varying extent depending on the availability of irrigation. Overall, sugar output in Central America would decrease by around 0,3mt

- Extremely disappointing rainy season. Cumulated rain from May to August: 450mm in Litoral area of Guatemala, 50% of normal only. Similar situation in other countries.
- Agricultural yields can be maintained where irrigation is available. This is the case in Guatemala.
- This is not the case in other countries where production could decline by a total of 0,3mt

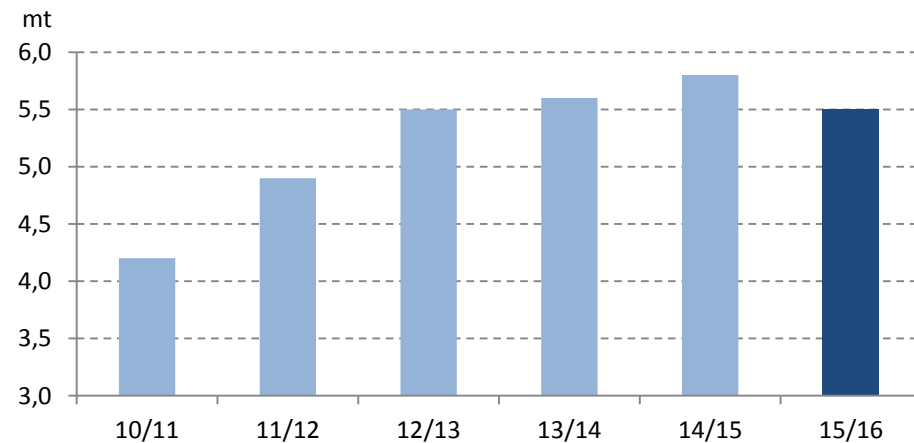
2015 rain below the last El Nino episode

Monthly rainfall in Guatemala (Litoral area)



Sugar production slightly down on the year

Sugar production in Central America (Nov/Oct, tel quel)



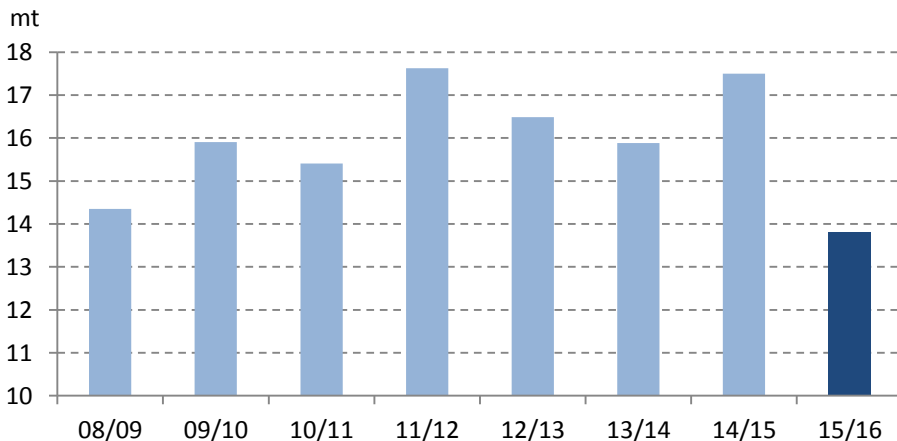
EU-Russia: EU bad crop, lower in-quota stocks to drive imports

Sugar output in the EU is set to decrease dramatically down to a level not seen since many years because a lower area (due to producers' willingness to decrease stocks and lower sugar beet prices) is combining with lower agricultural area (due to unfavourable weather). This should lead to the resumption of EU world imports. Meanwhile, sugar output in Russia should be strong and imports will remain at a low level.

