



**SUCDEN SUGAR
MARKET REPORT**

HURRY UP TOMORROW



FEBRUARY 2026

EXECUTIVE SUMMARY

- Following the 24/25 deficit, the recovery in Northern Hemisphere crops in 25/26 is expected to move the global S&D balance back into surplus—though only modestly. This rebalancing also relies on Brazil Center-South maintaining a sugar mix near historical highs, which in turn remains contingent on sugar continuing to pay better than ethanol.
- A higher sugar price would further incentivize Brazil CS to maximize the sugar mix, delivering a more sizable surplus. Conversely, a lower level would likely prompt production cuts, potentially pushing the global S&D balance back into deficit.
- Looking ahead, the 26/27 global S&D is expected to be broadly balanced, with some acreage reductions in Europe and Thailand in response to weaker sugar prices. This outlook also might come with higher weather risk, as conditions could turn more volatile under the current El Niño forecast.
- In the near term, sustained demand over recent months is keeping the CS intercrop period tight, increasingly pulling in alternative origins—such as Brazil NNE, Central America, and Mexico—to extend coverage into destinations.
- Managed money is currently holding record net-short positions, alongside a notable lag in producers' hedging. While CTAs appear largely fully deployed, additional selling could come from trend-following funds—but likely less so from the discretionary community, which may view today's global S&D as structurally different from 2019. Back then, the prior net-short record was set after three consecutive surplus seasons, two of which were achieved despite a shift toward ethanol maximization.

AT A GLANCE

01 SUGAR CROP OVERVIEW

- CS : ethanol parities challenging high mix paradigm
- India: disappointing crop
- Thailand and China: higher production y/y
- Global S&D: 25/26 modest surplus, 26/27 broadly balanced

02 SUGAR MARKET FEATURES

- CS intercrop turning tighter
- 26/27 trade flows surplus conditional on price
- White sugar: surplus today, more balanced ahead
- Order flow: funds at record net-short positioning



