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# Report Name: Sugar Semi-annual

**Country:** Brazil

**Post:** Sao Paulo ATO

**Report Category:** Sugar

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**Report Highlights:**

Brazil's Marketing Year (MY) 2019/20 sugarcane crush has been revised upward to 635 million metric tons (mmt) due to favorable weather conditions in the Center-south and the Northeastern growing regions. Continued low sugar world prices and the steady large demand for ethanol in the domestic market will likely lead to less sugarcane diverted to sugar production (35 percent of the total sugarcane output as opposed to 35.9 percent during the previous crop). Total exports for MY 2019/20 are estimated at 18.62 mmt, raw value, reaching the lowest level in the past twelve years. In July, the Brazilian government asked the World Trade Organization to establish a panel aimed at resolving its dispute over Indian sugar subsidies which have been hurting sugar exports to that country.

**Production**

**Sugarcane Production, Area and Yield**

The Agricultural Trade Office (ATO/Sao Paulo) estimates Brazil's marketing year (MY April-March) 2019/20 sugarcane crush at 635 million metric tons (mmt), an increase of eight mmt compared to the previous estimate (627 mmt). The Center-south region is expected to harvest 585 mmt of sugarcane, up 12 mmt relative to the previous crop (573 mmt). In spite of the dry weather spell in December and January, steady rainfall during February and March has offset industry expectations for a drop in the current harvest season. Weather conditions have been favorable and the freeze that occurred in some growing states in July has not significantly affected sugarcane stocks. North and Northeastern production for MY 2019/20 is projected at 50 mmt, an increase of six percent vis-à-vis the previous season due to excellent rainfall volumes during the first months of the year.

Total ATO/Sao Paulo estimates for MY 2019/20 sugarcane planted and harvested area are unchanged at 9.9 and 9.33 million hectares, respectively (see PS&D tables). The table below shows the sugarcane harvested area for Brazil and the state of Sao Paulo, 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.

| **Area Harvested to Sugarcane (1,000 ha).** | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019 1/** |
| **Brazil** | 8,810.8 | 9,004.5 | 8,654.8 | 9,049.2 | 8,729.5 | 8,589.2 | 8,384.4 |
| **Sao Paulo** | 5,501.9 | 5,539.7 | 5,605.7 | 5,569.2 | 5,601.2 | 5,644.9 | 5,607.1 |
| Sources: CONAB, IEA. - 1/Estimate | | | | | | | |

Total ATO/Sao Paulo estimates MY 2019/20 agricultural yield at 68 metric tons (mt)/hectare (ha), an increase of four percent relative to the previous crop (65.6 mt/ha), as a consequence of favorable weather condition and good crop management. The industrial yield estimated at 135.3 kg of total reducing sugars (TRS)/mt of sugarcane, slightly down vis-à-vis MY 2018/19. The following table shows historical Brazilian yields measured in TRS per metric ton of sugarcane.

| **Sugarcane Industrial Yields (kg TRS/metric ton)** | | | | | |
|---|---|---|---|---|---|
| | **MY 15/16** | **MY 16/17** | **MY 17/18** | **MY 18/19** | **MY 18/19 1/** |
| **TRS/ton** | 130.17 | 133.14 | 136.45 | 137.52 | 135.30 |
| Source: USDA/FAS/ATO/Sao Paulo 1/Estimate | | | | | |

According to the Brazilian Sugarcane Industry Association (UNICA), 398.3 mmt of sugarcane were crushed in the Center-south region from March through August, an increase of one percent compared to the same period during MY 2018/19, thus following a similar pace relative to the previous harvest season. The tables below show monthly sugarcane crush data for the state of Sao Paulo and the Center-south region between the 2016/17 and 2019/20 crops, as reported by UNICA. The state of Sao Paulo represents approximately 60 percent of the production in the Center-south region.

