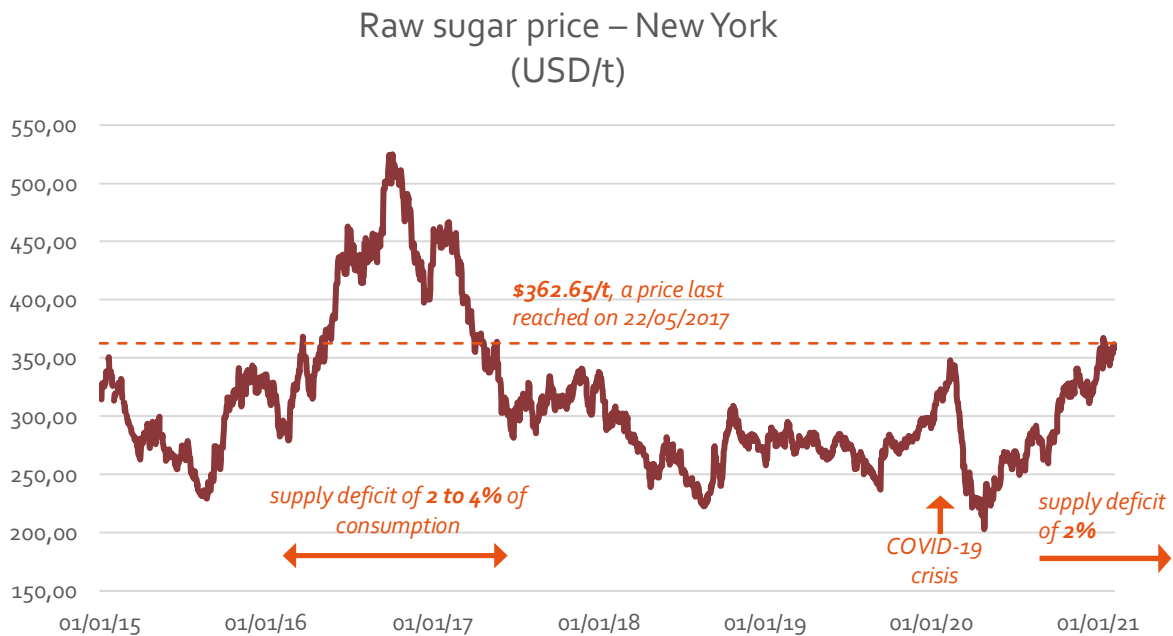




Unigrains – In Brief

Sugar prices hit a 4-year high



After the initial shock of the health crisis, sugar prices have been rising constantly since May 2020. This momentum is fuelled by new factors such as the weak Thai harvest and the delay of the new Brazilian season (linked to the drought in autumn 2020). More generally, sugar is following the upward movement observed by all agricultural commodities, driven by Chinese demand. At end January 2021, raw sugar was trading at \$362.65 per tonne, a level not seen since May 2017.

2016 had seen a surge in sugar prices linked to a deficit between supply and demand on the global market. At the time, this deficit over two seasons represented 2% to 4% of consumption according to ISO and FO LICHT experts; it followed a decade of surplus. In 2020 and 2021, the same situation of pressure is building up in the sugar market, with a deficit estimated at 2% of global consumption for the 2020-2021 season.

Against this backdrop, Biosev, the Brazilian subsidiary of Louis Dreyfus specialising in sugar and ethanol, has just been acquired by Raizen, the fifth largest sector player. This new entity will become **the world's largest sugar producer** with 35 plants and a processing capacity of 105 million tonnes of sugar cane per year.

For the 2019-2020 season, the two companies' combined production capacity represented 5 million tonnes of sugar, i.e. **the equivalent of France's production** (which amounted to 5.2 million tonnes in the same period) and 3.84 billion litres of ethanol (i.e. twice the national production capacity of 1.8 billion litres).



Author: Etienne Jobard – +33 1 44 31 16 35 – ejobard@unigrains.fr – Date of publication: February 2021

Disclaimer: The present note was produced by Unigrains' Economic Studies Department based on publicly available data. Unigrains cannot be held liable for any errors, inaccuracies, and all their direct and indirect consequences.

Copyright: No part of this publication may be reproduced by any means whatsoever without the written permission of Unigrains.
© UNIGRAINS – 23 AVENUE DE NEUILLY, 75116 PARIS – WWW.UNIGRAINS.FR