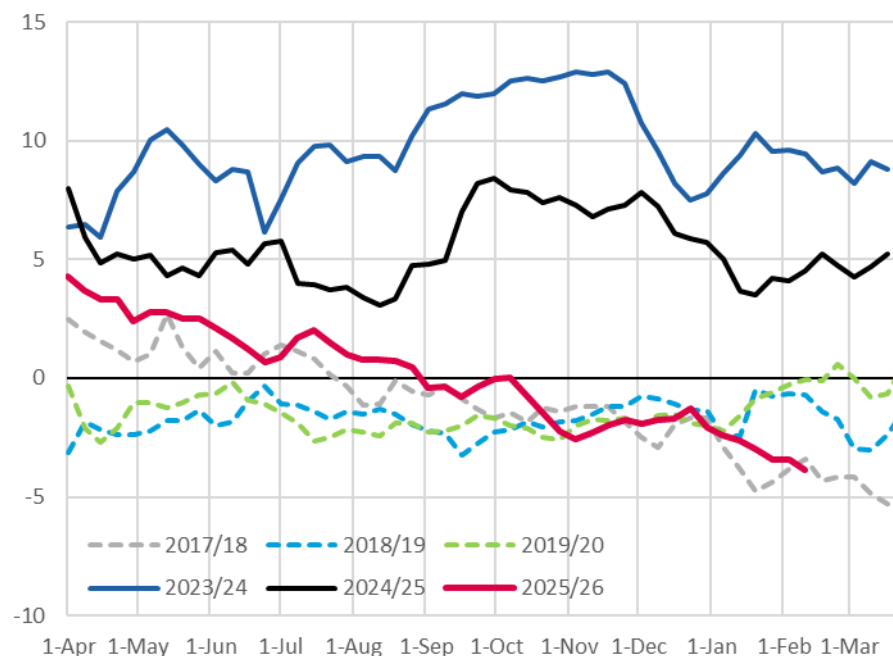
SUGAR CROP OVERVIEW



CS : ETHANOL PARITIES CHALLENGING HIGH MIX PARADIGM

- Brazil CS 25/26 output is seen at 40.5 Mt, slightly above 24/25, supported by a record-high sugar mix at 50,5%. This reflects sugar outperforming ethanol for most of the season and producers' ability to lock in the high prices seen in Q4 2024.
- Rains since April have been uneven in both timing and geography, but overall conditions have remained supportive so far and should underpin a cane crop around 620 Mt in 26/27.
- As intercrop favors ethanol, mills are likely to start the season with a lower sugar mix to capture elevated spot ethanol prices. Later in the crop, forward sugar parity in São Paulo State remains slightly stronger than ethanol and should lift the mix, while ethanol should continue to be the preferred outlet in peripheral states.
- Corn ethanol capacity is set to keep expanding in 26/27, but lower forward ethanol prices should decrease the pump ratio and support higher domestic demand, helping to accommodate the additional output.
- The 26/27 sugar mix is estimated at 48.5%, implying an output at 40.0–40.5 Mt. A further decline in sugar prices would prompt cuts in sugar production, as the current mix still sits well above the ethanol-heavy seasons of 18/19 and 19/20, when the mix fell to around 35%.

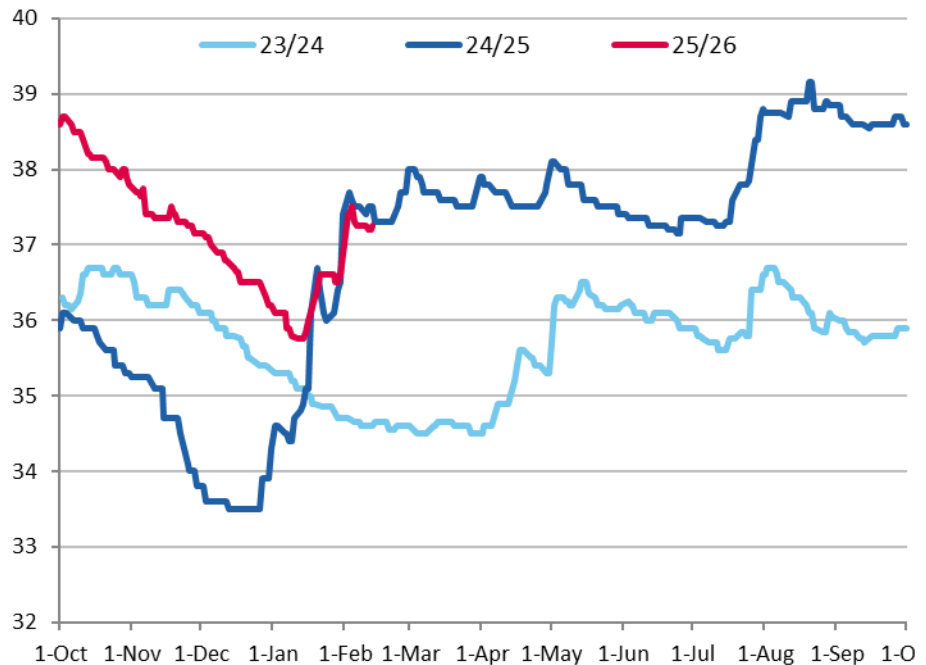
CS Brazil historical Sugar vs. Ethanol spread [cts/lb]



INDIA: DISAPPOINTING CROP

- Southern India has benefited from two consecutive abundant monsoons, supporting an expansion in cane area and a larger share of high-yielding 18-month cane, alongside strong vegetative potential.
- Despite the supportive backdrop, crushing has decreased sharply in Maharashtra and Karnataka, with many mills already shut. Operators cite several factors, including widespread flowering, as a key drag on cane availability and recoveries.
- Sugar production is estimated at 28,5 Mt, a 2,5 Mt increase y/y, but this would imply only a ~0,2/0,3 Mt surplus versus consumption. With ending stocks still low, domestic prices are likely to remain supported.
- Exports should remain capped for now at around 500 kt—largely the volume already sold—since current world market prices are no longer remunerative. If world market prices rebound, the incremental exportable surplus looks limited—well below the current 2 Mt export quota—given a tight domestic S&D.
- Next year’s production should be supported by large cane areas in Southern India and intense grain-to-ethanol competition, keeping diversion broadly similar. However, an El Niño risk emerging from May/June could lower the likelihood of a third consecutive favorable monsoon.

