Research

Monthly Sugar Note

28h November 2025

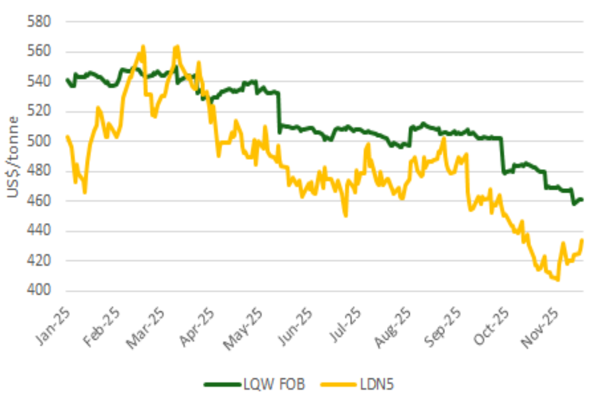
Markets

The sugar market may have found a floor in November. During the first week of the month, the NY11 front-month contract dropped to 14.11c/lb—the lowest level in the past five years. However, over the past weeks, the market has shown signs of support, edging past 15c/lb. While bears remain focused on strong crop projections for the 2025/26 season and recent policy moves by the Indian government, bulls are re-entering the market. They cite concerns over the tail end of Brazil's Centre-South (C/S) crop and hope that upcoming decisions by the Indian government will create a more favourable environment for prices.

Bears have a compelling case though, arguing for a global surplus of 3–6 million metric tons (mmt) for the 2025/26 season (October–September). Both India and Thailand are expected to post large crop increases, and Brazil's C/S region is still on track to deliver a solid output. Meanwhile, global sugar stocks are rising, driven by the low prices seen in recent months. China is the primary contributor to this inventory build-up, though India could also add to global stocks, depending on how prices evolve in the coming months.

Figure 1: NY11 front month contract

Figure 2: Indian export parity



Source: Reuters and ED&F Man Commodity Research

As of the end of October, Brazil's C/S had crushed 556 mmt of cane—about 10 mmt less than at the same point last season. Nevertheless, with a sugar mix near 52% (up from 48.6% last year), sugar production has reached 38.1 mmt, roughly 600 kt ahead of last year. At this stage, there is little doubt about the overall abundance of the Brazilian crop. However, with wetter weather forecast in the coming weeks and 74 mills already closed for the season (compared to 40 at this time last year), the outlook for the final stretch of the harvest is becoming more uncertain. This has led some analysts to revise their projections downward, with total production potentially falling below 40 mmt—raising the market's dependence on Indian sugar exports.

India saw significant developments in recent months. It began with the announcement of cane-ethanol allocations to the Indian Oil Marketing Companies, which implied a sucrose diversion equivalent to 3.6mmt of sugar, around 1mmt less than the market had expected. This shortfall suggests India will have more sugar available for export. After two weeks of speculation, the government then confirmed an export quota of 1.5mmt, likely the main driver behind the market's recent decline. All of this has been favourable for the bears, but the tone may be about to change in the days ahead.

As with exports, there has been considerable speculation around a potential increase in the Minimum Support Price (MSP) for sugar in India—from INR31/kg to INR35–36/kg. Such a measure would make it more difficult for Indian sugar to compete in the global market. While the move would help mills avoid financial losses and improve their ability to pay government-fixed prices to millions of cane growers, it would also further disconnect Indian sugar from world market pricing. Nevertheless, Indian exports remain crucial, especially if Brazil's crop ends with a short tail.

Thailand's crop outlook has also become less optimistic than it was a couple of months ago. Heavy November rains have flooded fields across much of the country's cane-growing region, dragging yield projections lower. At the same time, concerns over white leaf disease persist, with producers in the Northeast reporting that roughly 30% of the crop is affected — another factor likely to reduce yields. Overall, cane production may fall short of 100mmt.

The NY market's net short fund position also warrants attention, as it will need to be covered before the March contract expires at the end of February. Although the conclusion of the U.S. government shutdown has allowed COT reports to start being released again, delayed reporting means we may not be get an up-to-date picture until late January. Still, recent price improvements have likely been contributing to a reduction in net speculative positions.

To summarize, the sugar market appears to be nearing a balanced condition in the short term, with several factors suggesting prices could find near-term support and potentially increase. Specifically, realizing Indian sugar exports will require a higher price, while speculators are likely to provide additional support for quotes. Meanwhile, the final Brazilian crop figures could introduce some short-term price volatility. Once these near-term factors are resolved, the underlying surplus will become apparent, creating a challenging environment for sugar producers throughout the remainder of 2026.

