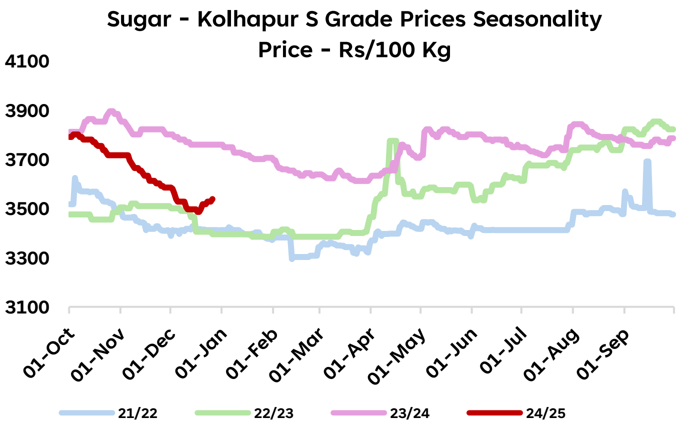
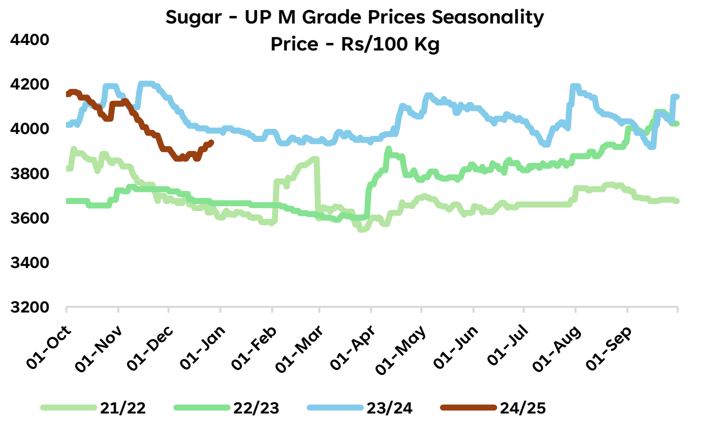
INDIAN SUGAR REPORT