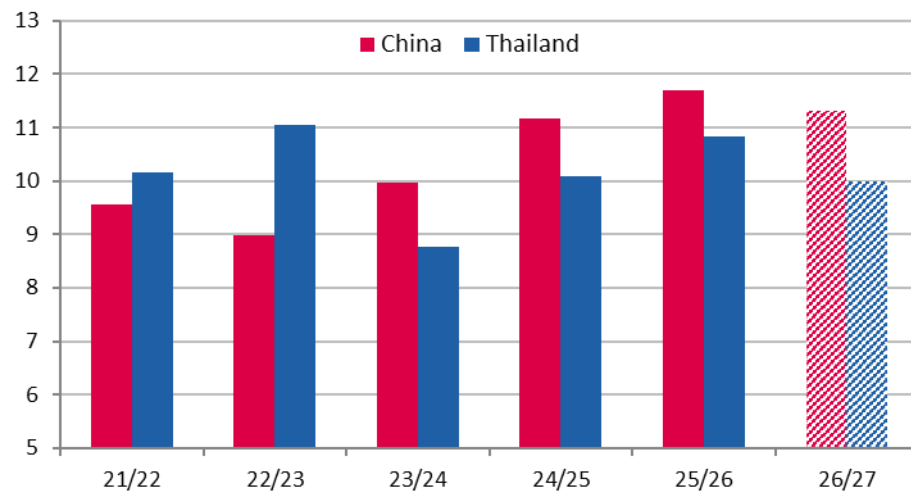
Maharashtra domestic sugar price seasonality
[thousand INR/Mt]



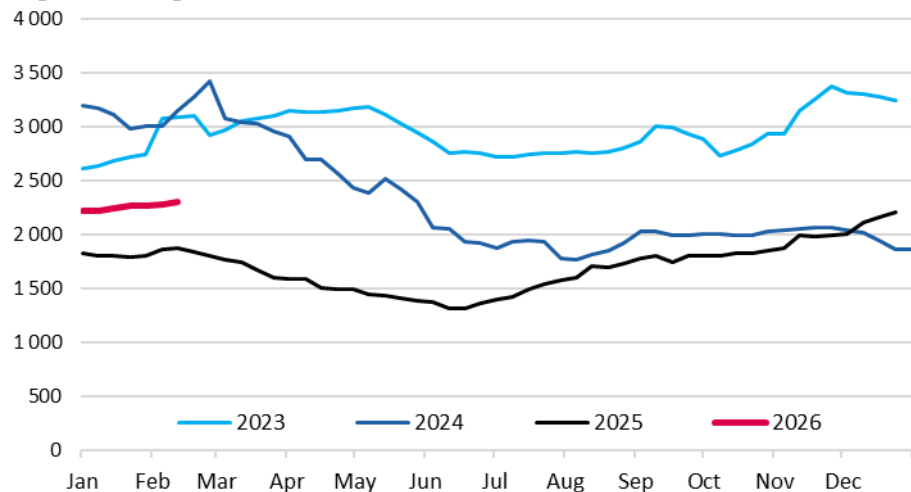
THAILAND AND CHINA: HIGHER PRODUCTION Y/Y

- Thailand's crush is expected to finish later following a delayed start, with sugar production seen at 10.8 Mt, up about 700 kt y/y.
- Despite the sharp drop in EPZ output, Thailand is still prioritizing white sugar production at the expense of raws. As a result, regional demand will be insufficient to absorb all the Thai whites, pushing volumes to farther markets such as Africa. By contrast, Thai raw exports should remain concentrated in the Far East, supported by a clear freight advantage. Even with Indonesian demand lower for a second consecutive year, the Far East raw balance is still expected to run a deficit, requiring Brazilian and Central American flows to close the gap.
- Lower cane prices, combined with higher cassava prices, should reverse the recent expansion in Thailand's cane area. As a result, planted area is estimated to fall by around 8% y/y in 26/27.
- China's sugar production is estimated at 11.7 Mt, up ~500 kt y/y, supported by larger cane area and strong yields after a generous rainy season.
- The domestic deficit is seen around 3.5 Mt and is expected to be covered mostly through raw sugar imports. A meaningful volume has already been contracted, as sugar prices are hovering near multi-year lows and import margins remain attractive.

