THAILAND SUGAR UPDATE REPORT

Q1 2021

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TABLE CONTENT

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KEY FINDINGS

2020/21 crushing season [End season: provisional figures]	
Total harvested cane = 66.7 Mt	↓ 10.9% y-o-y
Total sugar production = 7.57 Mttq	↓ 8.7% y-o-y
Sugar exports	
Q4 2020 = 0.83 Mt	↓ 70% y-o-y
Total 2020 exports = 6.10 Mt	↓ 39% y-o-y
Top 2020 destinations = Indonesia, Vietnam, Cambodia, South Korea, China	

[Jan 21 – Feb 21] = 0.53 Mt	[redacted]
Total estimated exports in 2021 = [redacted] Mt	[redacted]
Export prices	
Thai raws = [redacted] USD/t [Feb 21]	[redacted]
Thai whites = 429 USD/t [Feb 21]	↑ 25% y-o-y
Thai refined sugar = [redacted] USD/t [Feb 21]	[redacted]
Domestic sugar sales	
2020 domestic white sugar sales = 2.31 Mt	↓ 6.9% y-o-y
2020 domestic sugar sales [raws + whites] = 3.09 Mt tel quel	↓ 6.1% y-o-y
Climate data	
Lower temperatures witnessed over [Jan 21 – Mar 21] : [redacted]	
[redacted]	

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1 - Cane Crushing Campaign 2020/21

As anticipated before the start of the campaign and for the second time in a row, the 2020/21 season has been very disappointing for the country (provisional end-season figures for the 2020/21 Thai cane crush are summarized in the table below).

However, some positive signals emerged with cane burning only accounting for [redacted]% of the total harvested cane (against 50% in 2019/20). This situation seemingly helped to improve cane sugar content and sugar recovery rates which hit a historical high. From an industrial point of view, the increased proportion of green cane led to slower crushing pace at mills level which eventually resulted in a similar campaign length as last year.

Thailand cane crushing dashboard
[End-season: provisional data]

<table>
<tr><th></th><th colspan="6">2020/21</th><th colspan="6">2019/20</th><th colspan="6">Y-o-Y Variations</th></tr>
<tr><td rowspan="3">Total Harvested cane

[tons]</td><td colspan="6">66,658,812</td><td colspan="6">74,893,175</td><td colspan="6">↓ 11.0%</td></tr>
<tr><td colspan="3">Green</td><td colspan="3">Burnt</td><td colspan="3">Green</td><td colspan="3">Burnt</td><td colspan="3">Green</td><td colspan="3">Burnt</td></tr>
<tr><td colspan="6">[redacted]</td><td colspan="6">[redacted]</td><td colspan="6">[redacted]</td></tr>
<tr><td rowspan="3">Sugar production

[tons, tel quel]</td><td colspan="6">7,571,658</td><td colspan="6">8,294,329</td><td colspan="6">↓ 8.7%</td></tr>
<tr><td colspan="2">Raws</td><td colspan="2">Whites</td><td colspan="2">Specials</td><td colspan="2">Raws</td><td colspan="2">Whites</td><td colspan="2">Specials</td><td colspan="2">Raws</td><td colspan="2">Whites</td><td colspan="2">Specials</td></tr>
<tr><td colspan="6">[redacted]</td><td colspan="6">[redacted]</td><td colspan="4">[redacted]</td><td colspan="2"></td></tr>
<tr><td>Sugar recovery [kg sugar/t cane]</td><td colspan="6">[redacted]</td><td colspan="6">[redacted]</td><td colspan="6">↑ 2.5%</td></tr>
<tr><td>CCS</td><td colspan="6">[redacted]</td><td colspan="6">[redacted]</td><td colspan="6">↑ 1.8%</td></tr>
<tr><td>Molasses production [tons]</td><td colspan="6">2 762 010</td><td colspan="6">3,389,107</td><td colspan="6">↓ 18.5%</td></tr>
<tr><td>Nb operating mills</td><td colspan="6">57</td><td colspan="6">57</td><td colspan="6">=</td></tr>
<tr><td>Campaign start date</td><td colspan="6">10 Dec 2020</td><td colspan="6">01 Dec 2019</td><td colspan="6">10 days later</td></tr>
<tr><td>Campaign end date</td><td colspan="6">01 Apr 2021*</td><td colspan="6">29 Mar 2020</td><td colspan="6">2 days later</td></tr>
</table>

* provisional

Subscribers which package includes our THAI HARVEST UPDATE REPORTS have access to ALL regional detailed CRUSH DATA of the year in EXCEL format.

