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Brazil

Sugar Annual

2017

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Report Highlights:

Brazil's MY 2017/18 sugarcane crush is estimated at 645 mmt, a one percent decrease compared to the previous season due to irregular weather conditions in some growing areas and aging of sugarcane fields. Approximately 48 percent of the crop should be diverted to sugar, due to the expected deficit on the world market. Total exports are projected to increase by five percent reaching 29.07 mmt, raw value

Production

The Agricultural Trade Office (ATO/Sao Paulo) projects Brazil's marketing year (MY April-March, unless otherwise stated) 2017/18 sugarcane crush at 645 million metric tons (mmt), down one percent relative to the revised figure for MY 2016/17 (651.5 mmt). The center-south (CS) region is expected to harvest 600 mmt of sugarcane, a seven mmt reduction vis-à-vis the previous crop (607 mmt). Rainfall patterns have showed regular volumes for a large part of growing areas, however production in states such as Goiás and Minas Gerais were damaged by below average rainfall volumes. Specific growing regions in the state of São Paulo, like Bauru, were also adversely affected. Aging of sugarcane fields will also likely affect production. The MY 2016/17 sugarcane crushing period just ended in March 31. Approximately 180 mills have already started the MY 2017/18 crushing season.

The North-Northeastern (NNE) production for MY 2017/18 is projected at 45 mmt, similar to the revised figure for MY 2016/17 (44.5 mmt) due to persistent weather related problems (drought) affecting growing regions.

The total sugarcane area for MY 2016/17 is projected stable at 9.9 million hectares (ha). The table below shows the sugarcane harvested area, according to the Ministry of Agriculture, Livestock and Supply's (MAPA) National Supply Company (CONAB), and the Agricultural Economics Institute (IEA) of the State of São Paulo Secretariat of Agriculture. Post contacts report an above average renewal rate in the first quarter of the current year, which could potentially reduce the harvested area, thus affecting total sugarcane output.

Area Harvested to Sugarcane (1,000 ha).							
	2010	2011	2012	2013	2014	2015	2016
Brazil	8,033.6	8,356.1	8,485.0	8,810.8	9,004.5	8,654.8	9,110.9
Sao Paulo	5,135.3	5,269.4	5,355.7	5,501.9	5,539.7	5,605.7	5,569.2

Sources: CONAB, IEA.

The industrial yield for MY 2017/18 is forecast at 133.14 kg of TRS (total reducing sugars)/mt, unchanged from MY 2016/17, assuming average rainfall volume during the crushing season. The following table shows historic Brazilian yields measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields (kg TRS/metric ton)					
	MY 13/14	MY 14/15	MY 15/16	MY 16/17	MY 17/18 *
TRS/ton	132.63	135.72	130.17	133.14	133.14

Source: USDA/FAS/ATO/São Paulo * MY 2017/18 - forecast

The following tables show monthly sugarcane crush data for the state of São Paulo and the CS region for MY 2013/14 through MY 2016/17 (April-March), as reported by the Brazilian Sugarcane Industry Association (UNICA).

Sugarcane crushed in the state of São Paulo (1,000 metric tons)				
Month	13/14	14/15	15/16	16/17
February	0	0	0	0

March	0	0	0	0
April	26,582	25,864	22,420	43,811
May	47,857	48,510	40,914	43,889
June	39,393	53,885	51,560	41,351
July	52,875	48,034	46,975	58,181
August	57,868	54,736	56,701	50,536
September	46,719	39,289	40,026	48,160
October	43,117	42,558	46,093	39,456
November	36,445	19,130	26,383	26,083
December	15,482	5,106	19,727	6,848
January	525	573	3,549	697
February	19	95	2,125	555
March	351	0	11,851	6,421
Cumulative	367,233	337,780	368,323	365,990
Source: Brazilian Sugarcane Industry Association (UNICA)				

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).				
Month	13/14	14/15	15/16	16/17
February	0	0	0	0
March	0	0	0	0
April	41,716	40,375	40,163	69,171
May	75,966	76,938	69,197	72,199
June	65,057	85,676	86,434	74,221
July	87,425	77,394	79,070	96,514
August	95,281	92,308	95,289	83,731
September	77,169	68,750	70,341	80,409
October	70,227	73,878	74,966	64,004
November	58,357	38,903	44,544	41,453
December	23,816	13,850	28,553	10,349
January	970	2,040	5,927	1,771
February	204	664	3,827	2,071
March	416	569	19,395	11,243
Cumulative	596,603	571,344	617,709	607,137
Source: Brazilian Sugarcane Industry Association (UNICA)				

Sugar and Ethanol

Total sucrose (total reducing sugar, TRS) content diverted for sugar and ethanol production for MY 2017/18 is projected at 48 and 52 percent, respectively, as opposed to 47 and 53 percent, respectively, for MY 2016/17, the consequence of an estimated five mmt deficit on the world sugar market for MY 2016/17 (using October-September data). Sugar-ethanol mills are likely to adopt the same strategy as they did last year, maximizing sugar production and therefore profits, to supply international markets.