Sugar production for China and Thailand
[Mt sugar]



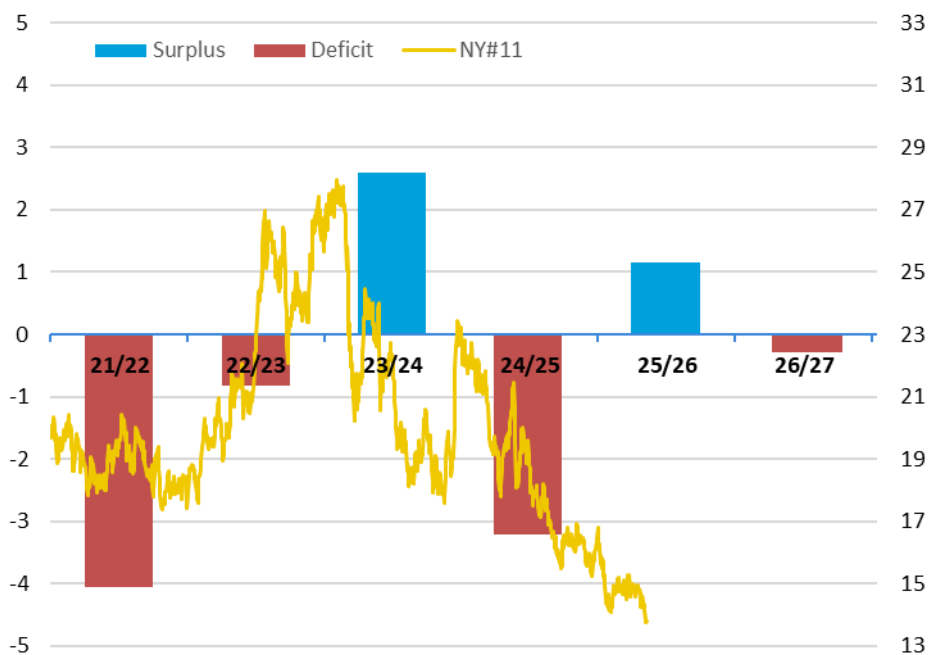
Cassava price in Thailand
[THB/ton]



GLOBAL S&D: 25/26 MODEST SURPLUS, 26/27 BROADLY BALANCED

- Stable European crops and larger Asian output are expected to bring the global balance back into surplus in 25/26, following a deficit in 24/25.
- Even so, the global S&D balance still hinges on Brazilian mills prioritizing sugar over the coming months to prevent the market from slipping back into deficit.
- Looking ahead, recent price weakness is already prompting downward revisions to Northern Hemisphere supply. Europe and Thailand are both signaling reduced acreage, implying a combined production decline of around 3 Mt. In parallel, prices are slipping below the cost curve for many origins, which could ultimately erode crop care and input intensity.
- Despite roughly stable sugar consumption – partly due to the GLP-1 drugs increased usage, the global 26/27 S&D balance looks broadly flat.
- Further maximization of the sugar mix could provide a more comfortable buffer, but additional price weakness could gradually push the global S&D balance into deficit.
- With only a limited surplus expected in 25/26 and a broadly balanced outlook for 26/27, the market is likely to become increasingly weather-driven—particularly as El Niño risks are flagged from May onward after two years largely absent.

