

GLOBAL SUGAR INDUSTRY**Global Sugar Industry Balance Sheet**

According to the International Sugar Organisation report in May 2022, the global sugar production estimate for 2021-22 increased by 3.51 million tonnes to 174.03 million tonnes, and the global consumption also went up by 1.35 million tonnes to 173.79 million tonnes. India showed the largest incremental change on both these counts. The agency now expects a surplus of 0.24 million tonnes, compared to a deficit of 1.93 million tonnes that was estimated in February.

WORLD SUGAR BALANCE (ISO)

(Million Tonnes)

Particulars	2021-22 (Estimates)	2020-21 (Estimates)
Production	174.026	168.984
Consumption	173.789	171.034
Surplus/Deficit	0.237	-2.05
Imports demand	59.345	62.574
Exports availability	60.631	62.754
End Stocks	95.537	96.579
Stocks/Consumption ratio in %	54.97	56.47

Source:- ISO

In the Centre-South (CS) Brazil region, the near absence of sugar production during the latter part of the 2021-22 April-March season meant that the final cane total was lower than projected, at 523.447 million tonnes, while sugar output stalled at 32.06 million tonnes, with just 3.925 million tonnes produced during the October 2021 to March 2022 period, as compared to 6.410 million tonnes in the previous season.

Meanwhile, the cane harvest in Thailand returned a better-than-expected cane total of 92.1 million tonnes, compared to the projected total of 87 million tonnes. Sugar production consequently rose to 10.134 million tonnes, over 3 million tonnes more than the last season.

OUTLOOK

For the global balance sheet for 2022-23, ISO has projected consumption growth rate in 2022-23 at a modest 0.41%, compared to this season's projected growth figure of 1.61%. As the world would have moved beyond the COVID-19 pandemic, the prospects are now underpinned by normalised consumption figures.

On the production side, the agency expects the substantial increase in production in India and Pakistan in 2021-22 to lead

to another large crop next year, as farmers allow at least one ratoon, for a combined figure of 40 million tonnes of sugar. Meanwhile, the CS Brazil production is expected to also recover next season, as it moves beyond the drought impact seen in the previous season. West European production is not expected to see as high a production total as in 2021-22, on account of lower acreage, dry spring conditions and exceptional yields in the previous season. Asian production is also expected to increase, with the Thai harvest rumoured to total 110 million tonnes of cane, while a rebound in Chinese cane sugar production is expected for the 2022-23 season after disappointing results this season. On a combined basis, this gives a provisional production estimate of 177.372 million tonnes for 2022-23. The net balance between production and consumption therefore stands at a surplus of 2.768 million tonnes.

GLOBAL SUGAR PRICES

International sugar prices are up 25-30% since the beginning of FY 22. These were supported by higher consumption demand amidst expectations of relatively lower production in Brazil, driven by increased diversion for ethanol due to better prices relative to sugar.

Favourable prices have supported Indian exports, which are already at record highs and expected to reach 9.2 million tonnes for the season.

After witnessing lows of 9.2 US cents/lb in April 2020, raw sugar prices have been on the uptrend in the last 15 months. Raw sugar prices in the April-July 2021 period ranged from 14.72 - 18.61 US cents/lb, averaging around the 17 US cents/lb mark. White sugar averaged USD 447/tonne, ranging from USD 419 – 481 / tonne, during this period.

Amid increased expectations of a global deficit, a strong rally ensued during August-December 2021, which saw peaks of 20.85 US cents/lb and an average of 19.71 US cents/lb for raw sugar. White sugar prices increased as well, ranging between USD 445 – 527 during this period and averaging at USD 498/tonne. In 2022, till May 13, raw prices had tapered off marginally, though still averaging an impressive 18.73 US cents/lb. However, white sugar prices surged in the same period, driven by higher demand, averaging USD 511/tonne, while peaking at close to USD 555/tonne in early April, marking a 5-year high.

India is projected to export close to 7 million tonnes next year, with the drop from the current year expected to be compensated by higher exports expected from Brazil and Thailand, which should keep the international prices stable.