Monthly Sugar Note

28h January 2026

Markets

Sugar market sentiment at the start of 2026 has largely mirrored that seen at the end of 2025. While Northern Hemisphere crops continue to develop, the broader macro backdrop has become increasingly volatile, with the risk of a new trade war looming amid the Greenland dispute between Europe and the US. Absent a near-term resolution, downside pressure on equities and commodities is likely, whereas gold could emerge as a relative outperformer.

Brazil C/S has virtually concluded the 25/26 crop. Total cane crush reached 600mmt, nearly 15mmt lower than the previous season. The sugar mix, which began the season heavily sugar-oriented, reversed course in the final months, finishing at 50.8%—still above last season's 48.2%. ATR levels struggled to exceed last year's average of 141.5 kg/tonne, closing the season at 138.4 kg/tonne. Overall, C/S sugar production totalled 40.2mmt, nearly 1% higher year on year. These figures may edge slightly higher in the coming weeks, as a small number of mills have yet to officially conclude the harvest.

With the end of the Brazilian C/S crop, the market pays attention to the weather in the Centre South and the export pace of Brazil. The former has been good in the end of 2025 but not ideal in 2026, especially in Sao Paulo state. For the time being, soil moisture is positive but any dry conditions in the next weeks may require reduction in the cane figures projected in the season 26/27. At the moment, the market foresees values in the range of 620-630mmt. Regarding the exports, January sales have been very strong which may take Brazil to low stocks, supporting cash values in the past weeks.

Figure 1: Brazil C/S – Cumulative rainfall since Oct/25

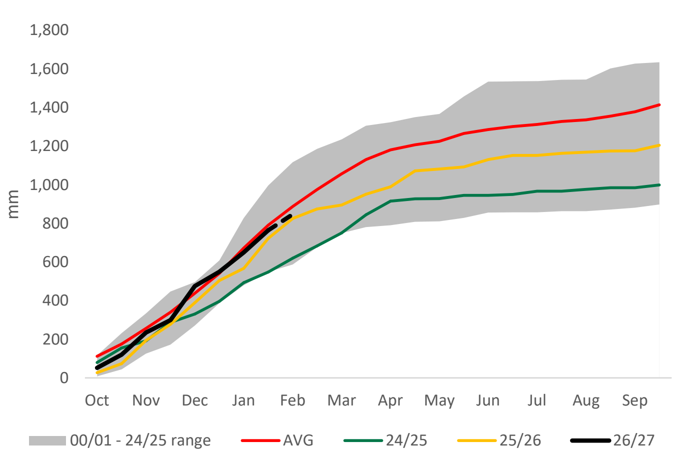
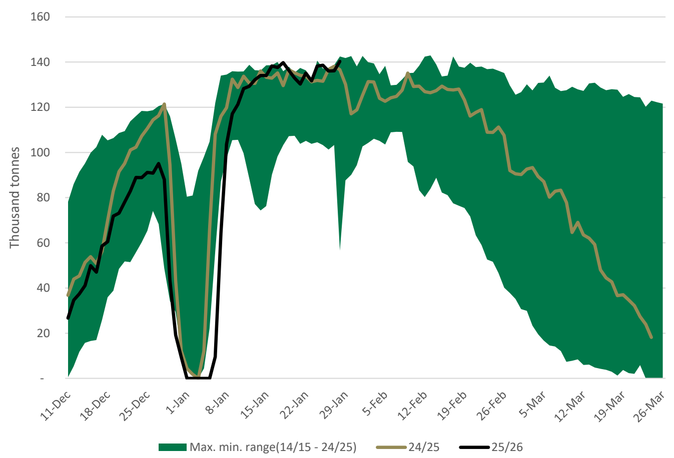


Figure 2: Thailand – Daily sugar production



Source: Reuters and ED&F Man Commodity Research

Northern Hemisphere crops show mixed signals. As of January 15, India's sugar production totalled 15.9 mmt, up 21.6% year on year. Despite these strong figures, market rumours suggest the possibility of sudden crop losses in southern India, which could cap total production at around 30mmt, approximately 1–2mmt below current market expectations. Exports remain sluggish due to weak world prices. Of the 1.5mmt export quota approved by the government in October, only 200 kt has been shipped so far, mainly to Southeast Africa. Meanwhile, rising stocks are likely exacerbating millers' arrears to farmers, increasing pressure on the government to raise the Minimum Support Price, currently set at INR 31,000 per tonne. Higher domestic prices would further dampen India's export appetite but could lend support to world sugar prices.