- **EU:** area down roughly 10% on low EU sugar prices and producers willingness to draw down high stocks. Agricultural yields down at least 7% on unfavourable weather. Production to decrease to 13,8mt, a level not seen since many years. This should tighten in-quota stocks, support EU domestic prices and lead to more imports from World markets.
- **Russia:** area up 11% to 1,020kha thanks to high prices. Agricultural yields should be slightly up although dry August may have some impact. Ample sugar beet availability, partly offset by lower sugar content, to lead to strong sugar output at 4,7mt. Russian imports to remain at low level.

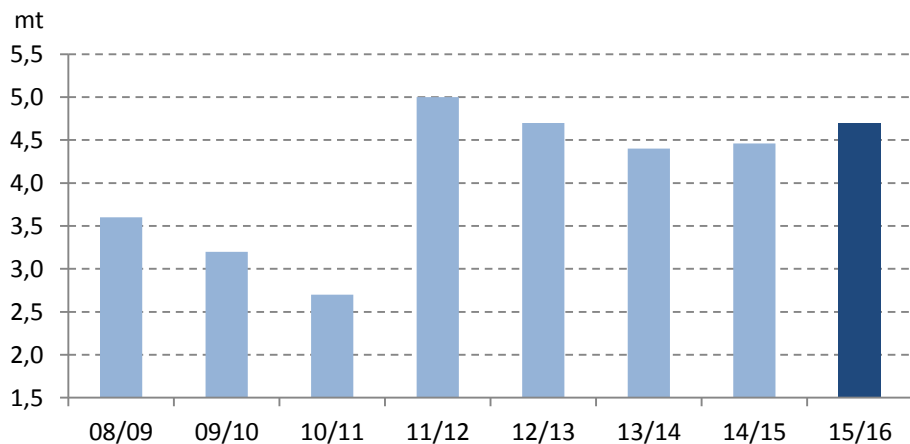
EU sugar production at a multi-year low

EU sugar production



Russia sugar production up to a strong level

Russia sugar production



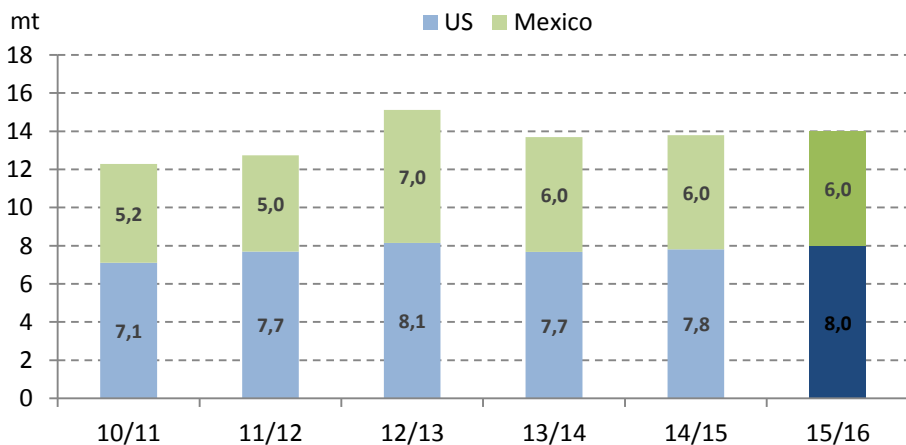
NAFTA: a year of relative stability ahead

A large US crop combined with standard WTO/FTA imports and a healthy Mexican crop mean that the NAFTA region should experience a year of relative stability without the need of additional imports. Any need for Mexico to export to the world market will likely not manifest itself until after the size of the Mexican crop is well known, and even then would have to be governmentally mandated to avoid having sugar simply carried to the subsequent year.

- US Department of Commerce confirmed damage of dumped Mexican sugar on 17 September. Final ITC determination due no later than 02 November with the only possible outcomes being either an upholding of the Suspension Agreements or a return to NAFTA status quo prior to the AD/CVD lawsuits. The Agreements themselves still subject to judicial challenge by interested parties.
- Excellent weather conditions mean the US domestic crop will be up 170kt (both beet and cane crops), with additional upside likely. Combined with a healthy Mexican crop, any TRQ import increase should be unnecessary.
- Unchanged Mexican crop at around 6,0mt. Final US access will determine the size of the surplus, with 200kt likely to be available either for carry or for world exports next summer, dependent upon whether the private mills are willing to export into a low priced world market...or exports are made compulsory.