Simply connect on our website and retrieve the file using your login credentials.

Looking ahead and with both sugarcane and sugar output down respectively 11% and 8.7% this season, one can only expect a recovery next season. [redacted]

[redacted]

2 - SUGAR EXPORTS

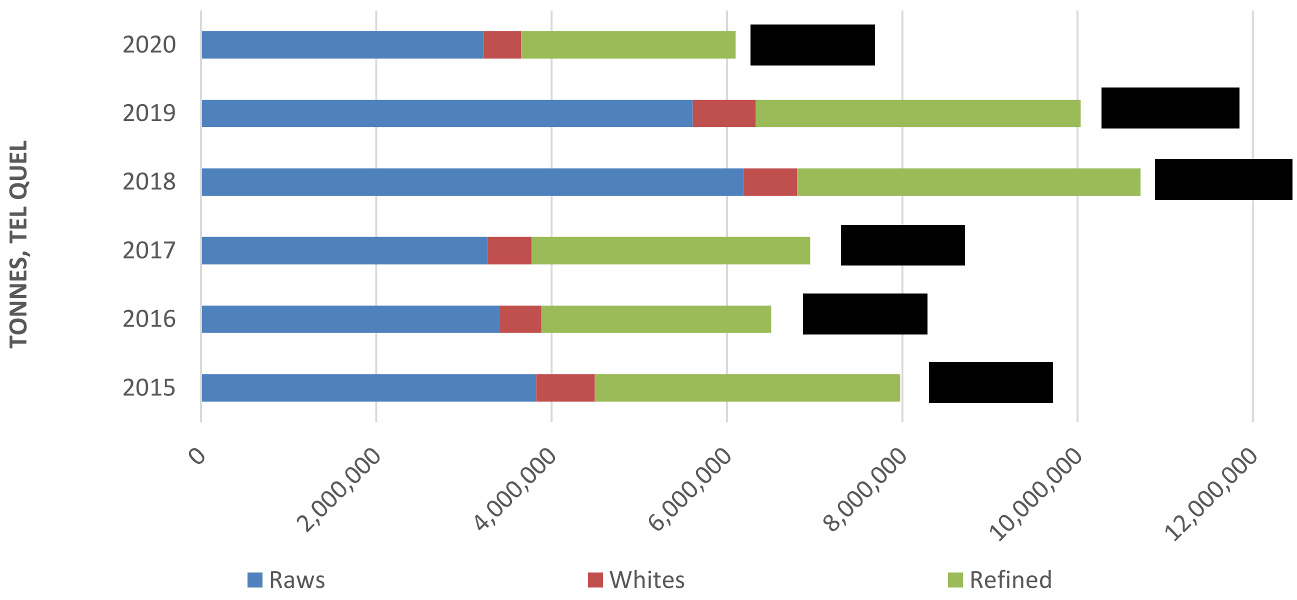
Thai sugar exports totaled a historical-low of 0.83 Mt over Q4 2020: down 27% from the previous quarter and 70% from the previous year. As illustrated on Table 1, raw export shipments literally collapsed while whites and refined sugar remained more resilient.

Table 1 - Thai sugar export volumes

[tons]	Raws	Whites	Refined	**TOTAL**
[redacted]				
Y-O-Y variation	**↓ 83%**	**↓ 44%**	**↓ 61%**	**↓ 34%**

Overall, this situation has led to about 6.10 Mt being exported in 2020: down 39% from a year ago (Graph 1).

