The US Sugar Market:

Trade Floors, Tariffs, and Tier 2…

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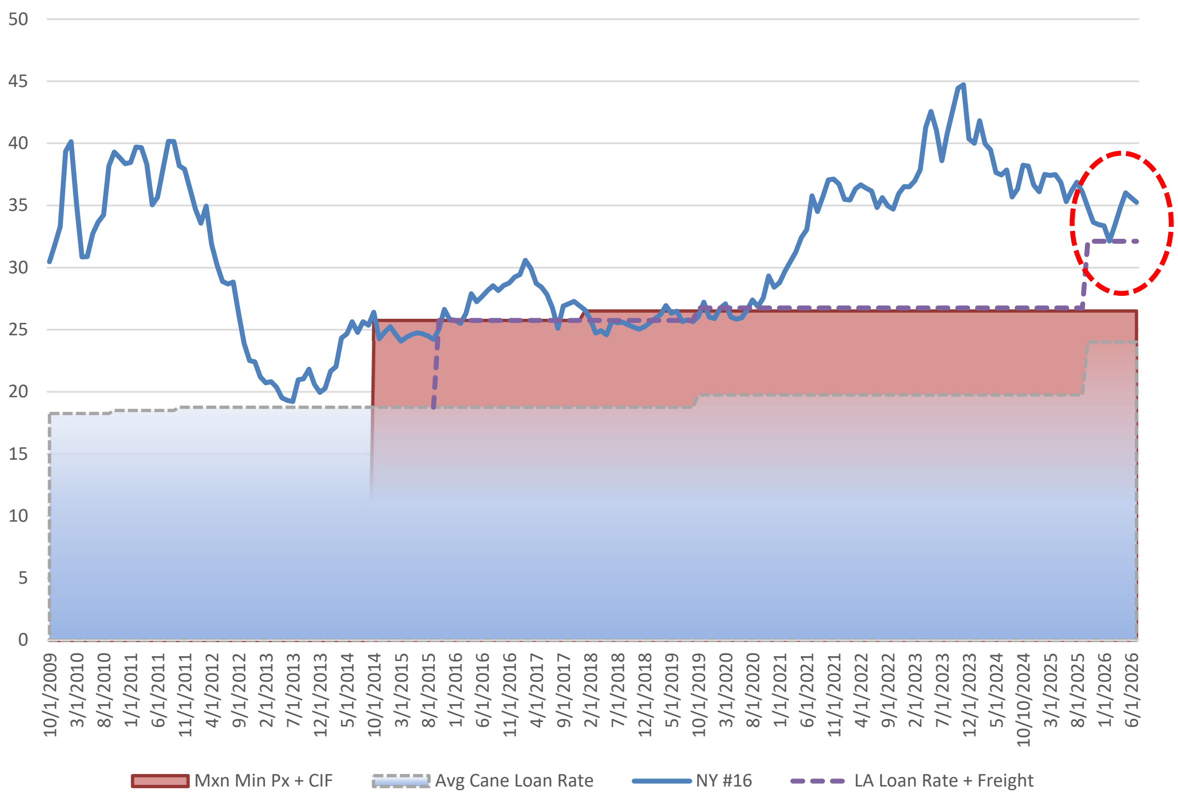
Summary

1. New Loan Rates, Floor Prices, and Support
2. What Caused and Causes High Tier
3. Ending Stocks
4. Throttling Mexican Supply
5. Raw vs Refined Imports and Duty Spreads
6. High Tier Import Parities and Floor Prices
7. Policy vs Trade

New Loan Rates, floor prices, support

New fundamentals…

- **Pre-2015: loan rate was the only floor**
  - **18.75 c/lb**, passive, rarely tested
- **2015: MX minimum prices lifted the raw market above loan support**
  - 22.25 c/lb min + 3.50 c/lb CIF = **25.75 c/LB**
- **2015+: two floors converged…**
  - Mexican minimum price 16s equivalent…
  - LA Loan Rate + 7 c/lb Freight



---> our market is supported by a surplus of raw sugar in the Gulf… ~32.00 c/LB

ICE #16 prices — USDA ERS Sugar & Sweeteners Yearbook, Table 4 (data through June 2026); loan rates — 7 U.S.C. §7272 (2008 & 2018 Farm Bills, OBBB 2025); Mexico minimums — U.S.–Mexico Suspension Agreements (2014, amended 2017); Freight assumptions — CSC Sugar estimate

What Caused and Causes High Tier?