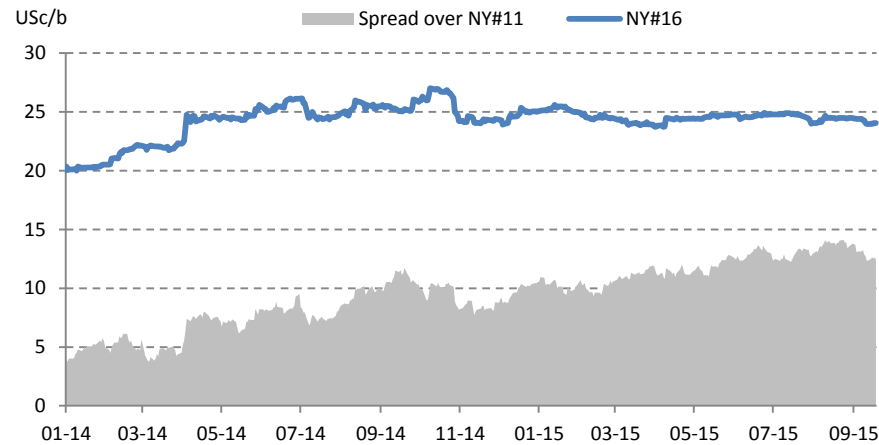
NAFTA crops remaining at good levels

US and Mexico sugar output (Oct/Sept. US raw value. Mexico tel auel)



Attractive US market for Mexican exports

NY#16 and spread over NY#11



The World of Sugar

Global production: low prices and weather starting to hit

For 11 selected key producing countries -which totaled 131,6mt in 2014/15- sugar production would decline by an overall 7,4mt in 2015/16 to 124,2mt. The biggest decreases would be seen in the EU (-3,7mt), India (-2,0mt), China (-1,1mt), CS Brazil (-0,8mt) and Central America (-0,3mt), whereas production should stay at good levels in countries such as Thailand, Russia, Australia, the US or Mexico.

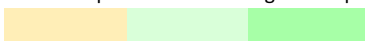
In a few cases, production declines come from lower prices which triggered lower area (EU, China) but the weather is also playing a role (EU, India, Central America)

Some “orange” light turned on for 2015/16 crops

Sugar production in key countries (local year, tel quel)

	Production	10/11	11/12	12/13	13/14	14/15	15/16	
CS Brazil	Apr-Dec	33,5	31,3	34,1	34,3	32,0	31,2	(*)
Australia	Jun-Dec	3,7	3,7	4,3	4,4	4,6	4,5	
Russia	Sep-Jan	2,7	5,0	4,7	4,4	4,5	4,7	
NE Brazil	Sep-Apr	4,6	4,6	4,1	3,4	3,6	3,6	
EU	Oct-Jan	15,4	17,6	16,5	15,9	17,5	13,8	
US	Oct-Mar	7,1	7,7	8,1	7,7	7,8	8,1	
India	Oct-Apr	24,4	26,2	24,8	24,3	28,3	26,3	
China	Oct-Apr	10,5	11,5	13,1	13,3	10,6	9,5	
Mexico	Oct-May	5,2	5,0	7,0	6,0	6,0	6,0	
Central America	Nov-Apr	4,2	4,9	5,5	5,6	5,8	5,5	
Thailand	Dec-May	9,5	10,3	10,0	11,3	11,1	11,0	
Total		120,8	127,9	132,2	130,5	131,6	124,2	