Graph 1 - Annual Thai sugar export volumes

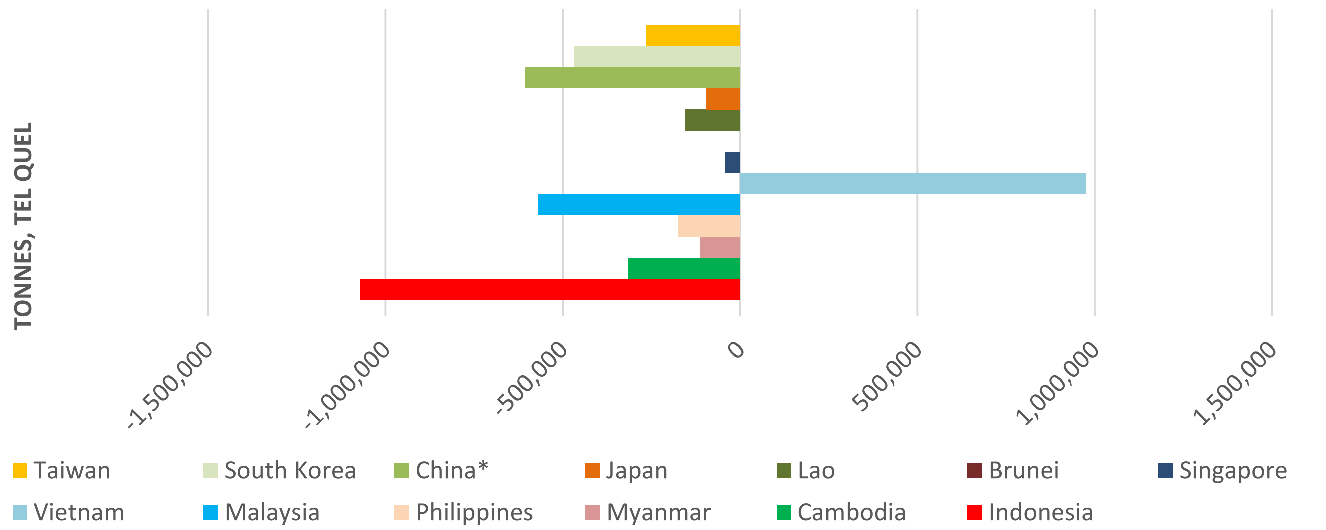


From a geographical point, ASEAN countries remained the main export destination for Thai sugar exports, accounting for respectively:

- [redacted]% of total Thai sugar exports,
- [redacted]% of Thai raw sugar exports,
- [redacted]% of Thai white sugar exports,
- [redacted]% of Thai refined sugar exports.

However, 2020 volumes shipped to ASEAN countries dropped more than [redacted] from a year ago following a sharp decline in exports destined to [redacted] and despite a remarkable increase in exports to [redacted].

Graph 2 - Thai sugar export destinations: annual Y-O-Y variations



* Considering the decline in Thai raw sugar exports to Myanmar and Taiwan - which are used as "satellites" for re-export to China, the "real" decrease of Thai raw sugar shipments to China is estimated to have totaled 0.98 Mt tel quel.

Traditionally the main destination for Thai raw sugar shipments, Indonesia [redacted].

Meanwhile, the decision of Chinese authorities to [redacted].

Graph 3 - Thai sugar export destinations

THE GRAPH HAS BEEN REMOVED

The continuous appreciation of the THB from [Apr 20] until [Feb 21] was also a factor that adversely impacted the competitiveness of Thai sugar exports on the international market (Graph 4) even though the current situation is now pointing towards a depreciation of THB in the near future.

[1] For additional details about the situation in India, please refer to our monthly and quarterly INDIAN SUGAR UPDATE REPORTS.