Thailand crop evolution has been lower than expected. The country started the season with production expected close to 11mmt but given the low pace of the season and the higher allocation of cane to ethanol, Thailand may not produce more than 10.5mmt, still about 800kt higher than the crop 24/25. As of January 19th, sugar output is close to 3.2mmt, 16% lower YoY.

Mexico and Centrals are showing higher cane yields when compared to the past year. The former is still behind the past season due to a late start and some unfavourable weather conditions while the latter is ahead of the past season. Mexico World Market exports are yet to be presented given the low US quota. On the other hands, Centrals have been very active in the whites market after the December expiry when the region presented close to 260kt in the tape.

The European region also deserves attention. The EU and UK posted a solid crop despite reduced planted area, with final production figures now expected to come in only around 600 kt below last season, rather than the 1.0mmt decline anticipated earlier. Similar dynamics were observed in Ukraine, where production is estimated at around 1.7mmt—just 100 kt lower year on year—despite a planted area reduction of 50,000 hectares. In Russia, early-season dryness is expected to limit output to approximately 6.5mmt, around 300 kt below last year. All in all, crop progression in the North Hemisphere.

Overall, recent developments in India, Thailand, and Brazilian weather warrant a degree of caution. Nevertheless, based on current data, global sugar trade flows are expected to remain comfortable throughout 2026, limiting the upside potential for NY11 prices.

Fundamentals

- **Brazil C/S**: C/S production up to the end of December has reached 600mmt (-2.3% YoY) with ATR at 138.4Kg/t (-2.2% YoY) and sugar mix at 50.8% (vs 48.2% LY), resulting in sugar production of 40.2mmt (+0.9% YoY). Most of the C/S mills have already finished their season and the last ones should finish in the next few days. Despite the wet weather and the low number of mills running, December crush was stronger than anticipate which should take total sugar output close to 40.5mmt at the end of the season. Summer rains rains have been reasonable so far, still, the current good levels of soil moisture and good forecast for February should sustain a good production for the next season. Market estimates crush volumes close to 620mmt, and mix under 50%.

The lower mix is expected especially at the beginning of the season, when ethanol stocks should still be at very low levels, especially with some frustrating corn ethanol production, potentially keeping ethanol prices at better levels than sugar.

- **India:** India produced 15.9mmt of sugar as of January 15, compared to 13mmt during the same period last year. This rise is mainly due to an early start of sugar factories in Maharashtra and higher cane availability compared to last year. With the current pace and higher cane availability, sugar production in the remaining four to five fortnights is expected to be 20 to 22 percent higher YoY. Currently, 518 mills have commenced crushing operations, with 20 to 25 mills expected to close by the end of January. Early indications from a few pockets of Maharashtra suggest that some mills may close earlier than expected, which could result in a slight downside of the production. For the time being, only 275kt has been traded, out of the exports quota of 1.5mmt. There are strong rumours of a Minimum Support Price (MSP) hike to 37.5 to 38/Kg from the current 31 rupees. As a result, domestic prices have risen by 400 to 500 rupees due to expectations of an MSP hike. Favourable monsoon conditions have resulted in nearly full reservoir levels and improved groundwater availability. Strong pre-season planting intentions from October to January and current trends suggest increased acreage in Central-West India.