Crop scale: bad crop "normal" good crop



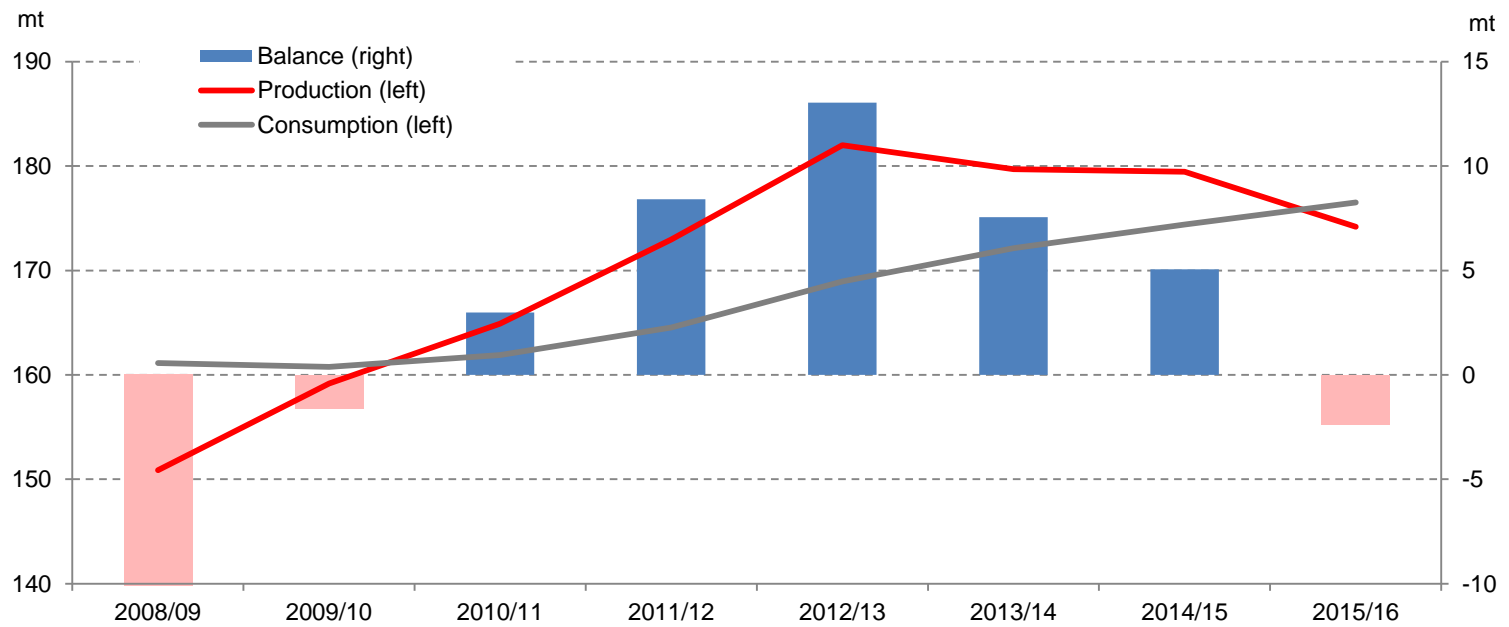
(*) cane plentiful but sugar mix lower

Global production/consumption balance: 1st deficit in 6 years

World production looks set to decline quite significantly by 5mt to 174mt. Meanwhile, world consumption is continuing its steady increase by slightly more than 2mt to 176,5mt. Therefore, the world sugar market could deliver a slight deficit of -2,5mt; the first one after 5 years of surplus which totaled 37mt from 2010/11 to 2014/15.

World balance to shift to a (slight) deficit for the 1st time in 6 years

World Production/Consumption balance (Oct/Sep, raw value)



The Mid-Term Outlook

El Nino: increasing weather risks

The El Nino episode which started earlier this year has been gaining strength and looks on track to match the super event of 1997. It can probably be blamed for the disappointing rains in Central America and India so far. Its strength and the likeliness of it persisting into 2016 raise concerns over potential further weather-related losses.