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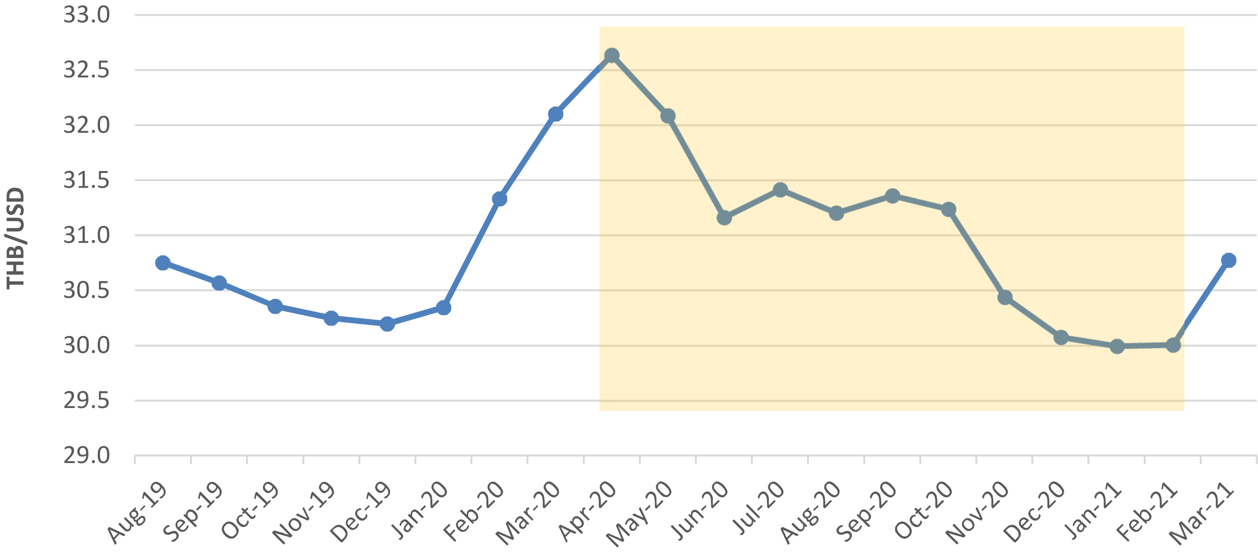
Graph 4 - THB / USD average exchange rate: monthly basis



As for 2021, exports for the first two months of the year totaled [redacted]

Looking ahead, the situation is not expected to significantly improve before the start of the next season although we foresee monthly export volumes to average [redacted] [Dec 21].
Brazil, Australia as well as India (which could allow additional exports for the remaining of 2020/21[2]), will continue to actively compete on Asian destinations in coming months.

From a geographical point of view, the decision – in February 2021 - of Vietnam[3] to [redacted].

Overall and taking into consideration our impact factors list (Table 2), we currently anticipate 2021 Thai sugar exports to range between [redacted].

[2] For additional details about the situation in India, please refer to our monthly and quarterly INDIAN SUGAR UPDATE REPORTS.
[3] For additional details about the situation in Vietnam, please refer to our quarterly ASEA REPORTS.

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Table 2 - Impact factors for 2021 Thai sugar exports

Factors	Impact on the 2021 export dynamics
Depreciation of THB against USD	[+] Improved competitiveness of THB exports on international sugar markets
[redacted]	[redacted]
New waves of Covid infections	[+/--] Negative impact on domestic industrial sugar consumption in Thailand but also in the rest of the world [-] Logistical "slowdown" with possible bottlenecks in ports (at origin and destination)

3 - Domestic & Export Sugar Prices

Since October 2019, domestic sugar prices at retail level are no longer subject to the "Cane and Sugar Fund" contribution. Consequently, Thai millers' revenues from sugar sales are purely and simply equivalent to revenues from domestic sugar sales without any CSF contributions to be deducted. Things are then a lot easier to follow now.

From a growers' perspective, cane price is indexed on the following retail values for sugar sales:

- 17.25 THB/kg (VAT included) for whites,
- 18.25 THB/kg (VAT incluretail) for refined sugar.

Meanwhile and in line with international sugar market trends, average Thai sugar export prices recovered. By the end of [Feb 21]:

- Raws were traded at [redacted] USD/t
- Whites were traded at 429 USD/t
- Refined were [redacted] USD/t (Graph 5).

However, the positive impact of this recovery remains limited as sugar export shipments remained sluggish over the past few months (Table 3).