| Sugarcane Crushed in the State of Sao Paulo (1,000 metric tons) | | | | |
|---|---|---|---|---|
| **Month** | **16/17** | **17/18** | **18/19** | **19/20** |
| **April** | 43,811 | 25,458 | 36,990 | 25,028 |
| **May** | 43,889 | 42,330 | 46,306 | 50,051 |
| **June** | 41,351 | 53,295 | 53,019 | 52,182 |
| **July** | 58,181 | 58,936 | 54,203 | 52,303 |
| **August** | 50,536 | 49,585 | 44,695 | 53,096 |
| **September** | 48,160 | 51,954 | 38,841 | |
| **October** | 39,456 | 37,068 | 27,946 | |
| **November** | 26,083 | 22,743 | 20,397 | |
| **December** | 6,848 | 8,282 | 6,855 | |
| **January** | 697 | 26 | 173 | |
| **February** | 555 | 188 | 65 | |
| **March** | 6,421 | 7,277 | 3,848 | |
| **Cumulative** | **365,990** | **357,142** | **333,338** | **232,660** |
| Source: Brazilian Sugarcane Industry Association (UNICA) | | | | |

| Sugarcane Crushed in Center-southern Brazil (1,000 metric tons) | | | | |
|---|---|---|---|---|
| **Month** | **16 /17** | **17 /18** | **18/19** | **19/20** |
| **April** | 69,171 | 41,945 | 60,170 | 45,477 |
| **May** | 72,199 | 70,264 | 75,418 | 83,008 |
| **June** | 74,221 | 87,222 | 88,060 | 88,737 |
| **July** | 96,514 | 98,907 | 92,880 | 90,547 |
| **August** | 83,731 | 84,512 | 77,214 | 90,517 |
| **September** | 80,409 | 85,933 | 66,601 | 0 |
| **October** | 64,004 | 62,664 | 50,607 | 0 |
| **November** | 41,453 | 38,721 | 36,103 | 0 |
| **December** | 10,349 | 13,073 | 15,459 | 0 |
| **January** | 1,771 | 587 | 1,120 | 0 |
| **February** | 2,071 | 1,308 | 823 | 0 |
| **March** | 11,243 | 11,195 | 8,714 | 0 |
| **Cumulative** | **607,137** | **596,330** | **573,169** | **398,286** |
| Source: Brazilian Sugarcane Industry Association (UNICA) | | | | |

**Sugar**

Total sucrose (total reducing sugar, TRS) content destined for sugar and ethanol is revised down towards sugar production, based on updated crushing information and trade estimates. ATO/Sao Paulo estimates the sugar: ethanol breakdown for MY 2019/20 at 35 and 65 percent, respectively, compared to 35.9:64.1 percent for MY 2018/19.

The projected increase in the deficit in the world sugar market to roughly six mmt for 2019/20, did not send a strong enough price signal to divert more sugarcane towards sugar production. Instead, sugar prices have steadily dropped in the last few years. Sugar contract # 11 prices at the International Exchange (ICE) in New York dropped approximately 33 percent from mid-September 2017 (US$ 16.11 cents/lb) to mid-September 2019 (US$ 10.81 cents/lb), thus affecting domestic prices.

In the contrary, the demand in Brazil for ethanol (mainly hydrated) has steadily increased (see BR19029 for latest Biofuels Report) due to high domestic gasoline prices. Therefore, Post revised its sugar production estimate for MY 2019/20 to 29.35 mmt, raw value, down eight percent compared to the previous estimate.

According to UNICA, cumulative sugar production in the Center-south until August 2019 is 17.97, a decrease of 5 percent compared to production during the same period in 2018. The tables below show monthly sugar production for the state of Sao Paulo and the Center-south region between 2016/17 and 2019/20 crops, as reported by UNICA.

| **Sugar Production in the State of Sao Paulo (Metric tons, tel quel)** | | | | |
|---|---|---|---|---|
| **Month** | **16/17** | **17/18** | **18/19** | **19/20** |
| **April** | 2,300,450 | 1,288,587 | 1,587,271 | 893,745 |
| **May** | 2,664,338 | 2,661,791 | 2,335,954 | 2,451,823 |
| **June** | 2,567,001 | 3,713,219 | 2,999,529 | 2,822,735 |
| **July** | 4,050,934 | 4,424,127 | 3,443,977 | 3,025,469 |
| **August** | 3,780,409 | 3,837,644 | 2,778,892 | 3,214,913 |
| **September** | 3,597,998 | 4,117,046 | 2,341,665 | |
| **October** | 2,948,163 | 2,654,635 | 1,373,240 | |
| **November** | 1,701,824 | 1,334,388 | 959,908 | |
| **December** | 358,447 | 399,326 | 264,631 | |
| **January** | 23,158 | 2 | 2,185 | |
| **February** | 12,987 | 3,328 | 680 | |
| **March** | 242,435 | 157,300 | 84,132 | |
| **Cumulative** | **24,248,144** | **24,591,393** | **18,172,064** | **12,408,685** |
| Source: Brazilian Sugarcane Industry Association (UNICA) | | | | |