Two very different Regimes…

SCENARIO 1 – SHORTAGE

Not enough domestic + quota sugar

Prices trade UP – above import parity. High-tier fills a genuine gap and the market pays up for it

----> *prices <u>well above the floor</u>*

SCENARIO 2 – SUPPRESSED WORLD PRICES + DUTY

US domestic supplies + quota could be ample…

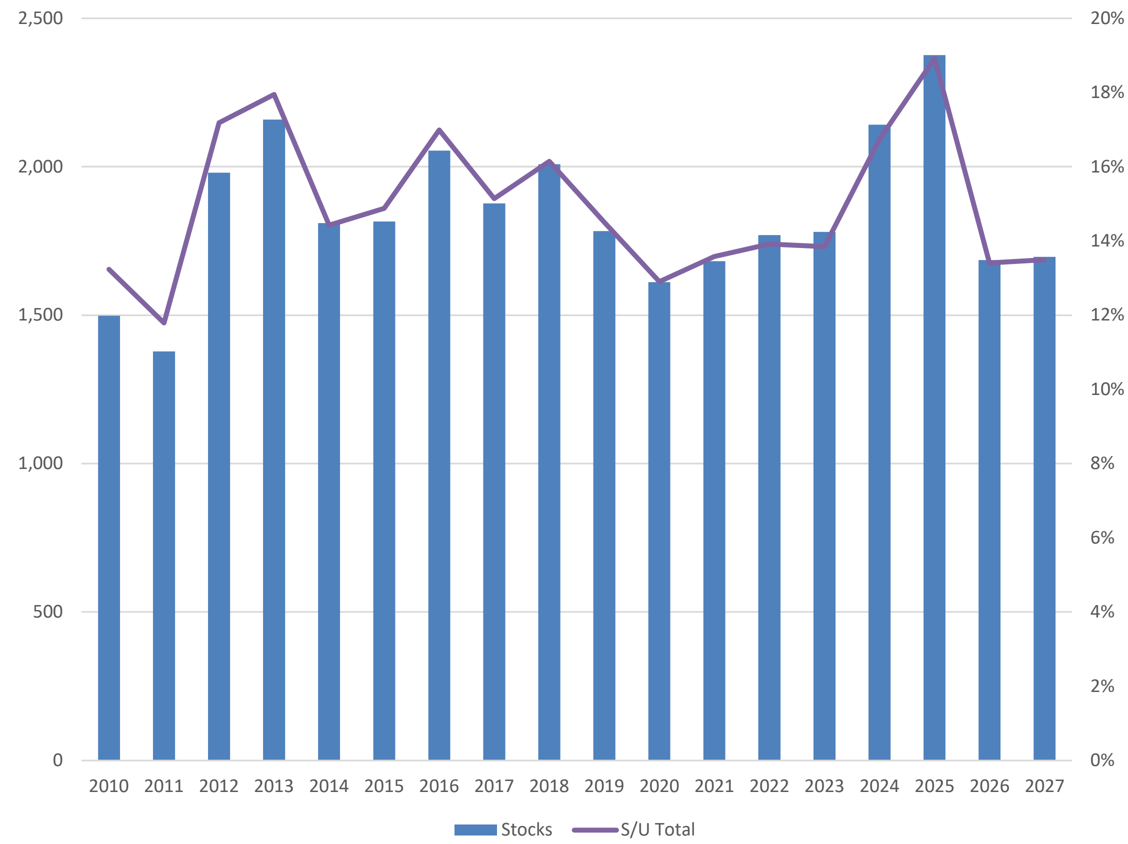
Even in a balanced market, low world prices with the high tier duty creates an import parity near new market support prices

