UNICA Sugarcane Crush - 2017-18 Season 1H June: S&P Global Platts Pre-Report Survey of Analysts

Advance Estimates Suggest a 1H June Cane Crush of 41.18 Million MT in Brazil's Center-South;
- Analysts see Cane ATR at 127.13 kg/mt; Sugar Mix Likely at 48.7% -

SAO PAULO, June 26, 2017 /PRNewswire/ --

Platts Survey of Analysts (1H June)

- Cane crush: **41.18** million metric tons (mt)
- Total recoverable sugar (ATR): **127.13** kilograms per metric ton (kg/mt)
- Sugar production: **2,455** thousand metric tons (mt)
- Total ethanol production: **1,573** million liters (ltrs)
- Hydrous ethanol production: **881** million ltrs
- Anhydrous ethanol production: **691.7** million ltrs
- Sugar mix: **48.7%**
- Ethanol mix: **51.3%**

Sugar production in Brazil's key Center-South (CS) region in the first half (1H) of June is expected to be nearly 2.45 million metric tons (mt), up 104% on the year and up 40% from the second half of May, an S&P Global Platts survey of analysts showed Monday.

The forecast jump comes on the back of drier weather in 1H that was more favorable to harvesting than in the comparison periods. According to the analysts' estimates, an average of nearly 1.4 days of sugar cane crushing were lost to rains in 1H June, compared with roughly 6.5 days a year ago and 5.4 days in 2H May.

To produce sugar, mills used 48.7% of the 41.18 million mt of the cane crushed in 1H June, the survey showed. Such compared with 40.73% of the 25.99 million mt of cane crushed during the same period last year.

The balance of the cane, or 51.3%, was expected to have been used to produce 1.57 billion liters of ethanol, up 46% from a year ago. Hydrous is expected to have accounted for 56% and anhydrous for the balance.

The full range of analyst expectations of the cane crush spanned from 39 million mt to 44.8 million mt. The consensus for cane's total recoverable sugar, or ATR, was 127.13 kg/mt in 1H June, with a wider range of 123.2-132.3 kg/mt.

Even with a higher 1H June crush, total cane crushed to date this season has lagged the same period a year ago. Taking into account the average poll results for crushing, the accumulated volume since the season began (April 1) through June 16 is expected to be 9% lower than last year at 153 million mt. ATR for the period was expected at 127.8 kg/mt, compared with 121.84 kg/mt a year earlier.

However, cumulative sugar production was expected to be 1% lower on a year-over-year basis, at 8.15 million mt, amid a higher proportion of cane allocated to sugar so far this season.

Platts Kingsman, the agricultural analysis unit of S&P Global Platts, forecast the 1H June cane crush at 40.2 million mt.

"Sugar production [will] set a new fortnightly record for this season due to a high sugar mix level and good crushing volumes," said Platts Kingsman analyst Claudiu Covrig.

Sugar production is expected to be 2.68 million mt, while ATR is expected to have reached 128 kg/mt of cane, according to Covrig.

In Parana state, one of the sugarcane producing regions in CS Brazil, the amount of cane crushed in 1H June declined 29% on the year to 1.2 million mt, according to local industry association Alcopar. Rains caused halts in harvesting and hampered the crush. The ATR in the state was 138.77 kg/mt of cane, up 13.57 kg/mt from 2H May and up 19.15 kg/mt from 1H June 2016.

ETHANOL SALES SEEN HIGHER THAN 2H MAY

The Platts Kingsman forecast for total sales of fuel and industrial ethanol in the CS Brazil domestic market -- anhydrous plus hydrous -- in 1H June at approximately 1.15 billion liters, compared with 1.055 billion liters in 2H May and 1.05 billion liters in 1H June 2016.

The expected rise in sales reflects higher hydrous demand at the pump, as prices in the main consumer state Sao Paulo have been competitive. During the June 1-22 period, hydrous prices in the state averaged 68.2% of gasoline prices, compared with 69.5% in May, data from the National Petroleum Agency showed. In Mato Grosso, prices averaged 63%. Prices in two other large states, Goias and Minas Gerais, had a combined average of 71.5%.

Hydrous fuel, which is used in flex-fuel vehicles, competes with gasoline at the pump and is competitive when its price is at most 70% of gasoline prices due to its energy content. Gasoline has 30% more energy content than hydrous. Anhydrous ethanol is blended with gasoline under a 27% national mandate. Both products are also used in industry.

Industry association UNICA said Monday it would release its official production figures just after its ethanol summit, currently underway in Sao Paulo. The summit runs through Tuesday.

CS Brazil Cane Production Data – 1H June, 2017 (as of June 16)

Category	Unit	Survey	Platts Kingsman	UNICA (2016-17)	Year over Year (YOY)	var. Vol. YOY
Cane crush	(million mt)	41.18	40.20	25.99	58.5%	15.20
ATR	(kg/mt cane)	127.13	128.00	119.26	6.6%	7.87
Sugar output	(thousand mt)	2,455	2,680	1,203	104.0%	1,251.55
Ethanol total	(million ltr)	1,573	1,545	1,077	46.0%	495.55
Hydrous output	(million ltr)	881	866	640	37.7%	241.00
Anhydrous output	(million ltr)	692	679	437	58.3%	254.73
Sugar Mix	(%)	48.70	48.70	40.73		
Ethanol Mix	(%)	51.30	51.30	59.27		

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

Category	Unit	Survey	Platts Kingsman	UNICA
Cane crush	(million mt)	29.58	29.20	31.59
ATR	(kg/mt cane)	123.92	128.50	122.83
Sugar output	(thousand mt)	1,592	1,662	1,754
Ethanol total	(million ltr)	1,142	1,177	1,203
Hydrous output	(million ltr)	660	701	649
Anhydrous output	(million ltr)	483	476	553
Sugar Mix	(%)	46.17	46.50	47.45
Ethanol Mix	(%)	53.83	53.50	52.55

Sources: S&P Global 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 2016-17.

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