| Sugar Production in Center-southern Brazil (Metric tons, tel quel) | | | | |
|---|---|---|---|---|
| **Month** | **16/17** | **17/18** | **18/19** | **19/20** |
| **April** | 3,251,370 | 1,839,645 | 2,250,044 | 1,379,757 |
| **May** | 3,758,251 | 3,874,688 | 3,253,079 | 3,466,437 |
| **June** | 4,005,985 | 5,373,876 | 4,272,568 | 4,072,412 |
| **July** | 5,958,645 | 6,538,817 | 5,017,555 | 4,412,605 |
| **August** | 5,527,064 | 5,715,100 | 4,093,862 | 4,639,435 |
| **September** | 5,381,011 | 5,996,254 | 3,446,968 | |
| **October** | 4,317,215 | 3,881,055 | 2,082,798 | |
| **November** | 2,503,409 | 1,982,544 | 1,419,052 | |
| **December** | 506,695 | 627,383 | 505,058 | |
| **January** | 46,854 | 6,623 | 18,281 | |
| **February** | 28,310 | 9,641 | 2,876 | |
| **March** | 342,710 | 213,881 | 147,911 | |
| **Cumulative** | **35,627,519** | **36,059,507** | **26,510,052** | **17,970,646** |
| Source: Brazilian Sugarcane Industry Association (UNICA) | | | | |

According to MAPA, cumulative production for the 2019/20 crop through September 1, 2019 was reported at 18.12 mmt of sugar and 21.16 billion liters of ethanol (6.32 billion liters of anhydrous and 14.83 billion liters of hydrous ethanol). The table below shows updated estimates for sugarcane, sugar and ethanol production by state for 2019/20, as reported by MAPA.

| Cane, Sugar & Ethanol Production: 2019/20 Crop (MT and 000 Liters) | | | | | |
|---|---|---|---|---|---|
| | | | **Ethanol** | | |
| **State/Region** | **Cane** | **Sugar** | **Anhydrous** | **Hydrous** | **Total** |
| **Espirito Santo** | 1,686,163 | 69,291 | 61,342 | 9,504 | 70,846 |
| **Goias** | 49,283,998 | 1,154,262 | 456,910 | 2,860,281 | 3,317,191 |
| **Minas Gerais** | 46,190,937 | 2,113,039 | 713,193 | 1,582,488 | 2,295,681 |
| **Mato Grosso Sul** | 32,512,242 | 583,152 | 417,187 | 1,768,201 | 2,185,388 |
| **Mato Grosso** | 11,602,463 | 250,490 | 383,851 | 728,218 | 1,112,069 |
| **Parana** | 24,431,333 | 1,410,906 | 374,857 | 726,887 | 1,101,744 |
| **Rio de Janeiro** | 637,409 | 3,955 | 0 | 40,720 | 40,720 |
| **Rio Grande Sul** | 14,214 | 0 | 0 | 789 | 789 |
| **Sao Paulo** | 233,506,073 | 12,409,170 | 3,728,346 | 6,878,769 | 10,607,115 |
| **Center South** | **399,864,832** | **17,994,265** | **6,135,686** | **14,595,857** | **20,731,543** |
| **Acre** | 0 | 0 | 0 | 0 | 0 |
| **Amazonas** | 71,506 | 3,158 | 0 | 1,784 | 1,784 |
| **Ceara** | 0 | 0 | 0 | 0 | 0 |
| **Maranhao** | 1,359,371 | 11,146 | 76,703 | 16,049 | 92,752 |
| **Para** | 547,086 | 22,918 | 18,761 | 5,867 | 24,628 |
| **Piaui** | 452,661 | 28,013 | 4,171 | 12,790 | 16,961 |
| **Rondonia** | 47,497 | 0 | 0 | 2,590 | 2,590 |
| **Tocantins** | 1,417,428 | 0 | 45,920 | 51,974 | 97,894 |
| **North** | **3,895,549** | **65,235** | **145,555** | **91,054** | **236,609** |