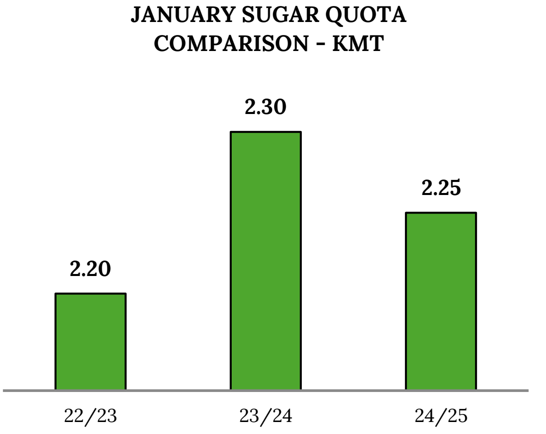
27 DEC 24

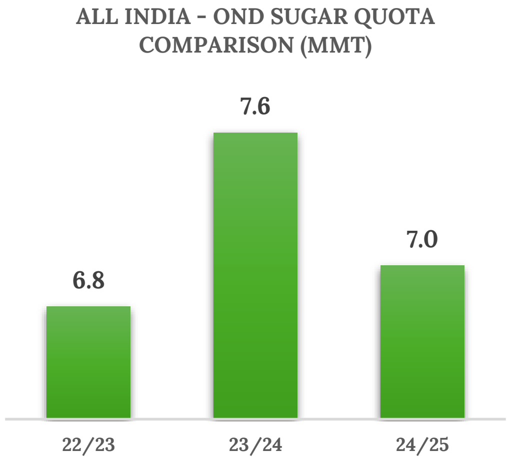
SUGAR MARKET UPDATE



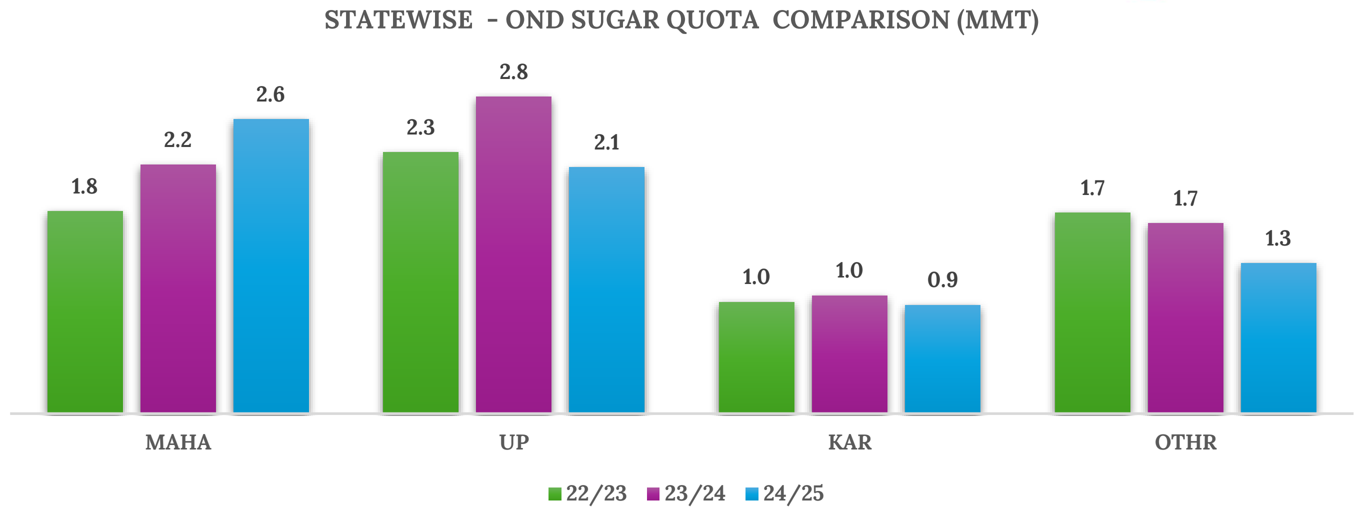


- *Indian sugar prices have started to improve as prices are inching forward.*
- *It was expected that prices shall start to rise as market was trading at its lowest levels as per GreenLeaf.*
- *Prices have moved up higher in UP than Maharashtra and this has widened the spread between the 2 regions.*
- *The major reason behind this seems to be from the fact that more quota has been released for the state of Maharashtra as compared to last year.*
- *As of OND quarter, quota released for Maharashtra is 2.56 MMT as compared to 2.16 MMT last year, thus 400 KMT more sugar to be sold in the open market.*
- *UP on the other has received 620 KMT lower quota for the quarter than last year. Current year OND quota is 2.14 MMT against 2.76 MMT last year.*
- *Along with the higher quota release in Maharashtra there are mills in Karnataka, adjoining state where quota for the Quarter is almost same as last year but the mills are more inclined to sell over and above the domestic release.*
- *This additional release which was making its way to the North East markets for onward movement to Bangladesh has been restricted to domestic market for the cross border trade is not happening at the same pace as last year rather the cross border trade is next to negligible.*





- *Jan 2025 quota has been released by the Govt of India @ 2.25 MMT*
- *Last year Jan quota was 2.3 MMT, thus the Govt has given 50 KMT lower quota for the month of Jan 2025 as compared to last year, but 50 KMT higher than last month.*
  - *The quota of 2.25 MMT seems to be balanced and should support the domestic prices, at least stall the fall in sugar prices.*
  - *Will be interesting to see the split of quota state wise as it shall give further direction*



BRAZIL SUGAR PRODUCTION UPDATE

UNICA REPORT : (1-15 DEC 24)

Table 2. 2024/2025 harvest season: BI-WEEKLY values (1st two-week period of December, 2024)

Product	South-Central region			São Paulo			Others states		
	2023/2024	2024/2025	Var. (%)	2023/2024	2024/2025	Var. (%)	2023/2024	2024/2025	Var. (%)
Sugarcane [1]	19,315	8,827	↓ -54.30%	13,727	3,881	↓ -71.73%	5,588	4,946	↓ -11.49%
Sugar [1]	942	348	↓ -63.07%	729	190	↓ -73.97%	212	158	↓ -25.63%
Anhydrous ethanol [2]	351	266	↓ -24.30%	193	90	↑ -53.17%	159	176	↑ 10.80%
Hydrous ethanol [2]	694	499	↓ -28.18%	298	73	↓ -75.51%	396	425	↑ 7.51%
Total ethanol [2]	1,046	765	↓ -26.88%	491	163	↓ -66.75%	554	601	↑ 8.45%
TRS [1]	2,291	1,023	↓ -55.33%	1,603	480	↓ -70.08%	688	544	↓ -20.95%
TRS/ ton of sugarcane [3]	118.59	115.92	↓ -2.25%	116.77	123.57	↑ 5.83%	123.08	109.92	↓ -10.69%
Share % sugar	43.15%	35.67%	↓	47.75%	41.54%	↓	32.42%	30.50%	↓
Share % ethanol	56.85%	64.33%	↑	52.25%	58.46%	↑	67.58%	69.50%	↑
Liters of ethanol/ ton of sugarcane	39.58	43.66	↑ 10.30%	35.79	42.09	↑ 17.61%	48.90	44.89	↓ -8.20%
Kg of sugar/ ton of sugarcane	48.76	39.40	↓ -19.18%	53.13	48.91	↓ -7.94%	38.02	31.94	↓ -15.97%