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Graph 5 - Thai sugar export prices

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Table 3 - Export prices classified per type of sugar

	Raws [USD/t]	Whites [USD/t]	Refined [USD/t]	Total export volumes [t]
Feb 20	[redacted]	[redacted]	[redacted]	[redacted]
Mar 20	[redacted]	[redacted]	[redacted]	[redacted]
Apr 20	[redacted]	[redacted]	[redacted]	[redacted]
May 20	[redacted]	[redacted]	[redacted]	[redacted]
Jun 20	[redacted]	[redacted]	[redacted]	[redacted]
Jul 20	[redacted]	[redacted]	[redacted]	[redacted]
Aug 20	[redacted]	[redacted]	[redacted]	[redacted]
Sep 20	[redacted]	[redacted]	[redacted]	[redacted]
Oct 20	[redacted]	[redacted]	[redacted]	[redacted]
Nov 20	[redacted]	[redacted]	[redacted]	[redacted]
Dec 20	[redacted]	[redacted]	[redacted]	[redacted]
Jan 21	[redacted]	[redacted]	[redacted]	[redacted]
Feb 21	359	429	443	[redacted]
[Feb 20 - Feb 21] Variation	**↑ 24%**	**↑ 25%**	**↑ 25%**	

Looking forward, export prices should continue to climb up driven by the uncertainties about the size of the 2021/22 Brazilian harvest (Apr/Mar basis).

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4 - DOMESTIC SUGAR CONSUMPTION

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5 - Climate Data

Graph 9 presents the accumulated amount of rainfalls recorded since the beginning of the 2020-21 crushing campaign[4].

Compared to a year ago, the situation:

- is similar in the Eastern region,
- has improved in the Northeast region which accounts for [45-50]% of the total cane output of the country,
- deteriorated in the Northern and Central regions.

As a consequence and although it is still too early to draw any firm conclusions (the "rainy" season which usually lasts from May until October could indeed alleviate the current situation), it looks as if the Northeastern region has some potential for a recovery in cane yields per ha.

Overall and in our opinion, the idea of a 2021/22 cane output [redacted].