| | | | | | |
|---|---|---|---|---|---|
| **Alagoas** | 293,872 | 16,471 | 201 | 6,933 | 7,134 |
| **Bahia** | 1,869,852 | 19,566 | 27,319 | 100,402 | 127,721 |
| **Paraiba** | 866,161 | 7,447 | 20,208 | 33,062 | 53,270 |
| **Pernambuco** | 293,159 | 20,429 | 276 | 2,507 | 2,783 |
| **Rio Grande Norte** | 0 | 0 | 0 | 0 | 0 |
| **Sergipe** | 0 | 0 | 0 | 0 | 0 |
| **Northeast** | **3,323,044** | **63,913** | **48,004** | **142,904** | **190,908** |
| **TOTAL** | **407,083,425** | **18,123,413** | **6,329,245** | **14,829,815** | **21,159,060** |
| Source: Ministry of Agriculture, Livestock and Supply-Sugar, Alcohol Dept, 09/01/2019 | | | | | |

**Sugarcane and Sugar Prices in the Domestic Market**

Sugarcane prices received by third party suppliers for major producing states are based on a formula that considers prices for sugar and ethanol in both the domestic and international markets. The State of Sao Paulo Sugarcane, Sugar and Ethanol Growers Council (CONSECANA) was the first to develop this formula for the state of Sao Paulo, the major producing state, which accounts for roughly 60 percent of the Center-south regional production. The cumulative CONSECANA price (March through July 2019) for the state of Sao Paulo for the 2019/20 crop was R$0.6132 per kg of TRS or approximately R$81.57 per ton of sugarcane. Note that CONSECANA's prices are based on both sugar and ethanol prices in domestic and international markets.

The table below shows the Crystal Sugar Index released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ). The index tracks crystal sugar prices received by producers in the domestic spot market. Sugar prices have sharply decreased with the beginning of the new crop in April/May 2019.

| **Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax)** | | | | | |
|---|---|---|---|---|---|
| **Period** | **2015** | **2016** | **2017** | **2018** | **2019** |
| **January** | 51.05 | 83.75 | 88.02 | 60.88 | 68.83 |
| **February** | 50.11 | 81.25 | 83.22 | 53.23 | 68.49 |
| **March** | 50.97 | 77.46 | 77.48 | 51.32 | 67.93 |
| **April** | 51.57 | 76.00 | 74.28 | 54.89 | 68.45 |
| **May** | 51.20 | 75.68 | 76.96 | 54.27 | 69.09 |
| **June** | 49.03 | 83.94 | 72.25 | 57.80 | 62.55 |
| **July** | 47.85 | 86.65 | 61.18 | 55.11 | 59.70 |
| **August** | 46.90 | 85.89 | 54.42 | 51.49 | 60.06 |
| **September 1/** | 51.06 | 87.83 | 52.41 | 60.68 | 60.64 |
| **October** | 64.98 | 97.93 | 54.64 | 64.36 | -- |
| **November** | 76.44 | 98.06 | 64.4 | 67.73 | -- |
| **December** | 80.57 | 92.06 | 68.54 | 68.57 | -- |
| Source: USP/ESALQ/CEPEA. 1/ September 2019 refers to September 10 | | | | | |

The September 11th price equivalence shows that sugar contract #11 at the Intercontinental Exchange (ICE) in New York was negotiated at 10.81 U.S. cents/lb, whereas very high polarity (VHP) sugar exported FOB from the Port of Santos and sugar sold on the domestic market were traded at approximately 11.04 and 12.64 U.S. cents/lb, respectively. The ethanol price equivalence on the domestic market was very competitive, ranging between 13.21 and 13.81 cents/lb. These prices further highlight that the price of sugar for export is not competitive with the price received for ethanol in Brazil.

**Consumption**

There is no official source for domestic consumption of sugar in Brazil. ATO/Sao Paulo estimates sugar consumption in MY 2019/20 remains unchanged from previous estimate at 10.65 mmt, raw value, and slightly up from MY 2018/19 (10.6 mmt, raw value), given the slow pace of recovery of the Brazilian economy.