- **Asia:** Thailand cane crushing started slower than expected, with key metrics failing to keep up with those of previous season's during the first 2 weeks of January, before a gradual recovery in the second half of the month. Major disruptions such as the border conflicts with Cambodia since the start of crush in December, and the mandatory mills closure from 29 Dec to 4 Jan have inadvertently slowed down the early crushing progress. As of 20 Jan 2026, all 58 mills are operational, with approximately 32.8mmt cane crushed, 16% lower compared to same period last season. Sugar yield follows similarly to last year's on average, and we may expect possible downsides at the tail of the crop due the slow crushing start. Thailand's sugar to ethanol diversion has also significantly increased this season to 671kmt, as compared to last year's 43kmt. This is largely attributed by the surge in Thailand ethanol exports to Philippines, with Philippines' rising ethanol consumption for road fuel blending. Region-wise, the Northern and Northeast regions have seen larger impacts, seeing close to 20% lower for both total cane crushed and sugar production compared to last season. The Eastern region's performance was the most affected, with 28% lower cane crushed and 25% lower sugar production YoY, though sugar yield has increased by 4%. On the demand front, Thailand lineups are still slowly picking up, especially for Indonesia. The earlier expectations for the 25/26 Australia crushing have also faded due to a series of delayed harvests for 1 to 2 weeks from the heavy rains in the Far North, which resulted in some cane damage.

- **US:** The January WASDE report came out with small changes on the US SnD resulting on another increase on ending stocks. Production estimate is up mostly in Louisiana after the release of the most recent processors' forecast. It was offset by a TR2 imports reduction to reflect the sugar equivalent of molasses imported by refiners as input in the refining process. Exports were down, back to historical levels, as no significant volume is expected for Mexico this season. All in all, STU are now projected at 15.7%, slightly higher than the 15.2% estimated in the December report. Although this is a reduction on stocks from the 19.9% STU projected in the end of 24/25 season, it still indicates an oversupplied market.

- **Mexico:** The 25/26 harvest is picking up, but an important delay remains. Up to Jan 10th, the production numbers reported by Conadesuca shows a cumulative sugar output of 773kt, about 130kt below last year's production. The sample is still relatively small, about 15% of our acreage estimate harvested so far, but both agricultural and industrial yields are showing exceptional results YoY. Given the high beginning stocks, and very low, only 188kt, US quota, exports to the WM can surpass 600kt and the first few vessels to WM destinations have appeared with vessels moving to Morocco.

- **Centrals:** The harvest of the 25/26 crop is already ongoing, and the production figures have so far been good. Guatemala production up to Jan 11th reached 850kt, 11% more YoY while the crush is only 8% ahead of the previous year pointing to good agricultural and industrial yields. El Salvador crop also presenting good numbers and up to Jan 18th, crush was 11% ahead of last year with an 8% growth in agricultural yields and 3.5% growth on sucrose, resulting on sugar production 15% above last year.

- **EU/UK:** The 2025/26 sugar beet campaign across the European Union continues to progress on a largely positive footing, with overall crop performance exceeding earlier expectations. Harvest activity has proceeded smoothly in most regions, and no widespread operational disruptions have been reported. Weather-related challenges have remained limited in scope, although minor frost incidents were observed in some areas, while persistent rainfall and localised flooding temporarily hindered fieldwork in parts of Poland. In north-western Europe, operational delays have emerged primarily due to winter conditions. The Cosun Beet Company confirmed that the conclusion of its 2025/26 beet processing season will extend beyond the typical timeframe, reflecting heavy snowfall and logistical constraints affecting beet transport. In response, growers have been advised to segregate and remove frost-affected beet in order to safeguard processing efficiency and sugar recovery rates. In Germany, the beet campaign is drawing to a close in Saxony-Anhalt, where cultivated area declined by approximately 9% year on year to around 50,000 hectares. Despite the contraction in acreage, crop health has been described as strong. French producers in the Pithiviers-le-Vieil area are concluding an exceptionally successful campaign, with reported sugar yields of 15.2 tonnes per hectare, representing a marked improvement compared with the previous season. Comparable results were recorded in Germany’s Börde region, where both beet yields and sugar concentration were described as robust. In Denmark, crop performance is approaching historically high levels; however, prolonged processing schedules linked to factory-related issues have increased the duration of outdoor beet storage, raising exposure to potential weather-related deterioration.