- Main impact of El Nino so far: disappointing monsoon; disappointing rains in Central and South America
- Potential impact in the short-term: disappointment for end of Indian monsoon or end of rainy season in Central America
- Potential impact in the mid-term (if El Nino persists in early 2016): disappointment for next rainy season in Australia and Indonesia
- CS Brazil: El Nino generally associated with rainy end of season.

The strongest El Nino episode since 1997

Weekly sea surface temperature anomalies in Nino3,4 region

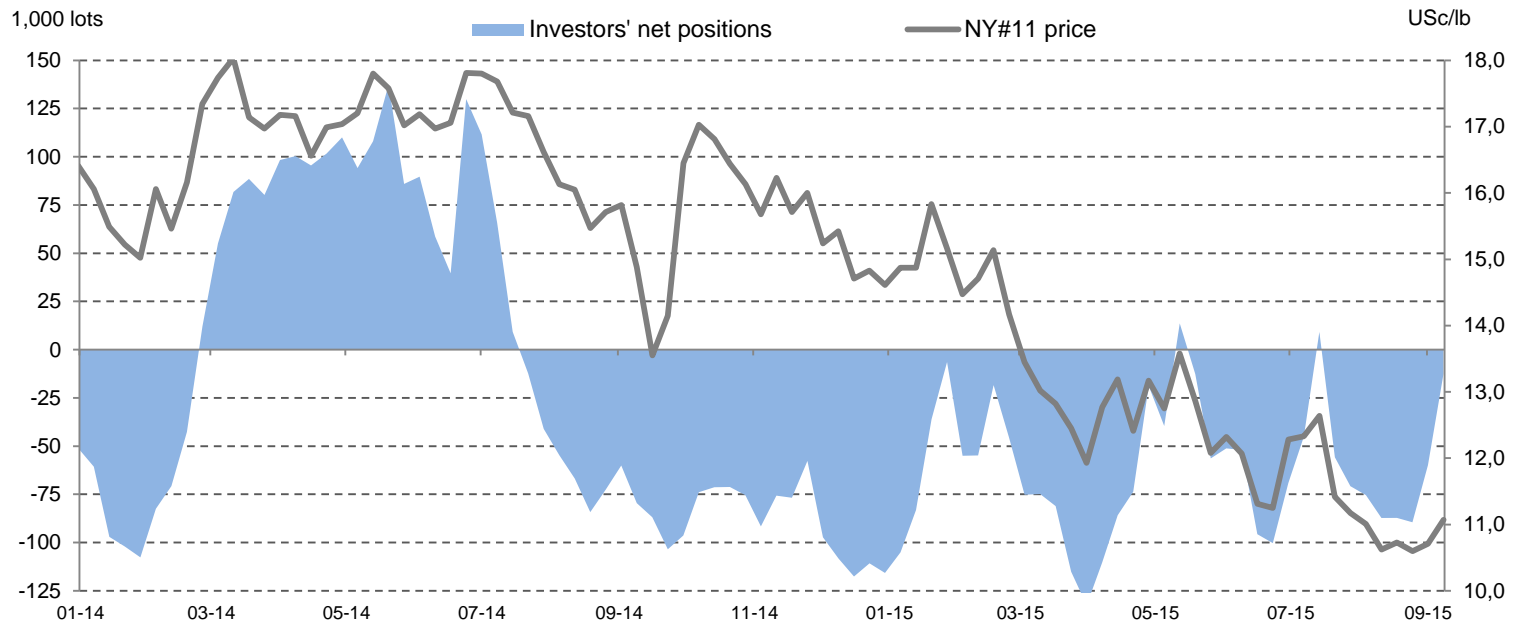


CFTC report: Funds in the process of shifting to long

The last CFTC report, showing positions on Tuesday 08 September, showed that Funds had covered almost 77,000 lots over the past 2 weeks with a net short back to only -12,600 lots. The next CFTC report is likely to show a shift to a net long position.