**Trade**

**Sugar Exports**

ATO/Sao Paulo estimates Brazil's sugar exports for MY 2019/20 at 18.62 mmt, raw value, a decrease of five percent relative to MY 2018/19 (19.6 mmt), due to the continued depressed sugar prices in the world market. This figure represents the lowest export volume in the past twelve years given that exports have not been competitive compared to sugar domestic consumption and ethanol production for both domestic consumption and exports. Raw sugar exports should contribute 14.89 mmt of total exports. Refined exports should account for 3.72 mmt, raw value.

The following tables show Brazilian sugar exports by destination for MY 2016/2017, 2017/18 and 2018/19 (April-March) as reported by the Trade Data Monitor (TDM) Algeria, Bangladesh, India, Iraq, and Saudi Arabia were the major export destinations for Brazilian sugar during MY 2018/19.

| Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, tel quel, US$ 000 FOB) | | | | | | |
|---|---|---|---|---|---|---|
| | MY 2016/17 1/ | | MY 2017/18 1/ | | MY 2018/19 1/ | |
| **Country** | **Quantity** | **Value** | **Quantity** | **Value** | **Quantity** | **Value** |
| **Algeria** | 1,973,396 | 755,725 | 2,202,397 | 814,094 | 2,230,100 | 632,638 |
| **Bangladesh** | 1,960,436 | 733,585 | 2,615,123 | 963,895 | 2,018,268 | 561,126 |
| **India** | 2,408,913 | 940,374 | 2,247,133 | 828,174 | 1,650,084 | 462,301 |
| **Iraq** | 908,760 | 319,455 | 1,259,514 | 469,114 | 1,170,846 | 341,125 |
| **Nigeria** | 1,295,973 | 501,038 | 1,255,111 | 459,621 | 1,194,594 | 324,366 |
| **Saudi Arabia** | 1,005,855 | 393,115 | 1,075,281 | 397,568 | 1,051,621 | 296,010 |
| **U.A.E.** | 600,820 | 226,887 | 1,435,050 | 535,022 | 1,047,448 | 291,015 |
| **Morocco** | 1,049,074 | 422,287 | 1,053,095 | 376,012 | 928,283 | 257,266 |
| **China** | 2,138,855 | 780,636 | 109,846 | 39,432 | 887,062 | 243,331 |
| **Canada** | 800,618 | 283,777 | 978,164 | 382,067 | 806,164 | 242,192 |
| **Others** | 8,940,298 | 3,365,915 | 8,324,512 | 3,127,896 | 4,529,257 | 1,313,643 |
| **Total** | **23,082,998** | **8,722,794** | **22,555,226** | **8,392,895** | **17,513,727** | **4,965,013** |
| Source: Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX) | | | | | | |
| Note : Numbers may not add due to rounding 1/ April - March | | | | | | |

| Brazilian Sugar Exports (NCM 1701.99.00, MT, tel quel, US$ 000 FOB) | | | | | | |
|---|---|---|---|---|---|---|
| | MY 2016/17 1/ | | MY 2017/18 1/ | | MY 2018/19 1/ | |
| **Country** | **Quantity** | **Value** | **Quantity** | **Value** | **Quantity** | **Value** |
| **U.S.A.** | 102,965 | 70,512 | 110,852 | 83,277 | 123,705 | 96,367 |
| **Angola** | 335,590 | 155,660 | 402,337 | 173,379 | 291,500 | 91,948 |
| **Benin** | 125,525 | 55,323 | 381,957 | 154,081 | 270,819 | 84,609 |
| **U.A.E.** | 783,453 | 316,934 | 1,097,735 | 409,663 | 162,125 | 58,694 |
| **Saudi Arabia** | 268,662 | 118,714 | 310,272 | 117,776 | 183,581 | 58,253 |
| **Yemen** | 448,868 | 193,393 | 414,991 | 168,209 | 135,947 | 46,863 |
| **Togo** | 147,198 | 68,488 | 247,893 | 99,857 | 128,559 | 39,111 |
| **Gambia** | 136,781 | 60,471 | 162,000 | 65,505 | 112,509 | 35,223 |
| **Ghana** | 146,568 | 66,106 | 240,645 | 98,411 | 109,149 | 34,682 |
| **Mauritania** | 167,804 | 74,538 | 172,403 | 74,153 | 79,884 | 30,512 |
| **Others** | 2,537,946 | 1,151,696 | 1,731,556 | 750,034 | 805,091 | 293,742 |
| **Total** | **5,201,360** | **2,331,834** | **5,272,641** | **2,194,346** | **2,402,869** | **870,003** |
| Source: Trade Data Monitor (TDM) based on the Brazilian Foreign Trade Secretariat (SECEX) | | | | | | |
| Note : Numbers may not add due to rounding 1/ April - March | | | | | | |