- **CIS:** Sugar production across the CIS region remains ample in the 25/26 season, with Ukraine, Russia, and Belarus all reporting solid output levels. In Ukraine, the final four operational sugar factories are scheduled to complete processing by 20 January, with total sugar production now projected at close to 1.5-1.6 million tonnes. Domestic consumption is estimated at approximately 900,000 tonnes, leaving an exportable surplus of around 700,000 tonnes. However, export competitiveness remains sensitive to global price movements. In parallel, diversification options are being explored, with several facilities capable of producing ethanol, biogas, or biomethane, while efforts continue to secure higher access to the EU market during future trade negotiations. In Russia, sugar output for the current season is estimated in the range of 6.4–6.5 million tonnes, below last year’s level due to drought-related impacts during the growing period. The beet harvest has been completed, and production figures include volumes derived from syrup and molasses processing. Export activity has remained strong, with shipments in 2025 reaching approximately 1.0 million tonnes, representing a year-on-year increase. Export volumes for the 2025/26 season are forecast at 1.4–1.5 million tonnes, with around 500,000 tonnes already shipped, supporting efforts to reduce domestic surpluses. Elsewhere in the region, Belarus recorded a 17.9% annual increase in beet output, harvesting 5.7 million tonnes in 2025. Trade flows in smaller CIS markets were mixed, with Kyrgyzstan relying heavily on imports, while Georgia significantly expanded sugar exports despite continued reliance on imported supplies.

Focus – EU – Trade developments

On the trade front, EU sugar exports surged to 183,000 tonnes in November 2025, while import volumes continued to enter the market, reinforcing the prevailing supply-heavy environment. These dynamics coincide with the formal signing of the EU–Mercosur free trade agreement, which has intensified debate within the European sugar sector. The agreement introduces additional duty-free access of 180 kmt for South American raw sugar at a time when European prices are at exceptionally low levels and producer margins remain compressed.

Although enhanced safeguard provisions, accelerated investigation timelines, and financial support mechanisms have been announced, industry participants remain sceptical regarding their effectiveness. Concerns centre on the complexity and interpretative flexibility of the safeguard clauses, which are widely viewed as difficult to activate in practice and heavily dependent on broader global price movements. As a result, the agreement is perceived as adding further downside risk to an already strained market environment. The deal now awaits approval by the European Parliament, with uncertainty persisting over its eventual impact on EU sugar producers. However, the deal has now been sent to European Courts to analyse whether it will cause a big change in market dynamics in the EU and whether the safeguard provisions are enough. There is news that the Mercosur deal could come into effect by March that means by October 2026 EU can import using this mechanism. The deal can impact EU beet farmers as lower priced imports can make producers move from sugar beet production to more refining white sugar.

Another topic that is important for the EU is, the Inward Processing Regime (IPR) for sugar in the EU has become a focal point of debate due to several emerging issues. Critics of the current regime argue that rising duty-free sugar imports under IPR have contributed to an oversupply in the EU market, putting downward pressure on prices and exacerbating financial stress for EU sugar beet growers and producers. This oversupply has coincided with falling domestic sugar prices to multi-year lows, intensifying calls from producers for protective measures including a temporary suspension or restructuring of the IPR. Major EU sugar producers have been very vocal regarding the impact of the IPR imports.

On the other hand, sugar processors, refineries and export-oriented manufacturers warn that tightening or suspending the IPR would raise their production costs, undermine international competitiveness and disrupt supply chains. These tensions highlight a broader policy dilemma over balancing support for domestic agriculture with the interests of downstream processors and global trade commitments. Most of imports through IPR go to Spain, Portugal and Italy as they are deficit countries. Some producers are taking heavy losses due to low world prices, low European prices and high cost of production, leading them to move away from refining beet sugar and importing more raw sugar to be refined. In conclusion, together the IPR and the Mercosur deal are putting pressure on the EU market dynamism. Decisions in the next few months will impact the trade flows in the EU.