Funds already covered most of their net short position

Weekly Funds net positions



Macro environment: BRL outlook remaining unsupportive

The BRL has been one of the worst-performing currencies, losing 45% since January 2015 on international and domestic influences. A weak BRL is exerting a bearish pressure on sugar prices. In addition, the carry of the BRL curve (July 2016 at 4,20) is making sugar prices for next crop quite attractive which could push the Brazilian sugar mix higher in 2016/17.

- BRL exchange rate: the collapse of the BRL, one of the worst-performing EM currencies, was driven by a combination of factors:
 - International influences included expectations of a US Fed rate hike -driving the strong USD trend- and rising concerns about China’s economy heralded by the fall in Chinese equity markets.
 - Domestic influences included poor economic data (2015 GDP being revised down closer to -3,0%) and political turmoil (government coalition tension and corruption scandal) which triggered the recent country’s downgrade by S&P.
- The BRL looks set to remain weak

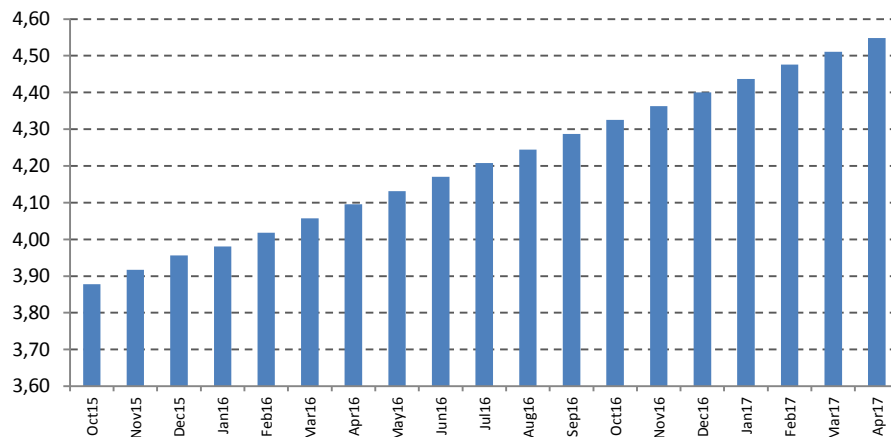
The BRL lost 46% since January 2015

USD/BRL exchange rate



And the BRL futures curve is in strong carry

BRL forward curve



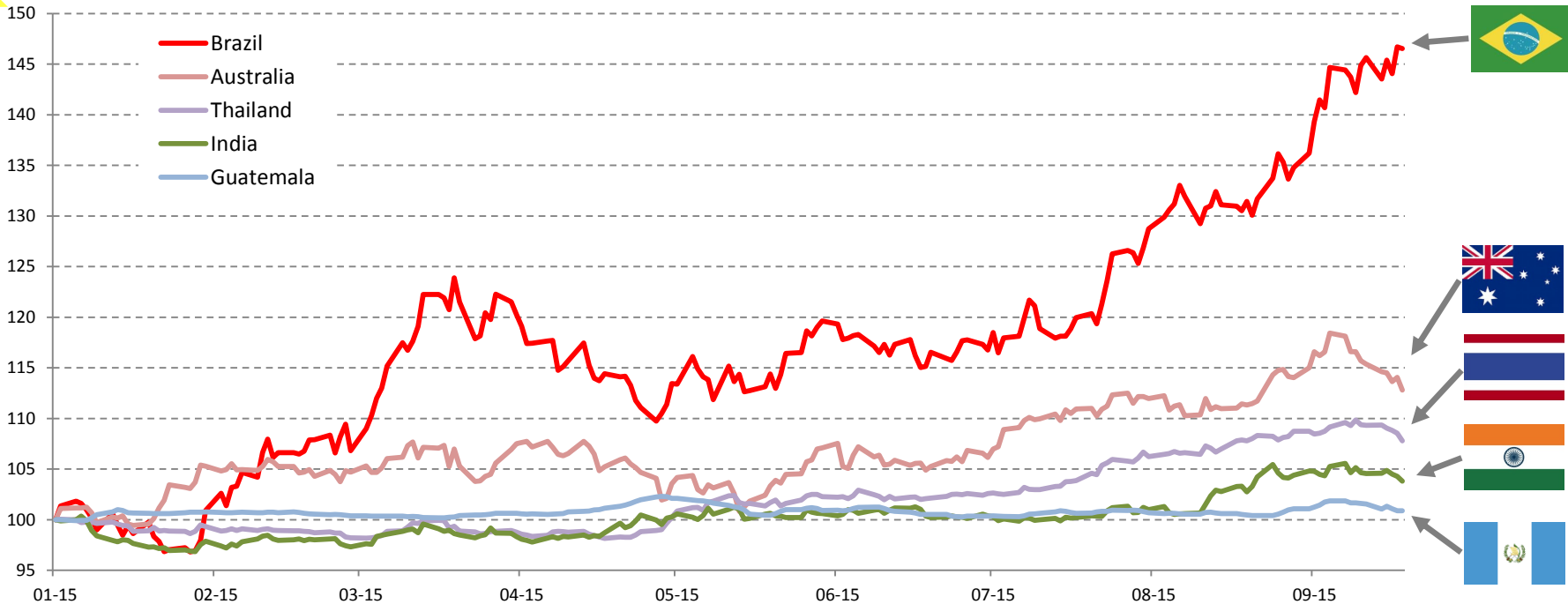
Currencies: BRL the worst-performing sugar-export currency...

Within a “strong USD” trend driven by good US economic indicators and the likeliness of the US Fed soon hiking its rate, many currencies have weakened among the sugar exporting countries. This is the case of the Guatemalan quetzal, the Indian rupee, the Thai bath, the Australian dollar ...but the Brazilian real weakened the most...by far

The Brazilian real lost much more than the currencies of other exporting countries

Exchange rate of Brazil and other key countries (base 100 in January 2015)

DEVALUATION



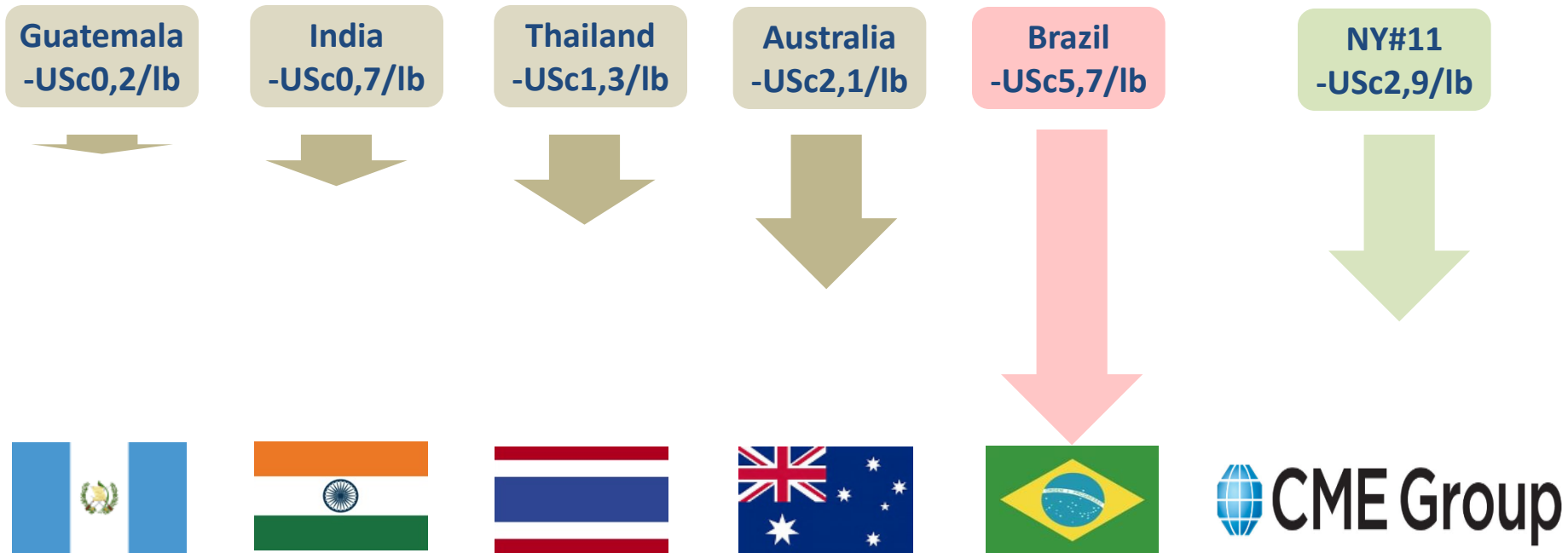
...putting back Brazil as the most competitive producer

