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Global Agricultural Information Network

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Brazil

Sugar Annual

Sugar

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Report Highlights:

Brazilian sugarcane production is projected at 648 million metric tons for the 2015/16 marketing year, up 3 percent from revised estimates for the previous year. The increase is attributed to higher area harvested and a marginal increase in yield. Approximately 43 percent of the crop should be diverted to sugar, down 0.5 percent compared to the previous season. Total sugar exports are forecast stable at 24.35 mmt, raw value, based on expected exportable supply.

Commodities

Sugar, Centrifugal

Production

The Agricultural Trade Office (ATO/Sao Paulo) forecasts the marketing year (MY) 2015/16 Brazilian sugarcane production at 648 million metric tons (mmt), up 3 percent from revised figure for MY 2014/15 (628.6 mmt). The Center-South (CS) region is expected to produce 590 mmt of sugarcane, a 3 percent increase compared to the revised figure for the previous crop (570.6 mmt), due to higher area for harvested and a marginal increase in yield. The physiological development of the sugarcane plants during 2014 was undermined by irregular rainfall and drought during the October 2013-March 2014 period in many center-southern states, thus decreasing the crop potential. However, rainfall during the October 2014-March 2015 period was above the historical average, except for a 20-day dry spell in January 2015, thus contributing to a larger overall sugarcane crop. The North-Northeastern (NNE) production for MY 2015/16 is projected at 58 mmt, up 4 mmt from MY 2014/15.

Total sugarcane area for MY 2015/16 remains unchanged at 9.9 million hectares (ha). Area harvested is projected at 9.45 million ha, a 200,000 ha increase due to lower renewal of sugarcane fields. Post projects the industrial yield for MY 2015/16 at 134.55 kg of TRS (total reducing sugars)/mt, slightly down from the previous season (135.8 kg/mt).

Sugar and ethanol production derived from reducing sugar are estimated at 43 and 57 percent, respectively for MY 2015/16. The revised sugar-ethanol mix for MY 2014/15 is 43.5 and 56.5 percent, respectively. The industry should guarantee enough anhydrous ethanol production for the new blend rate (as of March 16, regular gasoline will contain 27 percent of anhydrous ethanol. Hydrated ethanol is expected to remain price competitive with gasoline during the season. Note that the 70 percent ratio between ethanol and gasoline is the rule of thumb in determining whether flex car owners will choose to fill up with ethanol (price ratio below 70 percent) or gasoline (price ratio above 70 percent)

Post projects the MY 2015/16 sugar production at 36 mmt, raw value, slightly up compared to previous MY (35.85 mmt). The CS states should account for 32.5 mmt, raw value, up 150,000 mt vis-à-vis MY 2014/15, whereas the NNE output is preliminarily forecast at 3.5 mmt of sugar, raw value, similar to MY 2014/15. The MY 2015/16/ ethanol production is forecast at 28.95 billion liters up 0.71 billion liters from current season.

According to the sugar and Brazilian Sugarcane Industry Association of the Sao Paulo State (UNICA), 570.57 mmt of sugarcane were crushed in the CS from April 2014 up to February 16, 2015, down 4 percent compared to the same period for 2013/14. UNICA reports that 31.96 million tons of sugar, tel quel, and 26.07 billion liters of ethanol were produced through February 16, representing a 7 percent decrease and a 2 percent increase, respectively compared to 2013/14. These numbers also show that more sugarcane has been diverted to ethanol production (56.96 percent compared to 54.76 percent in 2013/14).

Note: Sugarcane and sugar marketing years were adjusted from May-April to April-March to better reflect the production, supply and demand cycle in Brazil.

Sugarcane and sugar prices in the Domestic Market

The state of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA) reports that the average sugarcane price (April 2014-March 2015) for the state of Sao Paulo for the 2014/15 crop was reais (R\$) 0.4763 per kg of TRS, or R\$65.06 per ton of sugarcane, up R\$ 4.09 per ton compared to the 2013/14 crop (R\$0.4573 per kg of TRS, or R\$60.97 per ton of sugarcane), due to higher industrial yield and higher prices paid for sugar and ethanol during the crushing season compared the previous year. Note that CONSECANA's prices are based on both sugar and ethanol prices in domestic and international markets.

The Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) tracks crystal sugar prices received by producers in the domestic spot market.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax).					
Period	2011	2012	2013	2014	2015
January	76.29	62.04	48.80	50.29	51.05
February	75.17	59.10	47.97	50.38	20.11
March	70.55	57.34	45.04	51.86	50.97
April 1/	66.24	56.44	44.21	51.70	51.57
May	59.73	54.58	44.55	51.49	
June	52.25	55.12	44.23	49.54	
July	64.33	56.96	44.48	47.07	
August	68.49	56.08	43.55	45.54	
September	65.21	49.85	45.44	44.76	
October	62.73	50.57	50.78	47.62	
November	63.91	50.20	51.94	50.97	
December	63.57	49.12	51.06	52.12	

Source: USP/ESALQ/CEPEA. 1/ April 2015 refers to April 10.

Consumption

ATO/Sao Paulo projects Brazilian sugar consumption for MY 2015/16 at 11.4 mmt, raw value, up 100,000 mt from revised figure for MY 2014/15 (11.3 mmt), based on updated information from industry contacts

Trade

Sugar exports for MY 2015/16 are forecast at 24.35 mmt, raw value, similar to MY 2014/15 (24.55 mmt), based on expected exportable supply for the upcoming crop. Raw sugar should account for 19.4 mmt, raw value, whereas the remaining 4.95 mmt are refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2013/14, MY 2014/15 (May-March) and calendar year (CY) 2014, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, tel quel, US\$ 000 FOB)						
	MY 2013/14 1/		MY 2014/15 1/		CY2014 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
China	3,701,166	1,486,532	2,332,818	868,132	2,271,547	875,853
Bangladesh	1,965,952	788,743	1,723,242	630,723	1,692,357	650,227
Algeria	1,597,221	652,596	1,518,646	581,706	1,651,120	638,294
Russia	1,342,011	535,698	1,307,178	479,377	1,432,128	533,709
Egypt	1,259,025	492,676	1,159,586	443,395	1,382,821	527,180
Malaysia	1,224,433	504,098	1,210,018	448,188	1,091,972	414,994
Nigeria	1,135,185	450,115	1,107,729	414,911	1,232,864	470,411
Indonesia	1,127,631	455,407	573,145	211,643	421,701	162,914
Canada	894,007	368,211	748,178	290,621	799,251	312,237
UAE	790,457	320,410	1,175,158	452,593	1,295,371	500,973
Others	6,015,436	2,464,033	5,515,556	2,139,087	5,989,980	2,363,302
Total	21,052,524	8,518,518	18,371,255	6,960,376	19,261,113	7,450,093
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may add due to rounding 1/ May - Mar - 2/Jan - Dec.						

Brazilian Sugar Exports (NCM 1701.99.00, MT, tel quel, US\$ 000 FOB)			
	MY 2013/14 1/	MY 2014/15 1/	CY2014 2/

Country	Quantity	Value	Quantity	Value	Quantity	Value
UAE	938,377	341,691	823,005	290,267	927,753	326,977
Saudi Arabia	497,107	195,101	557,232	188,856	560,839	200,045
Yemen	454,312	205,756	335,069	141,794	434,268	187,731
Nigeria	341,404	130,472	332,483	120,365	375,152	134,940
Angola	315,307	152,280	374,511	161,751	407,081	177,696
South Africa	298,087	138,506	178,160	73,089	111,699	48,536
Mauritania	279,680	135,397	198,011	83,036	168,871	72,312
Ghana	211,056	101,016	135,569	59,459	148,577	66,399
Togo	128,402	60,145	121,243	49,391	79,331	35,043
Iraq	114,358	55,980	0	0	970	457
Others	1,606,491	783,504	1,525,824	684,877	1,650,900	758,765
Total	5,184,580	2,299,848	4,581,106	1,852,885	4,865,441	2,008,901
Source : Brazilian Foreign Trade secretariat (SECEX)						
Note : Numbers may add due to rounding 1/ May - Mar - 2/Jan - Dec.						