[4] [Dec - Nov] basis

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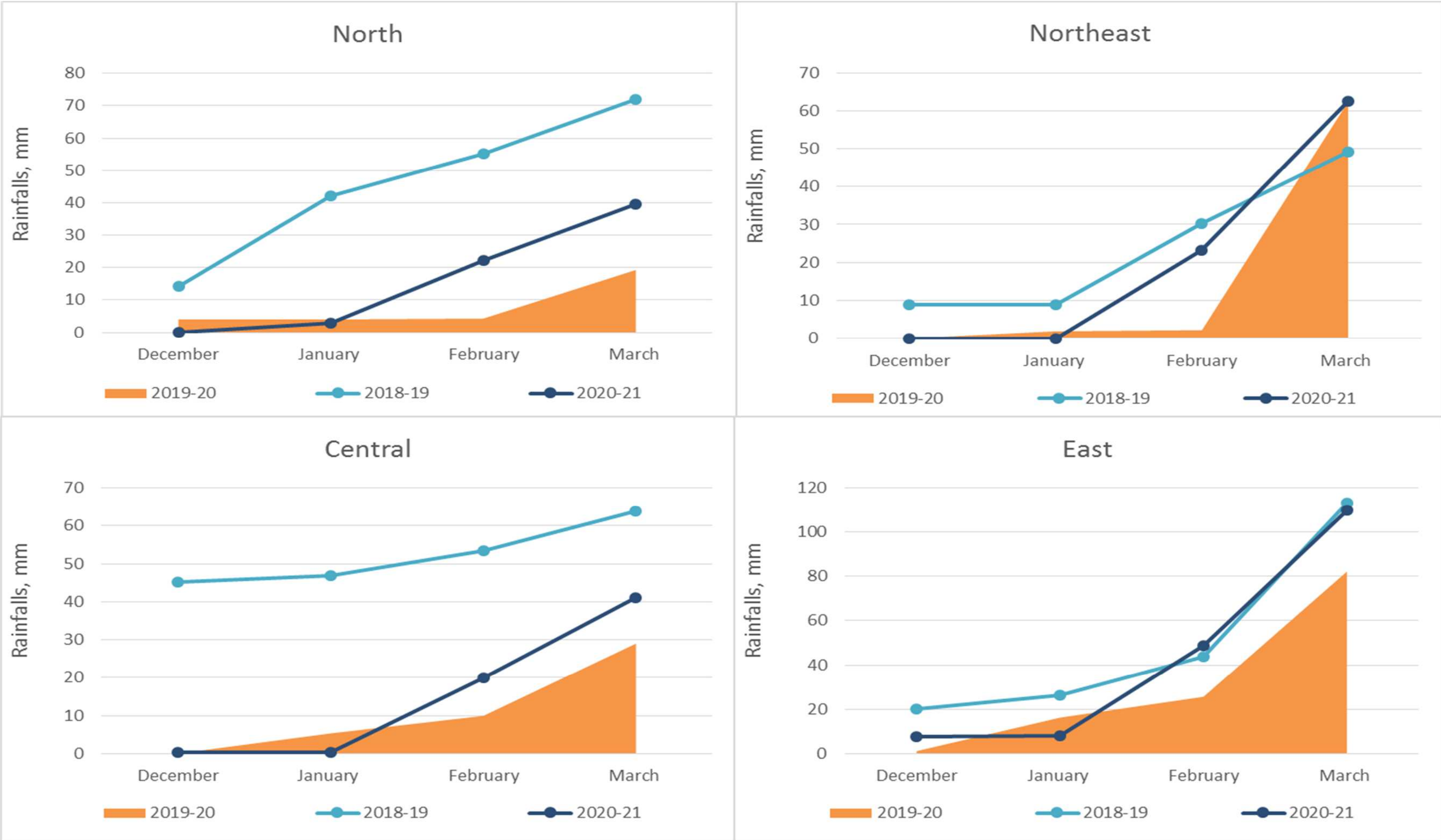
Graph 9 - Accumulated rainfalls in major cane regions



Meanwhile, mean temperatures recorded over [Dec 20 – Mar 21] (Table 5) have been lower than in 2018/19 and 2019/20 (to a lesser extent though). This could eventually prove to be [redacted] for the upcoming season.

Table 5 - Mean temperatures (in ^{o}C) in major cane regions

Northern			Northeast			
2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	
24.8	[redacted]	[redacted]	25.9	[redacted]	[redacted]	December
24.2	[redacted]	[redacted]	25.1	[redacted]	[redacted]	January
25.8	[redacted]	[redacted]	28.5	[redacted]	[redacted]	February
28.3	[redacted]	[redacted]	30.2	[redacted]	[redacted]	March
31.3	[redacted]	[redacted]	31.4	[redacted]	[redacted]	April
30.9	[redacted]		29.8	[redacted]		May
29.2	[redacted]		30.0	[redacted]		June
28.5	[redacted]		29.3	[redacted]		July
27.3	[redacted]		28.1	[redacted]		August
27.6	[redacted]		27.8	[redacted]		September
27.8	[redacted]		28.2	[redacted]		October
25.9	[redacted]		26.1	[redacted]		November

Central			Eastern			
2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	
27.7	[redacted]	[redacted]	28.2	[redacted]	[redacted]	December
27.0	[redacted]	[redacted]	27.5	[redacted]	[redacted]	January
29.4	[redacted]	[redacted]	29.0	[redacted]	[redacted]	February
30.5	[redacted]	[redacted]	29.6	[redacted]	[redacted]	March
32.1	[redacted]	[redacted]	30.8	[redacted]	[redacted]	April
31.1	[redacted]		30.3	[redacted]		May
29.9	[redacted]		29.5	[redacted]		June
29.4	[redacted]		29.2	[redacted]		July
28.4	[redacted]		28.7	[redacted]		August
28.4	[redacted]		28.1	[redacted]		September
29.1	[redacted]		28.7	[redacted]		October
27.8	[redacted]		28.0	[redacted]		November

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