Fundamentals

- **Brazil C/S**: Centre South production up to the end of October reached 556mmt (-2% YoY), with ATR at 138.3Kg/t (-3% YoY) and sugar mix at 52.0% (vs 48.6% LY), resulting in sugar production of 38.1mmt (+2% YoY). CS mills are reaching the final weeks of their season and should finish production earlier this year. Up to Oct 31st, the volume of cane processed is close to 95% of the market estimate for the whole season. The main highlight for October was a steep drop in the sugar mix to 47.2%, compared to 52.4% in September, but still slightly above last year (46.7%). This was a combination of wet weather, which reduced the mix, but mostly an intentional shift in the production mix towards ethanol given the price dynamics favouring it. During October, NY FOB Santos registered an average price of 15.2c/lb, while hydrous ethanol was 16.0c/lb in sugar equivalent. Wet weather in October and early November have improved soil moisture to above average levels, providing a great start to the cane development window for the 26/27 season.

- **India:** India produced 1.14mmt of sugar as of November 15, compared to 0.80mmt during the same time last year. Production increased mainly because of an early start of Maharashtra's sugar factories, which produced 1.05mmt of sugar (vs. 0.71mmt last season). Preliminary input from millers indicates that agri-yields are lower than previous estimates in Maharashtra. We will get a clear idea once the season progresses further. Recently, the Government of India allowed 1.5mmt of sugar exports. Any mill that has operated during the past 3 seasons has been allocated 5.3% of its average sugar production over those years. The mills not willing to export have until end Mar 26 to either surrender or exchange their export allocation for domestic sales allocation with another mill. All exporting mills have until end-Sept 26 to meet their export allocation. Domestic sugar market prices are currently trading in the range of INR 37,600-38,000/tonne in the Central-Western states, and INR 38,500-39,500/tonne in the Northern region. This is about $50 below World Prices, keeping Indian sugar away from exports. Local prices should drop further as the crop gains traction. Thanks to this year's favourable monsoons, reservoir levels are nearly full, and groundwater conditions have improved significantly. With strong pre-seasonal planting intentions from October to January and current trends, we anticipate an increase in acreage for 26/27 in Central-West India.

- **Asia:** Thailand has experienced persistent rains throughout November due to the recent typhoons, with monthly rainfall levels exceeding 50mm in Eastern and Northeast regions, while those of the Northern and Central regions have exceeded 100mm to date. Rainfall in North and Northeast regions is exceptionally high, up by 838% and 1806% from average, which is an unusual occurrence as rains are expected to be minimal towards end of year, to less than 30mm. Waterlogging appears to be serious in the Northern region, with cumulative rainfall at 1534mm to date (vs 1160mm in 2024), raising concerns over lowered agricultural yields for the 25/26 crop. Millers in the North have reported risks of delayed crushing due to flooding in low-lying areas, which may pose accessibility issues for cane-cutting machine. In the Northeast, White Leaf Disease is reported to be serious, especially in main regions Khon Kaen, Maha Sarakham, Udon Thani and Kalasin, with over 30% decrease in agricultural yield. Several farmers have mentioned that this year's outbreak is the most serious seen in their careers. Demand remains subdued throughout Asia with barely any regional Raws demand. In China, the Chinese government has suspended imports of premix and liquids under HS Code 2106 on 27th October, which has been the main code used following the suspension of HS Code 1702 in end 2024. There has been no official letter issued by the government yet, and we await further developments.

- **US:** The November WASDE report has been released following the end of the government shutdown. Several changes on the estimates were announced, which ended up reducing the ending stocks of the 25/26 crop, but in the meantime, the 24/25 season ended with even higher stocks than previously projected. Increases in the 24/25 beginning stocks, production and imports, mostly TR2, were partially offset by an increase in demand. For 25/26, the main highlight is a drop in the production estimate of 136k MTRV to a still strong production of 8455k MTRV. Imports were also revised up, mostly due to TR2 already registered in the initial months of the season. Domestic demand was up by 101k MTRV, following increases in the TR2 numbers. Despite the increase, the demand is still 434k MTRV lower than 24/25 (mostly due to lower TR2 and overall consumer lower intake - explained by the high use of weight loss drugs). The STU is now projected at 15.0%, down from 16.2% in September, moving closer to balance, yet still above average.

