

Platts Pre-Report Survey of Analysts Results: UNICA Sugarcane Crush - 2016-17 Full Season; 1H April

Advance Estimates Suggest a 2016-17 Full Season Cane Crush of 623.65 Million MT in Brazil's Center-South

PR Newswire
LONDON and SAO PAULO

LONDON and SAO PAULO, April 25, 2016 [PRNewswire/](#) -- Sugarcane crush volumes in the key Center-South (CS) region of Brazil in the 2016-2017 season, which started April 1, are expected to total 623.65 million mt, according to a Platts survey of analysts. Platts is the leading independent provider of information and benchmark prices for the commodities and energy markets.

Platts Survey of Analysts (2016-17)

- Cane crush: 623.65 million metric tons (mt)
- Total recoverable sugar (ATR): 133.95 kilograms per metric ton (kg/mt)
- Sugar production: 34.371 million metric tons (mt)
- Total ethanol production: 27.897 billion liters (ltrs)
- Hydrous ethanol production: 17.191 billion ltrs
- Anhydrous ethanol production: 10.706 billion ltrs
- Sugar mix: 43.15%
- Ethanol mix: 56.85%

Wider analyst expectations for cane crush for the full season spanned 612 million mt to 645 million mt.

The Platts poll of analysts showed a consensus forecast for total recoverable sugar (ATR) at 133.95 kg/mt, with a wider range of 132.7-135 kg/mt. Analysts at Platts Kingsman, an agricultural analytics unit of Platts, forecast a slightly lower cane crush of 620 million mt and an ATR of 134.50 kg/mt.

Platts Kingsman Senior Analyst Claudiu Covrig explained that weather permitting - and if the intercrop period is exploited like it was last season - sugarcane industry association UNICA's official crushing figure of 617.70 million for 2015-16 could be challenged this year.

"The amount of leftover cane in the fields (cana bisada) from 2015-16, when added to this year's cane could take availability to more than 650 million mt," said Covrig. "But achieving such a volume will depend on what surprises the weather may deliver, whether the last intercrop decisions by many mills to go full throttle will lead to wear and tear on machinery later this season."

Against the backdrop of the world sugar market entering its first deficit year after five years of surplus, a greater portion of milling capacity is expected to be used for sugar projection, while overall ethanol output will likely see a marginal decline in volumes.

According to the Platts survey of industry analysts, the sugar mix is expected to be slightly greater than 43% of the total cane crushed, compared with 40.65% last season. Sugar production is expected to increase 3.15 million mt to more than 34 million mt.

"The additional gains in sugar production this year are mainly due to the higher levels of sucrose expected from the cane, rather than the overall increase in crush volumes," said *Alessandra Rosete, Platts Kingsman sugar and ethanol analyst.*

"The market's expectations for a 3.44 kg/mt higher ATR from last season to nearly 133.95 kg/mt, is mainly due to forecasts for improved weather. But it continues to lag the previous six-year average of 136 kg/mt," Rosete said.

In terms of ethanol production, the average of analysts' expectations pointed to total output of 27.9 billion liters, which would be a slight drop of 1% from a year ago. Hydrous ethanol production is expected to reach 17.192 billion liters -- almost 62% of the overall ethanol output, a decrease of 2.2% year over year.

DRY WEATHER DRIVES CRUSH, OUTPUT HIGHS FOR EARLY SEASON

- 1H April-Cane crush: 29.38 million metric tons (mt)
- Total recoverable sugar (ATR): 108.49 kilograms per metric ton (kg/mt)
- Sugar mix 36.07%, Ethanol 63.93%

In Brazil's largest sugar-producing region, the new season is more than three weeks old and crushing is reported to be in full swing. More than 200 mills are understood to have come online over the first half (1H) of April in the Center South, compared with 163 last season when rains delayed many mills from getting underway.

News on the progress made during the first official fortnight of the new season will come this week UNICA releases its recap of the period. But early indications and expectations are for a significant surge in crushing, with milling bolstered by several weeks of dry weather across the region, which will have helped harvesting.

Analysts said cane crush for the first half of April is expected to total 29.38 million mt, with a wider range of 26 million mt to 31.1 million mt. If realized, this would be more than double the 13 million mt crushed during the same period last year. The previous high was in the 2010-11 season when 27.7 million mt was crushed.

Sugar and ethanol production should also reach a new record at 1.1 million mt and 1.21 billion liters, respectively.

The sugar mix in 1H April is expected to be 36.07%, up almost 6 percentage points on the year.

While the dry weather has been positive for crush volumes so far this month -- less than one day is thought to have been lost to rain -- the market will be watching closely to see if May proves to be drier than average.

"If the weather stays too dry, it won't be beneficial for the cane to be crushed later in the season -- specifically in the last quarter of the year," said Rosete. "It could reduce the ATR and the result could be a higher mix for ethanol than has been estimated."

In terms of ethanol production, the average of analysts' expectations for 1H April pointed to hydrous output of 921.06 million liters, an increase of 91% year over year.

1H April anhydrous output is expected to be 286.21 million liters, compared with just 88 million liters produced during the same period last year.

Brazil's gasoline C is a blend of gasoline A with 27% anhydrous ethanol.

CS Brazil Cane Production Data - 2016-2017 (Full Season)

Category	Unit	Survey	Platts Kingsman	UNICA (2015-16)	Y-O-Y*
Cane crush	(million mt)	623.65	620.00	617.70	0.96%
ATR	(kg/mt cane)	133.95	134.50	130.51	2.64%
Sugar output	(million mt)	34.371	35.120	31.218	10.10%
Ethanol total	(million ltrs)	27,897.38	27,300.00	28,222.00	-1.15%
Hydrous output	(million ltrs)	17,191.38	16,713.00	17,579.00	-2.20%
Anhydrous output	(million ltrs)	10,706.00	10,587.00	10,643.00	0.59%
Sugar Mix	(%)	43.15	44.20	40.65	
Ethanol Mix	(%)	56.85	55.80	59.35	

CS Brazil Cane Production Data - 1H April, 2016 (as of April 15)

Category	Unit	Survey	Platts Kingsman	UNICA (2015)	Y-O-Y
Cane crush	(million mt)	29.38	27.5	13	126%
ATR	(kg/mt cane)	108.49	108.5	105.73	3%
Sugar output	(million mt)	1.097	1.010	0.395	177%
Ethanol total	(million ltrs)	1,207.27	1,154.00	569.96	112%
Hydrous output	(million ltrs)	921.06	881.00	481.98	91%

Anhydrous output	(million ltrs)	286.21	273.00	87.98	225%
Sugar Mix	(%)	36.07	35.5	30.16	
Ethanol Mix	(%)	63.93	64.5	69.84	

Sources: Platts Pre-Report Survey of Analysts Results--UNICA Sugarcane Crush, Platts Kingsman, UNICA.

*Year-on-year change compares Platts Survey against UNICA's figures for 2015-16.

Visit the [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: Claudiu Covrig, Maria Nunez, Alessandra Rosete, and Beatriz Pupo; and Platt's sugar price assessments specialists: David Elward, Nicolle Monteiro de Castro and Darren Stetzel. If you would like to receive this on a regular basis, please select Agriculture at this [alerts sign-up link](#).

Editor's Note: In its bi-monthly cane harvest update, UNICA publishes a range of sugarcane harvest production metrics for Brazil's Center-South region, also broken down into São Paulo and other states.

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