----> *prices <u>pinned near the floor</u>*

Ending Stocks

Total Ending Stocks

- **Ending stocks appear adequate…**
- **What is the makeup of those stocks?**

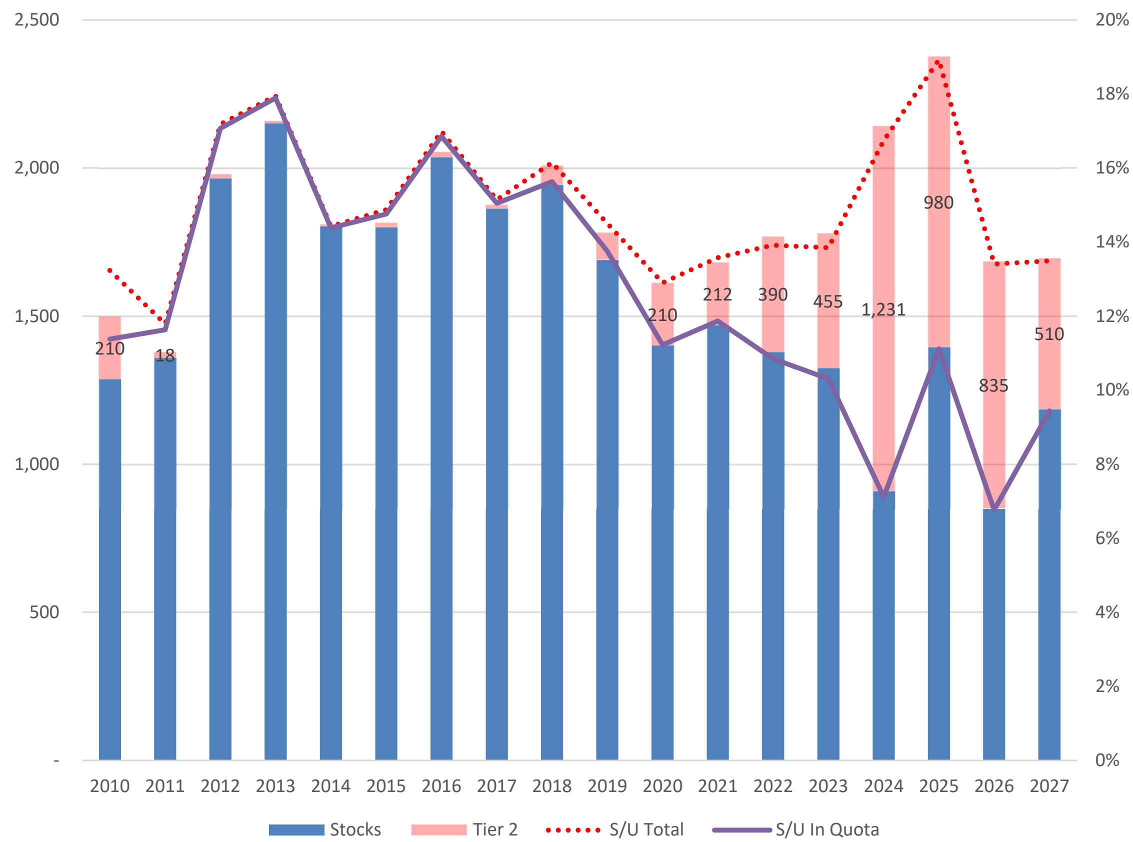


Ending Stocks — USDA ERS Sugar & Sweeteners Yearbook, Table 24a (data through July 2026)

Ending Stocks and High Tier Imports

Ending stocks plus high tier…

- **Ending stocks appear adequate…**
- **What is the makeup of those stocks?**
- **High Tier Imports filled the deficit**