Stocks

Total sugar ending stocks during MY 2015/16 are projected at 600,000 mt, up 250,000 mt from previous marketing year.

Policy

According to media reports, the Brazilian government (GOB) may make inquiries at the World Trade Organization regarding Thailand's sugar subsidy programs. Studies conducted by UNICA and Agroicone report that Thailand increased sugar exports by 50 percent in recent years even with the depressed sugar prices in the international markets. This was possible mostly due to the minimum price paid for Thai producers to guarantee its domestic supply. The study reports that in December 2014, international sugar prices were US\$ 15 cents/lb while the minimum price paid to Thai producers was US\$ 30 cents/lb. GOB may also question sugar production costs in Thailand. According to the aforementioned studies, the local government collects a US\$ 15 cent tax per pound of sugar produced locally and transfers this value to sugarcane producers. UNICA and Agroicone acknowledge that these studies are preliminary and these findings should be further investigated before taking action.

Production, Supply and Demand Data Statistics

Sugar Cane for Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Apr 2013		Apr 2014		Apr 2016	
Brazil	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	9,800	9,800	9,900	9,900	0	9,900
Area Harvested	9,140	9,140	9,250	9,250	0	9,450
Production	650,000	650,000	619,000	628,600	0	648,000
Total Supply	650,000	650,000	619,000	628,600	0	648,000
Utilization for Sugar	295,750	295,750	282,400	273,441	0	278,640
Utilizatn for Alcohol	354,250	354,250	336,600	355,159	0	369,360
Total Utilization	650,000	650,000	619,000	628,600	0	648,000
1000 HA, 1000 MT						

Sugar, Centrifugal	2013/2014		2014/2015		2015/2016	
Market Begin Year	Apr 2013		Apr 2014		Apr 2016	
Brazil	USDA Official	New post	USDA Official	New post	USDA Official	New post
Beginning Stocks	0	10	0	350	0	350
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	37,800	37,800	35,800	35,850	0	36,000
Total Sugar Production	37,800	37,800	35,800	35,850	0	36,000
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	37,265	37,810	35,605	36,200	0	36,350
Raw Exports	21,050	21,050	18,950	19,500	0	19,400
Refined Exp.(Raw Val)	5,150	5,150	5,050	5,050	0	4,950
Total Exports	26,200	26,200	24,000	24,550	0	24,350
Human Dom. Consumption	11,260	11,260	11,500	11,300	0	11,400
Other Disappearance	0	0	0	0	0	0
Total Use	11,260	11,260	11,500	11,300	0	11,400
Ending Stocks	0	350	105	350	0	600
Total Distribution	37,265	37,810	35,605	36,200	0	36,350
1000 MT						

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2009	2010	2011	2012	2013	2014	2015
January	2.32	1.87	1.67	1.74	1.99	2.43	2.66
February	2.38	1.81	1.66	1.71	1.98	2.33	2.88
March	2.25	1.78	1.62	1.82	2.01	2.26	3.21
April 1/	2.18	1.77	1.57	1.89	2.00	2.24	3.08
May	1.97	1.81	1.57	2.02	2.13	2.24	
June	1.95	1.80	1.57	2.02	2.22	2.20	
July	1.87	1.75	1.56	2.05	2.29	2.27	
August	1.88	1.75	1.59	2.04	2.37	2.24	
September	1.78	1.69	1.85	2.03	2.23	2.45	
October	1.74	1.70	1.69	2.03	2.20	2.44	
November	1.75	1.71	1.81	2.10	2.32	2.56	
December	1.74	1.66	1.88	2.04	2.34	2.66	

Source : Brazilian Central Bank (BACEN) 1/ April 2015 refers to April 10.