- **Mexico:** The 2025/26 harvest has begun, with Conadesuca reporting that the first mill started operations on Nov 8th. A total of 21 out of 47 mills are expected to start by the end of the month. Conadesuca's initial estimate is for production to reach 5.3mmt. While widespread rains throughout the year initially supported crop development, excessive rainfall, particularly in central and eastern Mexico, led to some acreage loss and lower sucrose levels. With this production outlook and high beginning stocks, Mexico should have around 800kt of export availability. As the US quota is currently limited to only 188kt, Mexico is expected to export more than 600kt to the world market, slightly above the 590kt exported during the 2024/25 season.

- **Centrals:** With the 2025/26 crop now underway, the focus has shifted to the harvest progress and the beginning of the exports campaign. While rainfall volumes have been strong in recent months, supporting crop development, the Centrals has experienced excessive rains that could negatively impact production through potential sucrose losses.

- **CIS:** Russia's sugar exports dropped sharply in early November, projected at just 45,000 mt for the month due to rail logistics issues, down from 120,000 mt in October. The harvest was 92% complete by November 11, with 44.5 mmt of beet collected—2 mmt more than last year—though lower sugar recovery reduced output to 3.646 mmt. Ukraine has produced 880,000 mt of sugar so far, with Ternopil leading in yields and output expected to reach 240,000 mt. The EU allocated Ukraine a 46,600 mt export quota for 2025, with a new trade deal raising the duty-free limit to 100,000 mt. Across the EAEU, sugar output reached 4.27 mmt by November 10. Belarus is nearly finished harvesting 5.62 mmt of beet, while Kyrgyzstan's output is expected to halve to 500,000 mt due to poor weather, with sugar production forecast at 60,000 mt—enough to meet 60% of domestic demand.

Focus – EU

Crop development across Europe is progressing very well, supported by favourable weather that has generally created ideal harvesting conditions. The main exception is Poland, where persistent rainfall has caused delays and complications during harvest. In France, the Ministry of Agriculture has revised its 2025/26 beet production estimate from 34.2 MMT down to 33.7 MMT. Despite this reduction, the updated figure remains 3.5% higher than last season's output and 8.7% above the five-year average, indicating that overall performance remains strong. Austria is also reporting excellent crop conditions, with yields reaching 78 mt/ha and sugar content at approximately 16.2%. Meanwhile, in the UK, NFU Sugar noted considerable regional variation in beet quality, largely due to uneven rainfall distribution. This variability has made it difficult to accurately assess the final size of the crop, and looking ahead, the agency expects a reduction in beet area for the 2026/27 season, influenced by lower prices and weather patterns encouraging farmers to shift toward other crops.

Across the EU, production estimates have increased compared with last month and are now projected between 17 mmt and 17.2 mmt. This increase has contributed to a decline in spot prices across the region. Given the substantial rise in expected production for 2025/26, and despite a 10% decrease in beet acreage in 2025/26, producers continue to highlight the need for further reductions in planting. In Belgium, Tiense Suiker has requested that farmers reduce their beet area by 25%. Südzucker is offering farmers with existing 2026 contracts a EUR 10 premium on their 2027 contracts if they agree to cut their 2026 contracted area by at least 15%. In Poland, KGS has lowered contract volumes by 10%, with beet prices set at EUR 32/MT.

The general market sentiment is that the EU crop will see another decline next season, shifting the balance away from the current surplus and toward a more stable or even slightly deficit position. As a result, most of the existing stock is expected to be utilised in the coming season, helping bring overall supply and demand into equilibrium.

Figure 3: EU/UK Production and area changes YoY

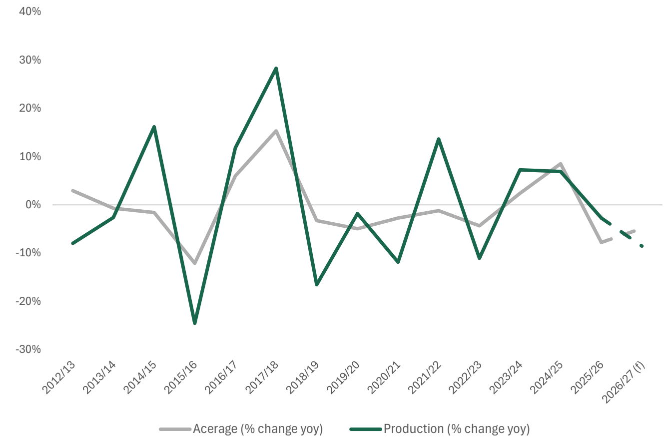
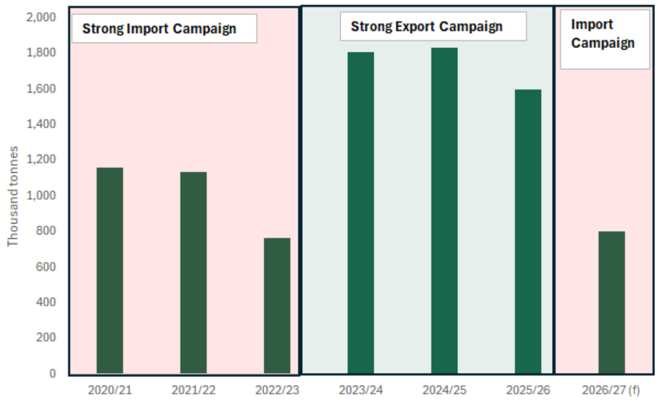