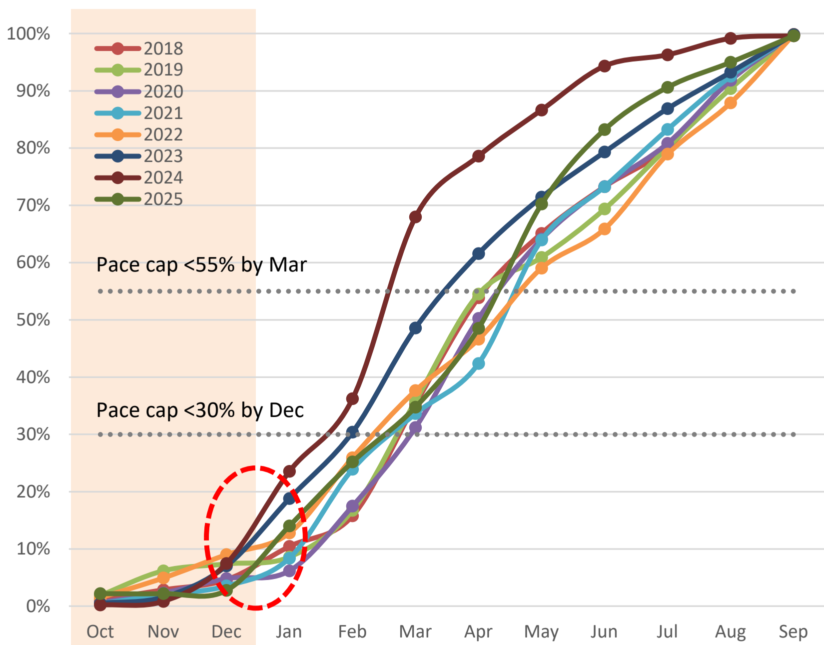
Ending Stocks — USDA ERS Sugar & Sweeteners Yearbook, Table 24a (data through July 2026)

Throttling Mexican Supply

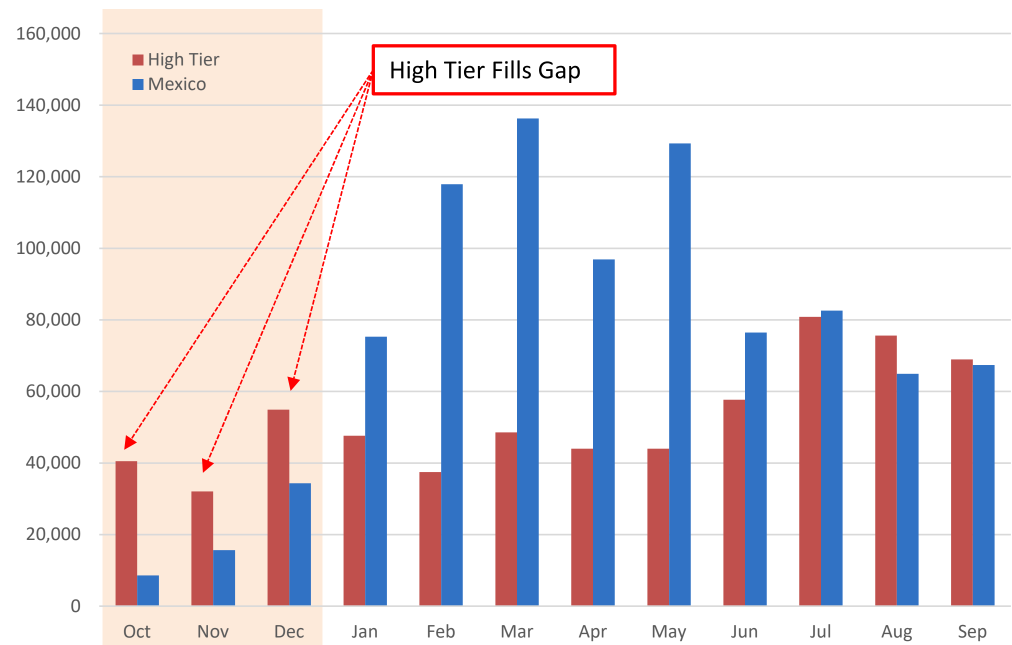
Target Needs Allocation: July: 50% / Sep: 70% / Dec: 80% / Mar: 100%