Source: UNICA. Note: [1]- thousand tons; [2]- million liters; [3]- kg of TRS/ ton of sugarcane. Total Recoverable Sugar (TRS) index was calculated excluding corn ethanol production (the data are those shown in Table 8).

Table 1. 2024/2025 harvest season: accumulated production until December 16, 2024

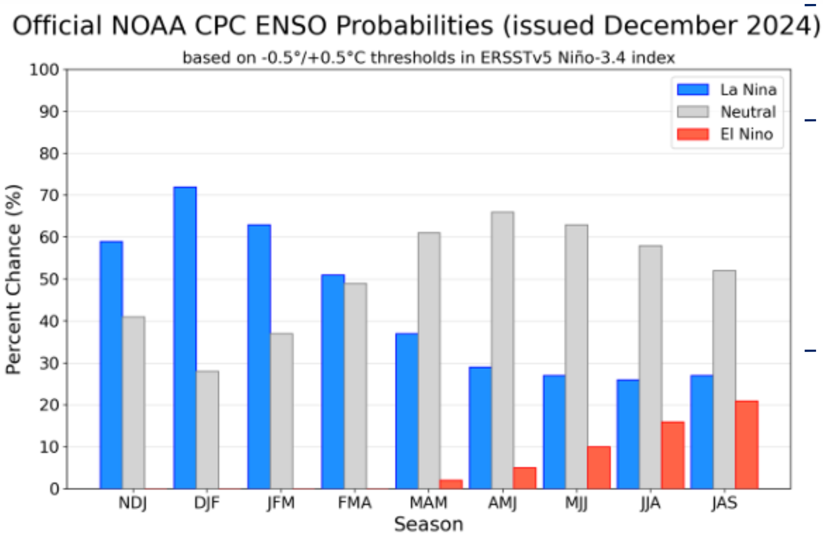
Product	South-Central region			São Paulo			Others states		
	2023/2024	2024/2025	Var. (%)	2023/2024	2024/2025	Var. (%)	2023/2024	2024/2025	Var. (%)
Sugarcane [1]	639,283	611,850	↓ -4.29%	379,084	353,273	↓ -6.81%	260,198	258,577	↓ -0.62%
Sugar [1]	41,824	39,711	↓ -5.05%	28,145	25,812	↓ -8.29%	13,679	13,899	↑ 1.61%
Anhydrous ethanol [2]	12,485	11,595	↓ -7.13%	6,263	5,585	↓ -10.82%	6,222	6,010	↓ -3.42%
Hydrous ethanol [2]	18,441	20,339	↑ 10.29%	7,119	7,737	↑ 8.68%	11,322	12,602	↑ 11.31%
Total ethanol [2]	30,926	31,934	↑ 3.26%	13,382	13,322	↓ -0.44%	17,544	18,612	↑ 6.09%
TRS [1]	89,257	86,475	↓ -3.12%	52,425	49,827	↓ -4.95%	36,832	36,648	↓ -0.50%
TRS/ ton of sugarcane [3]	139.62	141.33	↑ 1.23%	138.29	141.04	↑ 1.99%	141.55	141.73	↑ 0.12%
Share % sugar	49.18%	48.20%	↓	56.34%	54.37%	↓	38.98%	39.80%	↑
Share % ethanol	50.82%	51.80%	↑	43.66%	45.63%	↑	61.02%	60.20%	↓
Liters of ethanol/ ton of sugarcane	41.60	42.99	↑ 3.34%	35.30	37.71	↑ 6.83%	50.78	50.21	↓ -1.14%
Kg of sugar/ ton of sugarcane	65.42	64.90	↓ -0.79%	74.24	73.07	↓ -1.59%	52.57	53.75	↑ 2.24%