Global production-consumption balance & NY#11
[Oct/Sep, Left: Mt raw value – Right: c\$/lb]





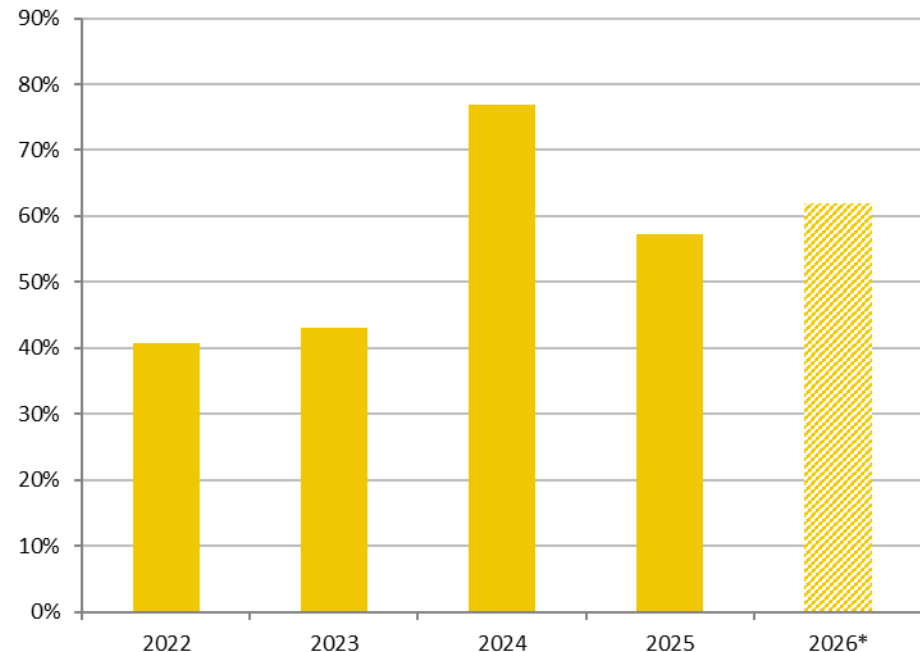
SUGAR MARKET FEATURES



CS INTERCROP TURNING TIGHTER

- Brazil CS 25/26 raw sugar availability is expected to be broadly stable y/y, supported by similar production and still-low stocks.
- Demand has been strong recently. MENA refiners have shipped sizable volumes, and India has continued to import from CS as local raw sugar sourcing remains uncompetitive. Chinese refiners have booked meaningful volumes, taking advantage of the low price and open import arbitrage.
- This should keep Brazil CS trade flows tight, even as most Far East demand continues to be sourced primarily from Thailand.
- Brazil NE is facing lower output roughly by 500 kt, reflecting reduced sugar mix and ATR. As a result, it is unlikely to materially ease CS tightness, with limited availability from here onward.
- Central America continues to benefit from the high U.S. duty on Brazilian sugar, as well as its FTAs with China. With Brazil NE availability tightening, new outlets—such as Canada—have also emerged. Meanwhile, Mexican raws continue to flow to Morocco and the U.S. on a re-export basis.
- With intersafr trade flows already tight, April crushing becomes even more critical—especially as current prices encourages mills to lean toward ethanol.

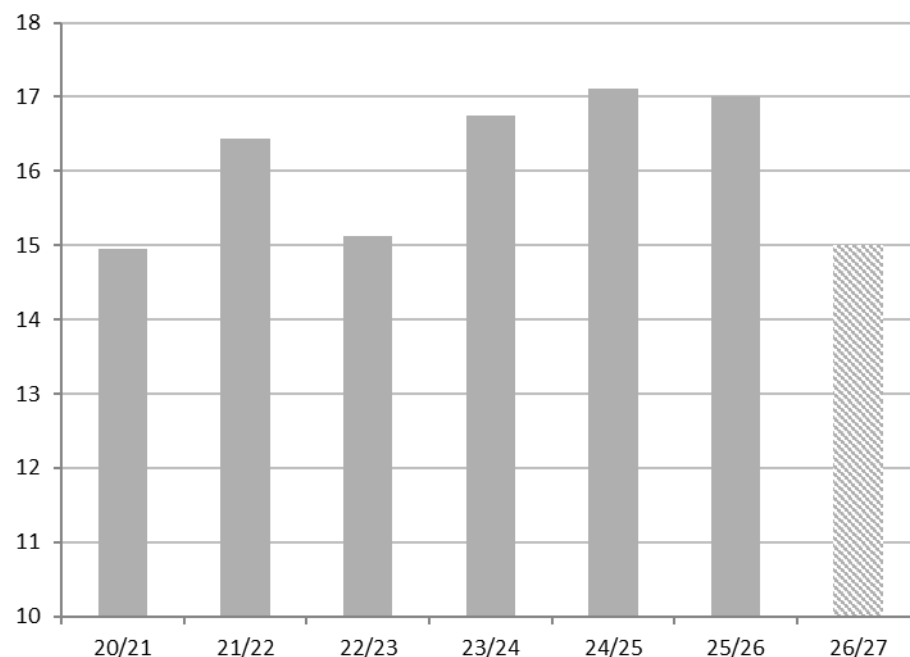
Share of Q1 raw sugar shipments for Brazil CS
[% of global raw shipments, Jan-Mar]