Pace Caps: <30% by December / <55% by March

Cumulative Mxn Raw Sugar Imports



Avg Monthly Imports: High Tier & Mx (FY 2021 – FY 2025)



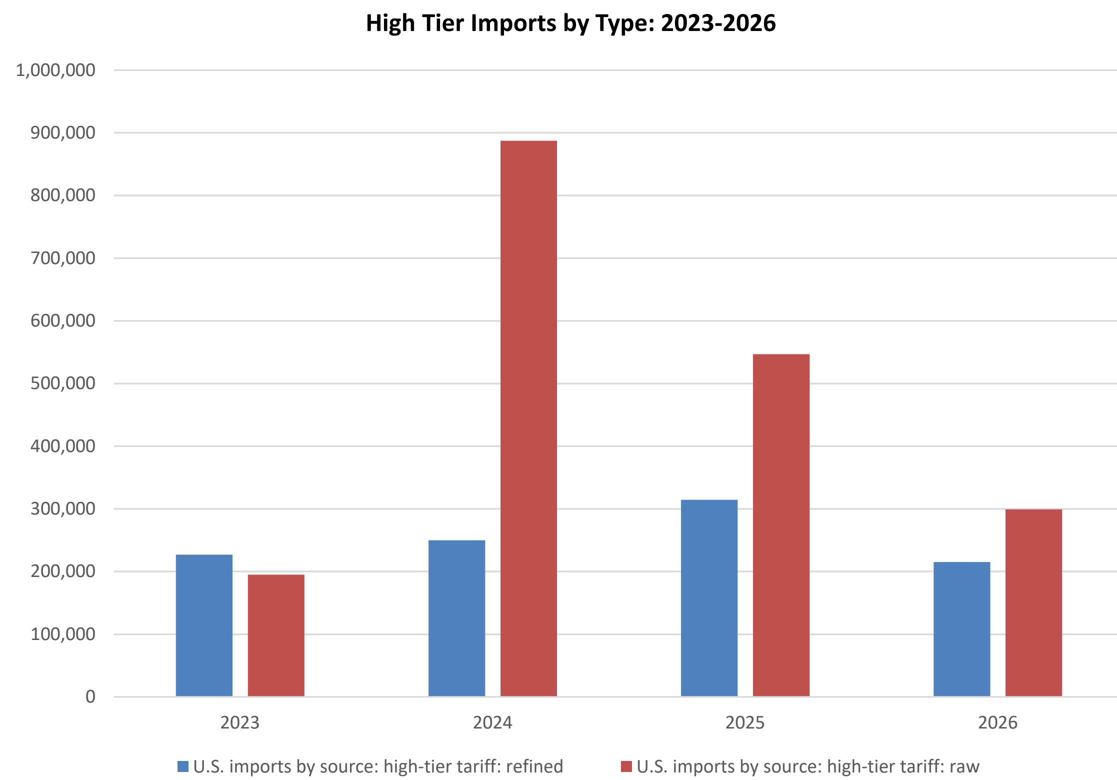
Mexican & High Tier Imports — USDA FAS Sugar Monthly Import & Re-Export Reports, Table 1

High Duty Raw vs Refined Imports

Foreign refined sugars are encouraged to ship to the US…

- **High tier imports are made up of both raw *and* refined product**
- **Is there a shortage of refining capacity?**
- **High Tier Duty Spread…**
  - **RAW Sugar: 15.36 c/lb**
  - **REFINED Sugar: 16.21 c/lb**
  - **Difference: 0.85 c/lb**