- *Sugar production reported for 1-15 Dec is reported @ 348 KMT, down 63% from last year.*
- *The Total sugar production has been reported to have reached 39.7 MMT, down 5% YoY as last year production topped 41.8 MMT*
- *The additional sugar which is getting added to Total Production is expected to be heavy on the sugar supplies.*

- *Earlier when the rains were there, Sugarcane was expected to be carried forward to the next season but now all the cane of the current season is getting crushed and no cane is expected to be carried forward into the next season.*

WEATHER UPDATE

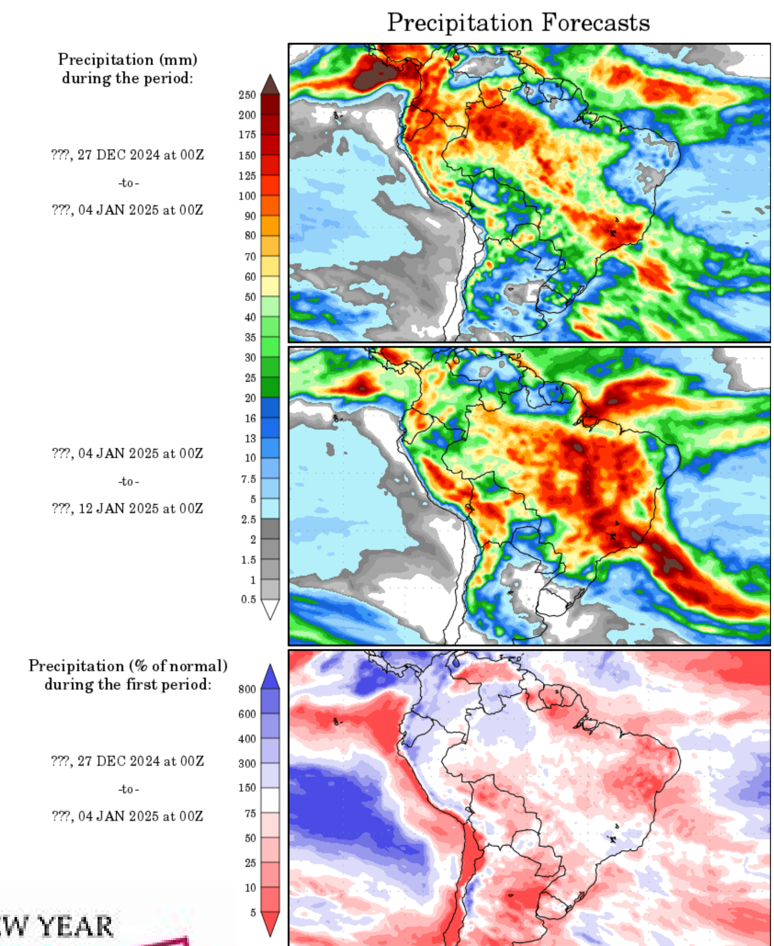
- *ENSO neutral conditions are prevailing*
- *ENSO Alert system is LA NINA WATCH*
- *La Nina conditions likely to emerge from Nov 2024 – Jan 2025 and then again to ENSO neutral likely by Mar – May 2025*



- *La Nina conditions looks to be fading and probability going below 50% during Mar-May period.*
- *Mar-May 2025 period also calling for resurgence of El Nino conditions albeit with very low probability as of now but increasing going forward during the peak monsoon period in India.*
- *Need to keep a close watch on transition from La Nina phase to El Nino as it shall be crucial to Indian sugar production basis which Ethanol blending program and Exports policy depends.*

BRAZILIAN WEATHER UPDATE

- *Brazil rains are an important feature for the sugar market in coming months.*
- *The rains are expected to continue to hit the cane producing regions of the largest producing country.*
- *But, the rains are expected to be lower than average and how it is going to impact the growth of the cane need to be seen when the production starts in the country again post March 2025 for the 25/26 season.*
- *Cane growth due to the early dry period might be impacted but knowing cane being a sturdy crop, the rains in the later part of the season is surely going to help the cane production in the country.*
- *To what extent the cane shall revive will be known and set the tone of the Global sugar market.*



Precipitation forecasts from the National Centers for Environmental Prediction.
Normal rainfall derived from Xie-Arkin (CMAP) Monthly Climatology for 1979-2003.
Forecast Initialization Time: 00Z27DEC2024