According to TDM, cumulative exports from April to August 2019 are 7.754 mmt, tel quel, a ten percent drop compared to the same period for MY 2018/19 (8.61 mmt, tel quel). Algeria, China, and Bangladesh are currently the major destinations for Brazil’s MY 2019/20 sugar. Note that sugar exports to India have dropped roughly sixty percent.

| Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, US$ 000 FOB) | | | | |
|---|---|---|---|---|
| | MY 2018/19 (Apr-Aug) | | MY 2019/20 (Apr-Aug) | |
| Country | Quantity | Value | Quantity | Value |
| Algeria | 957,663 | 278,505 | 1,080,113 | 318,823 |
| China | 198,159 | 53,928 | 895,796 | 250,091 |
| Bangladesh | 799,831 | 230,573 | 650,911 | 182,458 |
| Saudi Arabia | 443,488 | 127,585 | 598,852 | 180,448 |
| Nigeria | 383,412 | 107,679 | 570,677 | 159,234 |
| Iraq | 542,261 | 161,489 | 480,200 | 138,467 |
| UAE | 399,264 | 112,793 | 414,712 | 112,140 |
| India | 864,487 | 249,820 | 357,805 | 100,703 |
| Egypt | 379,788 | 110,288 | 347,658 | 96,880 |
| Morocco | 495,334 | 143,596 | 292,578 | 80,066 |
| Others | 1,963,072 | 596,714 | 1,232,561 | 369,791 |
| **Total** | **7,426,759** | **2,172,971** | **6,921,863** | **1,989,101** |
| Source: Trade Data Monitor (TDM) | | | | |

| Brazilian Sugar Exports (NCM 1701.99.00, MT, US$ 000 FOB) | | | | |
|---|---|---|---|---|
| | MY 2018/19 (Apr-Aug) | | MY 2018/19 (Apr-Aug) | |
| Country | Quantity | Value | Quantity | Value |
| United States | 39,535 | 28,925 | 131,621 | 60,649 |
| Angola | 103,493 | 33,196 | 165,833 | 54,142 |
| Benin | 117,507 | 37,110 | 139,729 | 44,974 |
| Yemen | 31,771 | 14,544 | 82,172 | 26,159 |
| Togo | 51,641 | 16,486 | 56,496 | 18,092 |
| Gambia | 55,566 | 17,816 | 39,877 | 12,952 |
| Guinea | 27,783 | 8,804 | 28,843 | 9,372 |
| Ghana | 78,040 | 24,586 | 23,630 | 7,783 |
| Senegal | 4,128 | 1,277 | 20,975 | 7,470 |
| Uruguay | 29,749 | 9,142 | 18,141 | 5,475 |
| Others | 644,919 | 231,502 | 125,986 | 50,509 |
| **Total** | **1,184,132** | **423,387** | **833,303** | **297,577** |
| Source: Trade Data Monitor (TDM) | | | | |

According to a joint statement released by the MAPA and the Ministry of Foreign Relations in July, the Brazilian government asked the World Trade Organization (WTO) to establish a panel aimed at resolving its dispute over Indian sugar subsidies. The WTO's Dispute Settlement Body is expected to take up Brazil's request at its meeting scheduled for July 22. Australia and Guatemala also filed complaints against the Indian government. Brazil alleges that India has taken actions that distort global sugar markets: India doubled the minimum price for sugarcane since the 2010/2011 crop year with Indian sugar exports rising in 2018/19 to five mmt from two mmt the prior year. In February, Brazil had requested that the WTO start consultations on the subject but the two sides failed to reach a resolution.

Meanwhile, India has just approved new incentives to encourage cash-strapped mills to export 6 million MMT of sugar in the 2019/20 crop year starting on October 1st. The export subsidies aim to reduce the Indian sugar surplus. The country is expected to start the new marketing year with carry-over stocks estimated at 14.2 mmt. The Brazilian sugar industry alleges that the additional Indian subsidies on sugar will hurt Brazilian sugar exporters and prolong the current cycle of low global sugar prices.