ATO/São Paulo forecasts sugar production for MY 2017/18 at 39.65 mmt, raw value, up 500,000 mt compared to MY 2016/17 (39.15 mmt). The CS states should account for 36.50 mmt, raw value, up one percent from MY 2016/17 (36 mmt). The NNE sugar production should remain stable at 3.15 mmt of sugar, raw value.

The tables below show monthly sugar production for the state of São Paulo and the CS region for MY 2013/14 through MY 2016/17 (April-March), as reported by UNICA.

Sugar production in the state of São Paulo (Metric tons, tel quel)				
Month	13/14	14/15	15/16	16/17
February	0	0	0	0
March	0	0	0	0
April	1,204,407	1,077,798	918,009	2,300,450
May	2,844,117	2,874,125	2,214,282	2,664,338
June	2,305,372	3,564,842	3,123,877	2,567,001
July	3,425,222	3,407,713	3,009,722	4,050,934
August	4,244,576	4,003,035	3,948,623	3,780,409
September	3,653,913	2,734,179	2,719,062	3,597,998
October	3,039,994	2,894,877	3,056,703	2,948,163
November	2,415,600	1,136,646	1,318,035	1,701,824
December	807,064	203,879	755,491	358,447
January	10,242	9,542	80,523	23,158
February	0	2,485	41,441	12,987
March	14,371	20	381,687	242,435
Cumulative	23,964,878	21,909,141	21,567,455	24,248,144

Source: Brazilian Sugarcane Industry Association (UNICA)

Sugar production in Center-Southern Brazil (Metric tons, tel quel)				
Month	13/14	14/15	15/16	16/17
February	0	0	0	0
March	0	0	0	0
April	1,704,682	1,499,504	1,448,957	3,251,370
May	3,944,719	3,935,971	3,198,629	3,758,251
June	3,308,644	4,905,573	4,507,387	4,005,985
July	4,958,695	4,787,076	4,256,943	5,958,645
August	6,152,387	5,815,997	5,733,292	5,527,064
September	5,281,370	4,137,377	4,067,628	5,381,011

October	4,372,655	4,404,882	4,279,266	4,317,215
November	3,407,612	1,952,698	1,909,386	2,503,409
December	1,135,957	506,583	1,032,089	506,695
January	10,513	28,066	120,054	46,854
February	1	6,250	62,677	28,310
March	15,640	7,120	605,179	342,710
Cumulative	34,292,875	31,987,097	31,221,487	35,627,519
Source: Brazilian Sugarcane Industry Association (UNICA)				

ATO/São Paulo forecasts total ethanol production for MY 2017/18 at 26.65 billion liters (11.83 billion liters of anhydrous ethanol and 14.82 billion liters of hydrated ethanol), down 600 million liters from MY 2016/17 (27.26 billion liters). The sugar-ethanol sector should prioritize the production of anhydrous ethanol to comply with the ethanol mandate set by the Brazilian government.

According to the Ministry of Agriculture, Livestock and Supply (MAPA), cumulative ethanol production for the 2016/17 crop (from April 1, 2016 to March 15, 2017) was reported at 27.48 billion liters, 10.99 billion liters of anhydrous ethanol and 16.49 liters of hydrated ethanol. The table below shows sugarcane, sugar and ethanol production by state for MY 2016/17, as reported by MAPA.