Figure 4: EU/UK sugar exports



Source: Eurostat and EDF Man Commodity Research

On the trade front, sugar export volumes in September rose from the previous low of 96 kmt to 125 kmt, suggesting that Q4 could shape up to be a strong export quarter. Total exports for the EU and UK in the 2024/25 season closed at 1.95 mmt, marking another year of robust export performance. Regarding imports, approximately 2 mmt of sugar across all qualities entered the EU in 2024/25. For 2025/26, import expectations remain firm, with estimates ranging between 2.1 mmt and 2.3 mmt. The EU government has allocated a 46,600 mt export quota to Ukraine for 2025, while the new EU–Ukraine trade agreement increases the annual duty-free quota to 100,000 mt, including 46,626 mt available for the remainder of 2025 which has already been assigned to producers. Considering this information, the key question now is how EU producers will manage the current surplus and how effectively they can reduce planting levels for the next season.

EU sugar producers are under severe pressure to maintain profitability due to high production levels within the bloc and persistently low EU and world market prices. Südzucker's operating profit fell by nearly 85% in early 2025 as its sugar division shifted from profit to loss, Nordzucker reported sharp earnings decline as prices continued to tumble, and Tereos warned that weak prices and soft demand would weigh on margins through 2025/26. In response, producers have sent strong signals to curb output, with Südzucker introducing a voluntary reduction in contracted volumes for the 2026/27 campaign, coupled with a €10 premium for 2027/28. These incentives are expected to encourage acreage reduction and ultimately help lower EU sugar production, though the extent will depend on grower participation.

Macro

November was a volatile month for macro sentiment, with ambiguity over US tariffs and the prolonged US government shutdown superseded by concerns over whether another Federal Reserve rate cut was in order and the bubble-like overvaluation of the AI and tech sector companies. The dollar fared quite well over the month, as a lack of visibility on

US economic data (due to the shutdown), coupled with a more hawkish outlook over US interest rates - following Fed Chair Powell's comments last month that a December rate cut was not a forgone conclusion - provided support. A sharp weakening of the Japanese yen, stemming from a large fiscal expansion plan by the new prime minister, also helped the dollar.

However, in the second half of the month, the re-opening of the US government allowed some data to filter out, including the all-important US non-farm payrolls. Whilst only covering September data, what transpired was that the US labour market has been softening. And although inflation risks are still very much there, the markets have reacted to this (along with a bunch of Fed speakers) toby rethinking their rates expectations. At present the market is pricing in an 80% probability that the Fed will cut rates by 25bp next month, which in turn, has sparked renewed optimism across markets.