----> foreign refiners are much more competitive at high tier levels…

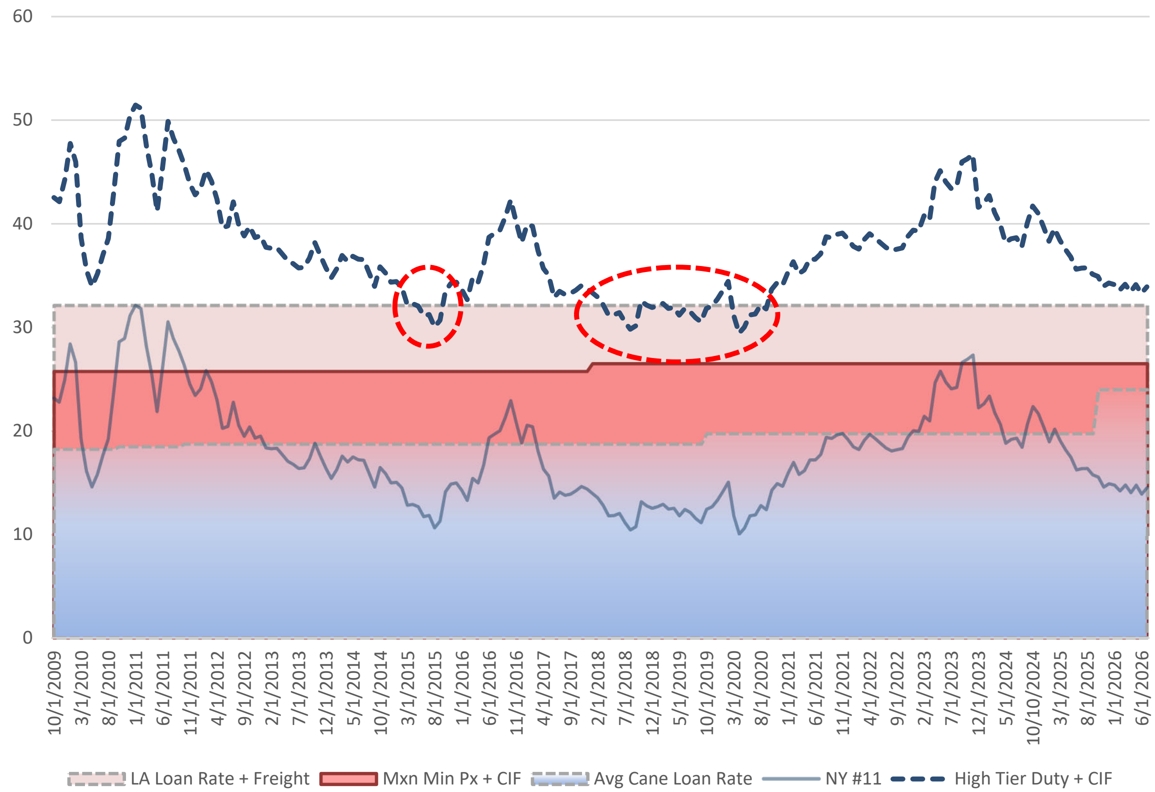


Ending Stocks — USDA ERS Sugar & Sweeteners Yearbook, Table 61b (data through July 2026)

High Tier Import Parities and Floor Prices

Even with enough domestic supplies… forfeitures are a risk!

- **High tier imports are likely to flood in *<u>even with adequate US supplies…</u>***
- **Prior Effective Floor price at 26.50**
  - **World prices needed to be around 7c/lb in order to collide with our support prices**
- **Current effective floor price of 32.00 c/b**
  - **World prices around 12.75c/lb could lead to domestic forfeitures**



ICE #11 prices — USDA ERS Sugar & Sweeteners Yearbook, Table 3b (data through June 2026); loan rates — 7 U.S.C. §7272 (2008 & 2018 Farm Bills, OBBB 2025); Mexico minimums — U.S.–Mexico Suspension Agreements (2014, amended 2017); Freight assumptions — CSC Sugar estimate

Policy vs Trade – At odds…

SCP Imports – a demand leak….

US Sugar consumption facing challenges:
- MAHA and GLP-1s

Food manufacturers will shift production across the borders

Policy and Trade need to align….

Thank you