Cane, Sugar & Ethanol Production: 2016/17 Crop (MT and 000 Liters)					
State/Region	Cane	Sugar	Ethanol		
			Anhydrous	Hydrous	Total
Espirito Santo	1,356,947	64,035	48,199	12,532	60,731
Goiás	67,231,189	2,101,731	1,017,586	3,350,638	4,368,224
Minas Gerais	63,010,594	3,969,347	1,087,528	1,550,920	2,638,448
Mato Grosso Sul	48,811,855	1,702,676	775,812	1,861,182	2,636,994
Mato Grosso	16,341,508	397,695	523,428	685,797	1,209,225
Parana	41,759,938	3,188,692	589,066	793,817	1,382,883
Rio de Janeiro	1,005,207	28,595	0	48,315	48,315
Rio Grande Sul	45,523	0	0	2,914	2,914
Sao Paulo	365,662,002	23,897,025	6,026,329	7,519,280	13,545,609
Center South	605,224,763	35,349,796	10,067,948	15,825,395	25,893,343
Acre	64,076	0	0	3,674	3,674
Amazonas	261,237	13,859	0	5,496	5,496
Ceara	73,966	0	0	5,242	5,242
Maranhao	1,842,340	11,552	109,712	17,649	127,361
Para	717,776	30,026	28,724	4,486	33,210
Piaui	760,503	54,800	21,390	215	21,605
Rondonia	136,136	0	0	9,487	9,487
Tocantins	2,086,610	0	116,738	45,446	162,184
North	5,942,644	110,237	276,564	91,695	368,259
Alagoas	15,827,585	1,428,867	269,965	107,277	377,242
Bahia	2,366,962	121,316	55,671	50,224	105,895
Paraiba	4,856,050	186,820	138,746	144,994	283,740

Pernambuco	11,825,812	1,004,044	131,886	203,166	335,052
Rio Grande Norte	1,903,228	121,683	32,556	26,591	59,147
Sergipe	1,706,478	109,735	22,647	43,374	66,021
Northeast	38,486,115	2,972,465	651,471	575,626	1,227,097
TOTAL	649,653,522	38,432,498	10,995,983	16,492,716	27,488,699

Source: Ministry of Agriculture, Livestock and Supply-Sugar, Alcohol Dept, 03/15/2017

Sugar and Ethanol Prices in the Domestic Market

The Crystal Sugar and Ethanol Indexes released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follow. The Indexes track crystal sugar, anhydrous and hydrated prices received by producers in the domestic spot market. Note the steady increase in both sugar and ethanol prices in the domestic market due to tight supply.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax).

Period	2013	2014	2015	2016	2017
January	48.80	50.29	51.05	83.75	88.02
February	47.97	50.38	50.11	81.25	83.22
March	45.04	51.86	50.97	77.46	77.48
April	44.21	51.70	51.57	76.00	73.97
May	44.55	51.49	51.20	75.68	
June	44.23	49.54	49.03	83.94	
July	44.48	47.07	47.85	86.65	
August	43.55	45.54	46.90	85.89	
September	45.44	44.76	51.06	87.83	
October	50.78	47.62	64.98	97.93	
November	51.94	50.97	76.44	98.06	
December	51.06	52.12	80.57	92.06	

Source: USP/ESALQ/CEPEA. April 2017 refers to April 3-11.

Price for Fuel Anhydrous Ethanol - State of São Paulo (R\$/000 liters).

Period	2013	2014	2015	2016	2017
January	1,302.50	1,456.10	1,458.20	1,996.70	2,047.10
February	1,352.70	1,520.50	1,552.50	2,083.00	
March	1,374.50	1,610.20	1,420.40	2,113.70	
April	1,394.80	1,522.00	1,401.50	1,602.40	
May	1,329.10	1,366.40	1,363.10	1,536.40	
June	1,285.20	1,359.20	1,352.40	1,678.10	
July	1,271.20	1,373.90	1,328.80	1,636.60	
August	1,227.30	1,346.00	1,300.70	1,726.30	
September	1,277.10	1,362.40	1,358.30	1,796.80	
October	1,315.40	1,290.00	1,658.30	2,018.30	
November	1,342.80	1,329.90	1,870.40	2,086.60	

December	1,440.00	1,407.10	1,888.10	2,075.70	
Source: USP/ESALQ/CEPEA.					

Price for Fuel Hydrated Ethanol - State of São Paulo (R\$/000 liters).					
Period	2013	2014	2015	2016	2017
January	1,144.60	1,284.80	1,325.60	1,824.40	1,815.80
February	1,232.00	1,368.60	1,384.70	1,916.40	
March	1,226.40	1,419.50	1,261.30	1,906.60	
April	1,244.30	1,338.50	1,261.60	1,396.60	
May	1,110.20	1,200.90	1,226.50	1,391.00	
June	1,140.20	1,214.90	1,216.20	1,501.90	
July	1,114.50	1,229.10	1,199.00	1,501.50	
August	1,088.60	1,207.00	1,175.50	1,559.70	
September	1,148.50	1,200.60	1,273.40	1,665.90	
October	1,164.00	1,138.30	1,528.80	1,857.90	
November	1,204.70	1,218.20	1,709.00	1,869.30	
December	1,281.10	1,265.50	1,704.60	1,867.90	
Source: USP/ESALQ/CEPEA.					