**Stocks**

Sugar ending stocks for MY 2019/20 are estimated at 300,000 mt, raw value, similar to carry over stocks for MY 2018/19 (220,000 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** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| **January** | 1.99 | 2.43 | 2.66 | 4.04 | 3.13 | 3.16 | 3.65 |
| **February** | 1.98 | 2.33 | 2.88 | 3.98 | 3.10 | 3.24 | 3.74 |
| **March** | 2.01 | 2.26 | 3.21 | 3.56 | 3.17 | 3.32 | 3.90 |
| **April** | 2.00 | 2.24 | 2.98 | 3.45 | 3.20 | 3.48 | 3.94 |
| **May** | 2.13 | 2.24 | 3.18 | 3.60 | 3.26 | 3.74 | 3.94 |
| **June** | 2.22 | 2.20 | 3.10 | 3.21 | 3.30 | 3.86 | 3.83 |
| **July** | 2.29 | 2.27 | 3.39 | 3.24 | 3.13 | 3.75 | 3.76 |
| **August** | 2.37 | 2.24 | 3.65 | 3.24 | 3.15 | 4.14 | 4.13 |
| **September 1/** | 2.23 | 2.45 | 3.98 | 3.25 | 3.17 | 4.00 | 4.06 |
| **October** | 2.20 | 2.44 | 3.86 | 3.18 | 3.27 | 3.72 | |
| **November** | 2.32 | 2.56 | 3.85 | 3.40 | 3.26 | 3.86 | |
| **December** | 2.34 | 2.66 | 3.90 | 3.47 | 3.31 | 3.87 | |
| Source: Brazilian Central Bank (BACEN) - Last day of month. 1/ refers to September 10 | | | | | | | |

**PS&D Tables**

| Sugar Cane for Centrifugal | 2017/2018 | | 2018/2019 | | 2019/2020 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Apr 2017 | | Apr 2018 | | Apr 2019 | |
| Brazil | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 9,900 | 9,900 | 9,900 | 9,900 | 9,900 | 9,900 |
| Area Harvested | 9,450 | 9,450 | 9,450 | 9,450 | 9,330 | 9,330 |
| Production | 639,000 | 639,000 | 620,000 | 620,000 | 627,000 | 635,000 |
| Total Supply | 639,000 | 639,000 | 620,000 | 620,000 | 627,000 | 635,000 |
| Utilization for Sugar | 296,496 | 296,496 | 222,580 | 222,580 | 238,260 | 222,250 |
| Utilization for Alcohol | 342,504 | 342,504 | 397,420 | 397,420 | 388,740 | 412,750 |
| Total Utilization | 639,000 | 639,000 | 620,000 | 620,000 | 627,000 | 635,000 |
| (1000 HA) ,(1000 MT) | | | | | | |

| Sugar, Centrifugal | 2017/2018 | | 2018/2019 | | 2019/2020 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Apr 2017 | | Apr 2018 | | Apr 2019 | |
| Brazil | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks | 850 | 850 | 920 | 920 | 220 | 220 |
| Beet Sugar Production | 0 | 0 | 0 | 0 | 0 | 0 |
| Cane Sugar Production | 38,870 | 38,870 | 29,500 | 29,500 | 32,000 | 29,350 |
| Total Sugar Production | 38,870 | 38,870 | 29,500 | 29,500 | 32,000 | 29,350 |
| 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 | 39,720 | 39,720 | 30,420 | 30,420 | 32,220 | 29,570 |
| Raw Exports | 22,560 | 22,560 | 15,680 | 15,680 | 16,680 | 14,896 |
| Refined Exp.(Raw Val) | 5,640 | 5,640 | 3,920 | 3,920 | 4,170 | 3,724 |
| Total Exports | 28,200 | 28,200 | 19,600 | 19,600 | 20,850 | 18,620 |
| Human Dom. Consumption | 10,600 | 10,600 | 10,600 | 10,600 | 10,650 | 10,650 |
| Other Disappearance | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Use | 10,600 | 10,600 | 10,600 | 10,600 | 10,650 | 10,650 |
| Ending Stocks | 920 | 920 | 220 | 220 | 720 | 300 |
| Total Distribution | 39,720 | 39,720 | 30,420 | 30,420 | 32,220 | 29,570 |
| (1000 MT) | | | | | | |

**Attachments:**

No Attachments