Figure 5: Equities tumbled in November

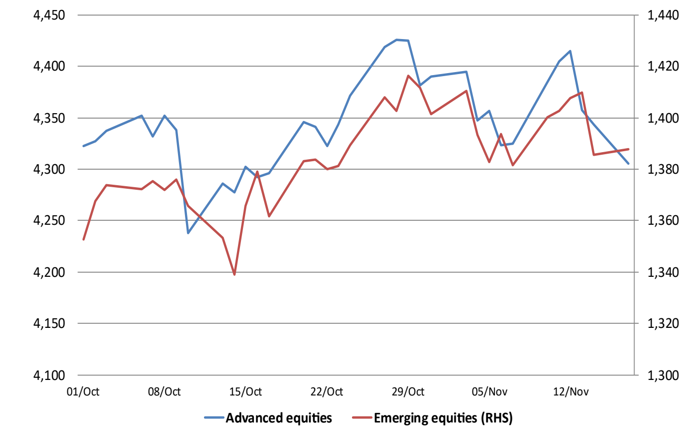
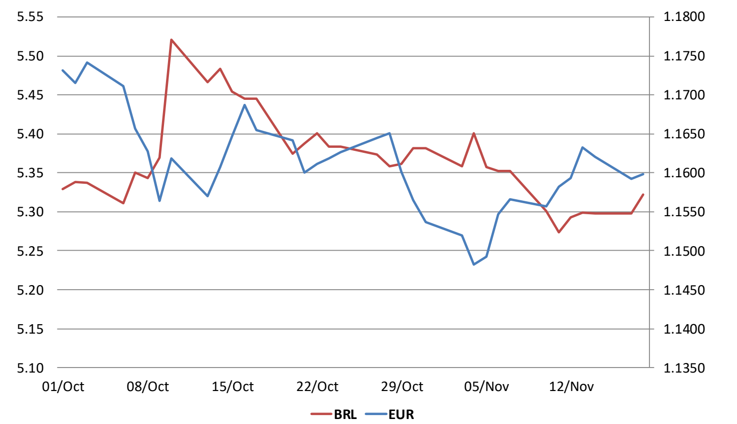


Figure 6: The BRL managed to gain somewhat



Source: Reuters, ED&F Man Commodity Research

November saw a flurry of trade deals and tariff exemptions for commodities such as coffee and bananas (that are not grown in the US), suggesting we are likely now close to peak tariffs now. Affordability is a buzz word that the US president is increasingly cognisant of now, and may start driving some of his policy direction henceforth. The trade deals, coupled with still strong growth emanating from the tech/AI boom, should offset slowness elsewhere. Many banks now see the probability of a goldilocks US growth environment during 2026.

Commodities were choppy over the month, with softs moving alongside tariff and weather news, whilst crude oil was on balance weaker. The latter has been reacting to supply demand fundamentals that are set to loosen this quarter and next, as OPEC+ restarts some production, as well as due to advances in peace talks between the Ukraine and Russia. In currencies, we saw strong performance from the BRL, which strengthened to as much as 5.27 vs the dollar, before giving some gains away as the USD recovered. Positive trends in the battle to tame Brazilian inflation due to tight monetary conditions (the selic rate remains high at 15%), have led to compelling carry trade returns for the BRL. However, with Lula gaining in popularity, any fiscally irresponsible announcements ahead of the 2026 elections could reinject volatility to the Brazilian currency.

Prices Tab

New York #11					**London #5**				
(cents/lb)	25-Nov	31-Oct	% change		*($/tonne)*	25-Nov	31-Oct	% change	
Mar (26)	14.91	14.43	3.3%	↑	Mar (26)	427.9	410.8	4.2%	↑
May (26)	14.45	14.05	2.8%	↑	May (26)	423.5	407.3	4.0%	↑
New York #16					**White Premium**				
(cents/lb)	25-Nov	31-Oct	% change		*($/tonne)*	25-Nov	31-Oct	% change	
Jan (26)	33.50	34.00	-1.5%	↓	Mar/Mar	99.2	92.7	7.0%	↑
Mar (26)	33.50	34.00	-1.5%	↓	May/Mar	94.8	89.2	6.3%	↑
Macro					**Currencies**				
Indicators	25-Nov	31-Oct	% change		*Against US$*	25-Nov	31-Oct	% change	
CRB	294.4	302.5	-2.7%	↓	Euro (EU) *	1.157	1.153	0.3%	↑
Gold	4,130	4,002	3.2%	↑	Pound (GB) *	1.317	1.315	0.1%	↑
Brent Oil	62.48	65.07	-4%	↓	Real (Brazil)	5.381	5.374	-0.1%	↓
Baltic Dry	2,309	1,966	17%	↑	Rupee (India)	89.13	88.74	-0.4%	↓
Handysize	818	847	-3%	↓	Rouble (Russia)	78.87	80.80	2.4%	↑
					(* rate is US dollars per FX)				

This report does not constitute advice and should not be treated as such. The report does not contain recommendations regarding any investment strategy, security or commodity, or an offer or solicitation to buy or sell either commodities or securities. Should you seek to rely upon any of the content of this report, you do so at your own risk. While we have taken reasonable steps to ensure the accuracy of the information contained in the report, we do not give any warranty or representation of any kind as to its accuracy and/or completeness. We do not accept any liability for any loss or damage arising from any inaccuracy or omission in, or the use of or reliance on, the information in this report. © ED&F MAN 2025