The impact of the weaker BRL on Brazilian production costs can be estimated at -USc5,7/lb since January 2015, while NY#11 lost “only” -USc2,9/lb.

Meanwhile, other exporters did not benefit as much from weaker currencies which means that Brazil is back as the most competitive producers among major exporters.

A weaker BRL cuts Brazilian production costs more

Currency impact on production costs for key countries (since January 2015, all else unchanged)



Outlook

- In CS Brazil, cane is plentiful and the amount of cane crushed is likely to end significantly higher than last year at 591mt. However, strong ethanol consumption, boosted by earlier changes to the regulatory environment, and low sugar prices, are driving the sugar mix down to a 7-year low at around 41,8%. As a result, sugar production should decline by 800kt to 31,2mt. Upside/downside risks to this forecasts are primarily linked to dry/wet weather conditions until the end of the season.
- In India, the 2015/16 crop is impacted by the disappointing monsoon and is now seen at 26,3mt, 2,0mt below last year. Domestic prices have been driven higher by the concerns over the crop and by rumours of compulsory exports and are currently pricing out exports. The government is now contemplating a more complicated scheme of direct payments to farmers which reduces the odds of a timely implementation. However, domestic prices may stay firm until there is more clarity on the size of the crop.
- Elsewhere, this is a mixed bag of crops looking good, bad or ugly. Thailand, Australia, Russia and the NAFTA area should remain at good levels. The lack of rain in Central America is partly mitigated by irrigation capabilities. China and the EU stand out as 2 crops heading to dismal levels.
- While world sugar production is declining, consumption is continuing its steady increase. As a result, 2015/16 could see the 1st deficit after 5 consecutive years of surplus. This potential deficit is a noteworthy change in the fundamentals of sugar which are no longer “bearish from everywhere”. This may provide some support after the marked weakness of the past few weeks. Prices will however not necessarily react strongly for the following reasons:
 - The foreseen deficit is small at -2,5mt and certainly not big enough to tighten global supplies after 5 years of surplus that saw world stocks increasing by around 35mt. Moreover, most of the world’s production decline is in fact located in the EU, a regulated market bearing more limited impacts on world trade flows.
 - A considerable amount of sugar cane will not be crushed this year in Brazil and will be available for the next season. The collapse in the BRL is favouring sugar prices over ethanol in 2016 and is replacing Brazil as one of the most competitive producer. The sugar mix could be driven higher in 2016/17 which would lead to a significant increase in sugar output.
 - El Nino represents a risks for some crops but it remains to be seen what weather conditions will really be in each key countries. On the contrary, the macro environment remains decidedly bearish including expectations of a US Fed rate hike weighing on the commodity complex, the fragile world economy and higher perceived risks of a hard landing in China and the ever bearish outlook for the BRL. Also, funds which were previously short of sugar have covered most of their positions already.

THANK YOU!

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