Figure 3: EU Sugar import per type of regime

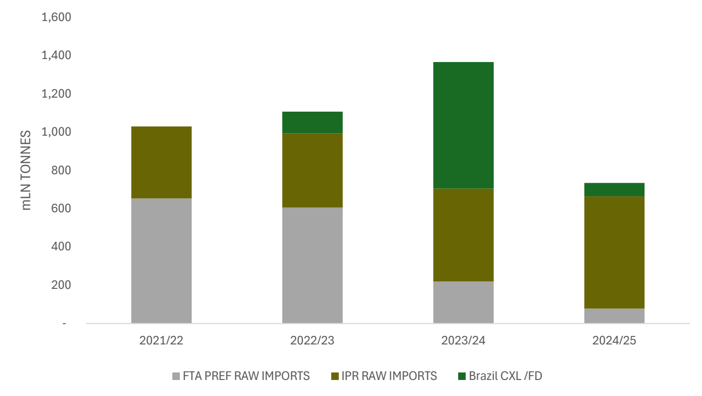
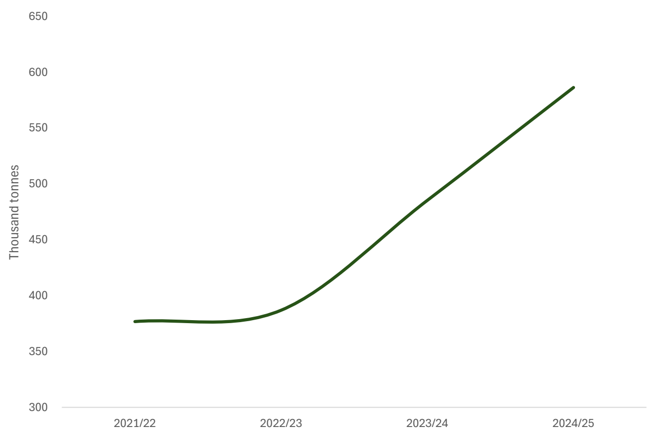


Figure 4: IPR sugar imports



Source: Eurostat and EDF Man Commodity Research

Prices Tab

New York #11					**London #5**				
(cents/lb)	28-Jan	31-Dec	% change		*($/tonne)*	28-Jan	31-Dec	% change	
Mar (26)	14.71	15.01	-2.0%	↓	Mar (26)	412.2	427.5	-3.6%	↓
May (26)	14.30	14.66	-2.5%	↓	May (26)	416.7	425.2	-2.0%	↓
New York #16					**White Premium**				
(cents/lb)	28-Jan	31-Dec	% change		*($/tonne)*	28-Jan	31-Dec	% change	
Mar (26)	33.00	33.50	-1.5%	↓	Mar/Mar	87.9	96.6	-9.0%	↓
May (26)	33.00	33.70	-2.1%	↓	May/Mar	92.4	94.3	-2.0%	↓
Macro					**Currencies**				
Indicators	28-Jan	31-Dec	% change		*Against US$*	28-Jan	31-Dec	% change	
CRB	318.9	298.8	6.7%	↑	Euro (EU) *	1.195	1.175	1.8%	↑
Gold	5,399	4,314	25.2%	↑	Pound (GB) *	1.381	1.347	2.5%	↑
Brent Oil	68.40	60.85	12%	↑	Real (Brazil)	5.194	5.477	5.2%	↑
Baltic Dry	2,016	1,877	7%	↑	Rupee (India)	92.02	89.85	-2.4%	↓
Handysize	609	719	-15%	↓	Rouble (Russia)	76.55	78.75	2.8%	↑
					(* rate is US dollars per FX)				