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UNICA Sugarcane Crush - 2017-18 Season 2H May: S&P Global Platts Pre-Report Survey of Analysts Results

Advance Estimates Suggest a 2H May Cane Crush of 29.58 Million MT in Brazil's Center-South; - Analysts see Cane ATR at 123.92 kg/mt; Sugar Mix Likely at 46.17% -

SAO PAULO, June 9, 2017 /PRNewswire/ --

Platts Survey of Analysts (2H May)

- Cane crush: **29.58** million metric tons (mt)
- Total recoverable sugar (ATR): **123.92** kilograms per metric ton (kg/mt)
- Sugar production: **1,592** thousand metric tons (mt)
- Total ethanol production: **1,142** million liters (ltrs)
- Hydrous ethanol production: **659.56** million ltrs
- Anhydrous ethanol production: **482.89** million ltrs
- Sugar mix: **46.17%**
- Ethanol mix: **53.83%**

The amount of sugarcane crushed in Brazil's key Center-South region in the second half of May is expected to total 29.58 million mt, down 9% year on year, an S&P Global Platts survey of analysts showed Friday.

Industry association UNICA is expected to release the official production figures in the coming days. The 2017-2018 sugarcane season started April 1 in the Center-South, the largest sugarcane and sugar producing region in the world. According to the analysts' estimates, an average of nearly 5.4 days of crushing were lost to rains in 2H May, compared with roughly 5 days a year ago.

Wider analyst expectations for the cane crush ranged from 26.9 million mt to 31.9 million mt. Considering the average poll results for crushing, the accumulated volume in the first two months of the season is expected to be 22% lower than last year at 109.9 million mt, the survey showed. The consensus for cane's total recoverable sugar, or ATR, was 123.92 kg/mt, with a wider range of 119-134 kg/mt.

Platts Kingsman, an agricultural analytics unit of S&P Global Platts, forecast cane crush of 29.2 million mt. "Wet weather has hampered crushing activities but ATR still to recover," said Platts Kingsman analyst Claudiu Covrig.Sugar production is expected to reach 1.66 million mt, while ATR is expected to have reached 128.5 kg/mt of cane, according to Covrig.

Industry analysts surveyed by Platts estimated the percentage of sugarcane put toward sugar production in 2H May at 46.17%, compared with 41.77% last season. Despite the rise in the amount of cane allocated to sugar, the fall in total cane crushed combined with lower ATR is expected to have reduced the sugar output by 6% year on year to nearly 1.59 million mt.

The balance of the cane, or 53.83%, was expected to be directed to produce nearly 1.14 billion liters of ethanol, down 21% year on year. Of this, roughly 58% of the volume, or 660 million liters is expected to be hydrous ethanol and the balance, nearly 483 million liters, anhydrous.

In Parana state, one of the sugarcane producing regions of CS Brazil, the amount of cane crushed in 2H May rose 39% year on year to 1.73 million mt, according to local industry association Alcopar. The ATR in the state was 125.2 kg/mt of cane, down 4.9 kg/mt of cane from the previous two weeks and 12.6 kg/mt below the same period in 2016.

Despite the rise in the amount of cane crushed in 2H May, Alcopar recently revised down the expectation of the total cane crushed this season to 36.8 million mt, from 40.3 million mt expected previously. That represents a

drop of 9% from the previous season.

Alcopar attributed the drop to a sharp fall in the yields, caused by a reduction in field renovation and adverse weather that hampered the cane. Productivity is expected to fall to 64.5 mt per hectare from 68.6 mt/ha last season. In addition, there was a reduction in the cane acreage this season by 3% to 569,655 hectares due to higher fields renovation.

As a consequence, ethanol production in Parana is expected to fall 13% year on year to 1.18 billion liters, while sugar output is expected to fall 7% to 2.85 million mt. Alcopar's revision will certainly compromise UNICA's expectations released in April for the whole Center-South.UNICA expected 585 million mt of cane to be crushed this season, down 3.65% from the 2016-2017 season.

As for fuel and industrial ethanol, total demand in the domestic market -- anhydrous plus hydrous -- of CS Brazil in May is expected to be roughly 1.95 billion liters, up 20% from April, Platts Kingsman analysts forecast.

However, demand for June is still uncertain -- if it will keep stable from May due to limited offers currently and expectations of higher prices."Ethanol ex-mill prices inched higher in the past days with disruptions in the crushing pace limiting the amount of offers available in the market, as millers are focused on prioritizing commitments for sugar deliveries," said Platts Kingsman analyst Beatriz Pupo.

Further disruptions are expected in the first half of June due to wet and cold weather in some of the producing regions.

"There is a high probability that we will get frost in Parana, Mato Grosso do Sul and parts of Sao Paulo this weekend already," said a producer. S&P Global Platts assessed hydrous ethanol ex-mill Ribeirao Preto at Real 1,680/cu m Thursday, up 1% from a week before.

Hydrous fuel ethanol is used in flex-fuel vehicles, while anhydrous is mixed with gasoline under a 27% national mandate.

CS Brazil Cane Production Data – 2H May, 2017 (as of June 1)

Category	Unit	Survey	Kingsman	UNICA (2016-17)	Y-O-Y*	var. Vol. y-o-y*
Cane crush	(million mt)	29.58	29.2	32.51	-9.0%	-2.93
ATR	(kg/mt cane)	123.92	128.5	130.41	-5.0%	-6.49
Sugar output	(thousand mt)	1,592	1662	1,687	-5.7%	-95.44
Ethanol total	(million ltr)	1,142	1177	1,448	-21.1%	-305.33
Hydrous output	(million ltr)	660	701	874	-24.5%	-214.42
Anhydrous output	(million ltr)	483	476	574	-15.8%	-90.90
Sugar Mix	(%)	46.17	46.5	41.77		
Ethanol Mix	(%)	53.83	53.5	58.23		

CS Brazil Cane Production Data -- 1H May, 2017 (as of May 16)

Category	Unit	Survey	UNICA
Cane crush	(million mt)	36.15	38.46
ATR	(kg/mt cane)	119.06	122.87
Sugar output	(thousand mt)	1,880	2,106
Ethanol total	(million ltr)	1,369	1,483
Hydrous output	(million ltr)	796	841
Anhydrous output	(million ltr)	573	642
Sugar Mix	(%)	45.87	46.77
Ethanol Mix	(%)	54.13	53.23

Sources: S&P Global Platts Pre-Report Survey of Analysts Results--Unica Sugarcane Crush, Platts Kingsman, UNICA. Kingsman is short for Platts Kingsman.

*Year-on-year change compares Platts Survey against UNICA's figures for 2016-17

Visit the S&P Global Platts and Platts Kingsman websites for more information on sugar and biofuels.

Contact Platts Communications to arrange interviews with Platts Kingsman sugar and ethanol analysts: Alessandra Rosete, Beatriz Pupo, Claudiu Covrig and Maria Nunez. If you would like to receive this on a regular basis, please select Agriculture at this alerts sign-up link.

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