26/27 TRADE FLOWS SURPLUS CONDITIONAL ON PRICE

- After months of projecting a sizable surplus, 26/27 trade-flow expectations are now being challenged by the ongoing price downtrend—beyond the current tightness during the CS intercrop.
- Acreage reduction intentions are emerging both in importing regions such as Europe and in exporting origins such as Thailand and Ukraine.
- Even if China and Indonesia keep demand in check—supported by higher domestic output and tighter import schemes—buying interest should remain healthy from MENA and Indian refiners, especially given the limited export availability expected from India.
- Global sugar demand in 26/27 is seen broadly flat y/y, with worldwide stocks still relatively low. This keeps the Brazil CS sugar mix in the driving seat for the months ahead.
- Weather risk remains a key swing factor. The next few months of rainfall will be critical for Brazil CS, while the Asian monsoons from May onward could also face heightened volatility under the current El Niño outlook.
- From May onward, the NY#11 structure helps absorb the trade-flow surplus by improving carry economics—making it easier for producers and refiners to hold sugar, especially in a low outright price environment.

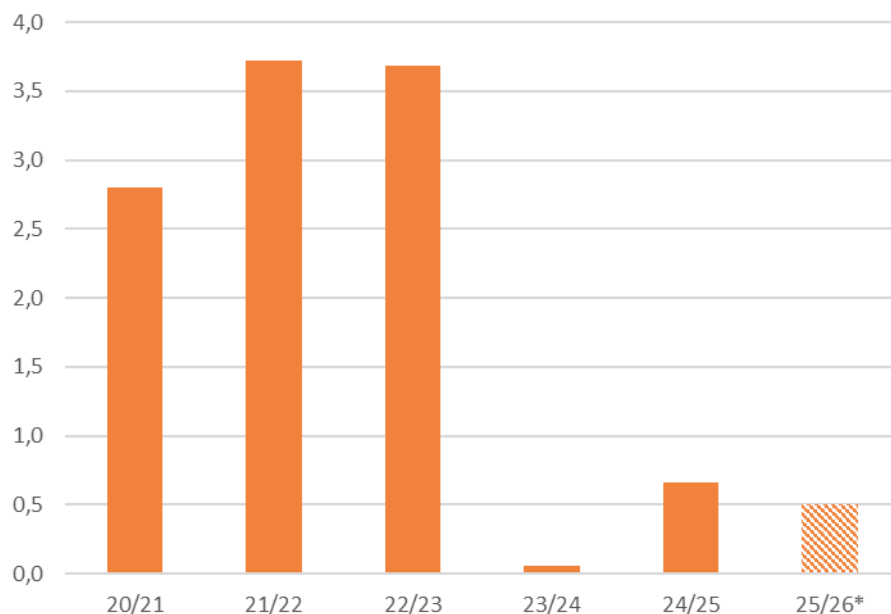
EU sugar production
[Mt sugar]