Consumption

There is no official source for domestic consumption of sugar in Brazil. ATO/São Paulo forecasts Brazilian sugar consumption for MY 2017/18 at 10.95 mmt, slightly up from MY 2016/17 (10.9 mmt), an indication of the expected slight recovery of the Brazilian economy.

Exports

Sugar Exports

The sugar-ethanol industry remains steadily driven by the continued estimated deficit in the international sugar market. Brazilian sugar exports for MY 2017/18 are projected at 29.07 mmt, raw value, up 1.3 mmt compared to MY 2016/17 (27.77 mmt). Brazil has remained competitive on the global sugar market in part because of devaluation of the local currency, the Real. Raw sugar exports should account for 23.26 mmt, raw value, whereas the remainder represents exports of refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2015/2016, 2016/17 (April-March) and calendar year (CY) 2016, as reported by the Brazilian Secretariat of Foreign Trade (SECEX). India, China, Algeria, Bangladesh, Indonesia and Malaysia are the major export destinations for Brazilian sugar.

Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, tel quel, US\$ 000 FOB)						
	MY 2015/16 1/		MY 2016/17 1/		CY2016 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
India	1,848,182	544,159	2,408,913	940,374	2,443,563	884,353

China	2,343,151	680,610	2,138,855	780,636	2,390,922	818,028
Algeria	1,674,423	502,191	1,973,396	755,725	2,019,842	698,314
Bangladesh	2,265,681	674,119	1,960,436	733,585	1,934,355	666,436
Indonesia	29,942	8,340	1,580,687	611,779	1,510,778	585,969
Malaysia	945,037	275,753	1,580,255	587,857	1,469,609	502,907
Nigeria	1,119,200	324,547	1,295,973	501,038	1,355,877	462,952
Morocco	862,298	246,936	1,049,074	422,287	1,026,797	359,940
Saudi Arabia	709,508	208,562	1,005,855	393,115	997,164	347,652
Egypt	877,906	261,381	753,966	289,003	842,134	306,139
Others	6,917,848	2,122,584	7,335,597	2,707,400	7,669,941	2,649,478
Total	19,593,175	5,849,183	23,083,008	8,722,801	23,660,982	8,282,168
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may add due to rounding 1/ April - Mar - 2/Jan - Dec.						

Brazilian Sugar Exports (NCM 1701.99.00, MT, tel quel, US\$ 000 FOB)						
	MY 2015/16 1/		MY 2016/17 1/		CY2016 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
UAE	993,180	268,281	783,453	316,934	1,004,047	355,995
Yemen	215,683	74,108	448,868	193,393	510,136	207,620
Myanmar	90,126	31,267	425,069	202,216	365,021	153,068
Sri Lanka	256,534	87,947	270,379	111,741	321,497	128,616
Angola	218,328	76,470	335,590	155,660	262,751	115,705
Mauritania	390,455	137,817	167,804	74,538	258,975	107,609
Saudi Arabia	409,622	113,453	268,662	118,714	239,216	94,696
Nigeria	334,551	92,812	276,705	106,464	262,405	89,141
South Africa	100,161	35,875	247,975	128,749	174,696	85,498
Djibouti	15,949	5,386	182,505	93,681	155,021	79,533
Others	2,063,716	748,314	1,796,322	830,734	1,717,620	735,745
Total	5,088,304	1,671,730	5,203,332	2,332,823	5,271,385	2,153,226
Source : Brazilian Foreign Trade secretariat (SECEX)						
Note : Numbers may add due to rounding 1/ April - Mar - 2/Jan - Dec.						

Ethanol Exports

The tables below show ethanol exports by destination for MY 2015/16, 2016/17 (April-March), as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Ethanol Exports (NCM 2207.10, 2207.20.11 & 2207.20.19, MT, 000 Liters, US\$ 1,000 FOB)

