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Carlsquare/Vontobel weekly trading note: Sugar could be a sweet investment in H1 2026

A reduced sugar supply in the first half of 2026 could result in higher prices. Brazil and India are the two largest sugar producers. While India is currently harvesting, Brazil is largely in the early stages of planting. So far, 13% of S&P 500 companies have published their Q4 2025 figures, with 75% exceeding Wall Street analysts' estimates. It has been a week of recovery for US stock indices. From a technical analysis point of view, new highs could be achievable.

The Indian Sugar Mills Association (ISMA) has increased its production forecast for the 2025/26 season to 31 million tonnes (MMT), up from an earlier estimate of 30 MMT. In contrast, crop yields in Brazil are expected to be slightly lower than in the previous season. India is currently in the middle of the harvest, whereas Brazil is largely in the early stages of planting. In an attempt to combat falling prices, producers such as Südzucker are offering incentives to beet growers to reduce their allocated sugar beet acreage in 2026, thereby reducing the supply. Overall, there is an opportunity for prices to recover. For example, La Niña could damage the Brazilian harvest in the 2025/26 season. A reduced Inward Processing Relief could also limit supplies further. Therefore, investing in sugar could be a sweet start to 2026.

As of 23 January 2026, 13% of companies in the S&P 500 had reported their results for the fourth quarter of 2025. According to Earnings Insight, 75% of these companies reported positive earnings per share (EPS) and revenue surprises. Earnings growth for S&P 500 companies currently stands at around 8%.

Since President Trump announced in his Davos speech that the US would not be taking control of Greenland by military force, the S&P 500 has recovered most of its losses. Consequently, new stock price highs cannot be ruled out during this period.

Please find out more in our weekly letter on certificates Vontobel.com: **Read the weekly newsletter here**

Link to the Swedish-translated version

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Attachments

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