WHITE SUGAR: SURPLUS TODAY, MORE BALANCED AHEAD

- The white sugar S&D has recently been characterized by a sizable surplus.
- In the West, the typical Q4/Q1 export peak—driven by Europe, Ukraine, Central America, and Brazil NNE—has left both West Africa and Mediterranean markets notably oversupplied.
- In the East, Thailand has been running a strong remelt program amid limited EPZ demand, while Indian domestic sugar has been exported into the Middle East, East Africa, and South Asia. Refining capacity has also expanded across the Middle East and India.
- Looking ahead, flows should remain heavy over the coming months, as part of the current surplus has yet to be placed into destination markets.
- However, tighter Indian domestic sugar exports and a smaller Thai surplus ahead mean the Eastern Hemisphere will lean more on MENA refining capacity requiring sufficiently remunerative white premiums to keep those runs justified.
- In the West, incremental refined exports should be limited from Q2 onward: harvests will be over in Central America and Brazil NNE, and Europe is done as well—while next season looks tighter. Brazil CS will, as usual, focus on crystal production for West African destinations.

Indian white sugar exports
[Mt]

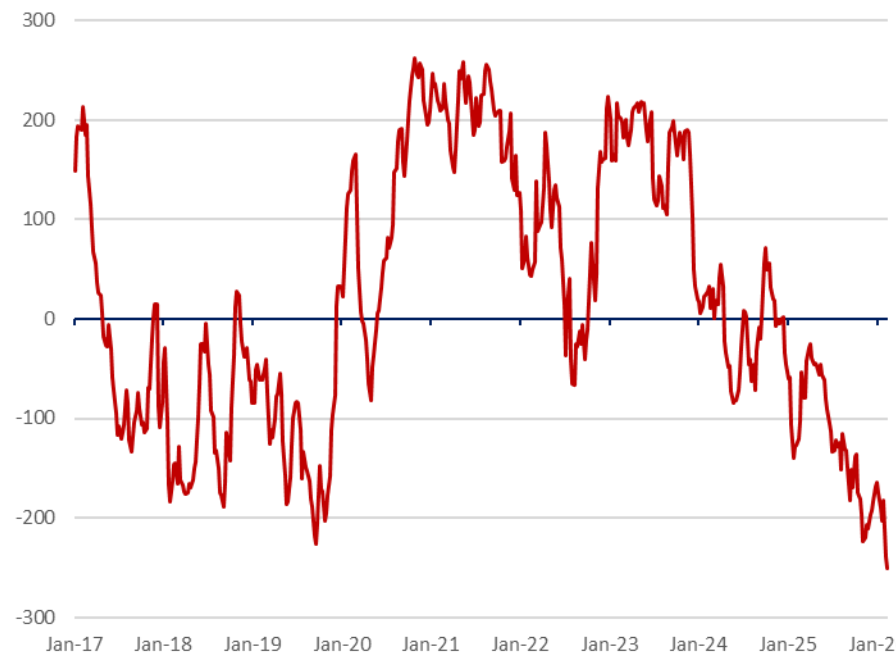


ORDER FLOW: FUNDS AT RECORD NET-SHORT POSITIONING

- Funds are currently running a net-short of around 250k lots, the largest on record and roughly 25k lots above the previous peak reached in 2019.
- In response to this unprecedented positioning, producer hedging has picked up recently but remains lagging—around 75k lots behind last year.
- CTAs now appear fully deployed. Any further fund selling would more likely come from other trend-following strategies and, potentially, the discretionary community.
- While the former could still add to shorts, discretionary investors may view today's setup as materially different from 2019—when the market had a ~10 Mt surplus in 17/18, followed by two consecutive years of more moderate surpluses, even as Brazil maximized the ethanol mix.
- The prospect of an El Niño emerging by May 2026—just ahead of the Northern Hemisphere rainy season—could also make discretionary funds more reluctant to add shorts in agricultural markets, as it raises the risk of broader weather disruption after nearly two years without major weather shocks.
- In London, funds had been positioned as the reverse image of NY—at a record net long—but have since liquidated around 40% of that exposure and are now closer to their average net-long level of recent years.

NY#11 net fund position

[thousand lots]



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