Country	MY 2015/16 1/			MY 2016/17 1/		
	Volume	Weight	Value	Volume	Weight	Value
United States	983,351	777,466	476,688	740,034	585,677	413,499
South Korea	571,481	461,666	249,521	394,607	323,540	195,435
Japan	62,223	49,213	31,490	76,963	60,742	46,506
Netherlands	106,565	85,659	46,766	37,853	30,508	18,360
India	91,547	74,046	36,392	44,356	35,868	15,535
Nigeria	59,674	48,236	24,707	22,160	17,921	10,354
Colombia	10,820	8,716	5,234	18,056	14,551	10,354
Turkey	25,755	20,735	12,005	15,689	12,632	8,156
Saudi Arabia	33,199	26,821	13,497	9,721	7,861	4,764
Philippines	0	0	0	3,948	3,176	1,658
Others	219,631	174,836	104,963	12,136	9,750	8,359
Total	2,164,246	1,727,394	1,001,263	1,375,523	1,102,227	732,981

Source : Brazilian Foreign Trade Secretariat (SECEX)

Note : Numbers may not add due to rounding 1/April-March.

Ethanol Imports

The tables below show ethanol imports by origin for MY 2015/16, 2016/17 (April-March), as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Ethanol Imports (NCM 2207.10, 2207.20.11 & 2207.20.19, MT, 000 Liters, US\$ 1,000 FOB)

Country	MY 2015/16 1/			MY 2016/17 1/		
	Volume	Weight	Value	Volume	Weight	Value
United States	414,787	343,164	199,637	1,407,128	1,122,136	693,657
Paraguay	0	0	0	2,000	1,583	898
South Africa	0	0	0	572	452	420
Jamaica	241	209	796	94	95	323
Germany	25	48	306	44	35	308
Poland	26	21	24	122	98	141
France	3	6	45	11	9	63
Mexico	9	8	73	5	4	32
Sweden	95	80	129	24	19	30
Spain	3	4	17	2	2	11
Others	98	84	122	0	0	10
Total	415,286	343,624	201,148	1,410,002	1,124,433	695,894

Source : Brazilian Foreign Trade Secretariat (SECEX)

Note : Numbers may not add due to rounding 1/April - March

Stocks

Post forecasts total sugar ending stocks for MY 2017/18 at 460,000 mt, down 370,000 mt from the revised estimate for MY 2016/17 (830,000 mt). There is no official source for carry-over stocks of sugar in Brazil.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2011	2012	2013	2014	2015	2016	2017
January	1.67	1.74	1.99	2.43	2.66	4.04	3.13
February	1.66	1.71	1.98	2.33	2.88	3.98	3.10
March	1.62	1.82	2.01	2.26	3.21	3.56	3.17
April	1.57	1.89	2.00	2.24	2.98	3.45	
May	1.57	2.02	2.13	2.24	3.18	3.60	
June	1.57	2.02	2.22	2.20	3.10	3.21	
July	1.56	2.05	2.29	2.27	3.39	3.24	
August	1.59	2.04	2.37	2.24	3.65	3.24	
September	1.85	2.03	2.23	2.45	3.98	3.25	
October	1.69	2.03	2.20	2.44	3.86	3.18	
November	1.81	2.10	2.32	2.56	3.85	3.40	
December 1/	1.88	2.04	2.34	2.66	3.90	3.47	

Source : Brazilian Central Bank (BACEN)

PS&D Statistics

Sugar Cane for Centrifugal Market Begin Year Brazil	2015/2016		2016/2017		2017/2018	
	Apr 2015		Apr 2016		Apr 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9900	9900	9900	9900	0	9900
Area Harvested	9450	9450	9450	9450	0	9450
Production	667000	667000	680000	651500	0	645000
Total Supply	667000	667000	680000	651500	0	645000
Utilization for Sugar	273470	273470	292400	305553	0	309600
Utilization for Alcohol	393530	393530	387600	345947	0	335400
Total Utilization	667000	667000	680000	651500	0	645000

(1000 HA) ,(1000 MT)

Sugar, Centrifugal Market Begin Year Brazil	2015/2016		2016/2017		2017/2018	
	Apr 2015		Apr 2016		Apr 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Beginning Stocks	950	950	350	350	0	830
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	34650	34650	37780	39150	0	39650
Total Sugar Production	34650	34650	37780	39150	0	39650
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	35600	35600	38130	39500	0	40480
Raw Exports	19750	19750	21696	22216	0	23256
Refined Exp.(Raw Val)	4600	4600	5424	5554	0	5814
Total Exports	24350	24350	27120	27770	0	29070
Human Dom. Consumption	10900	10900	10800	10900	0	10950
Other Disappearance	0	0	0	0	0	0
Total Use	10900	10900	10800	10900	0	10950
Ending Stocks	350	350	210	830	0	460
Total Distribution	35600	35600	38130	39500	0	40480
(1000 MT)						