



European
Commission



Sugar market post quota

Short Term Outlook and Medium Term Prospects

Agriculture
and Rural
Development

Sugar market observatory
15 November 2017

Content

- Short term outlook for the European sugar market
 - Autumn 2017 published early October
 - Next issue to be published in March 2018

What happened?

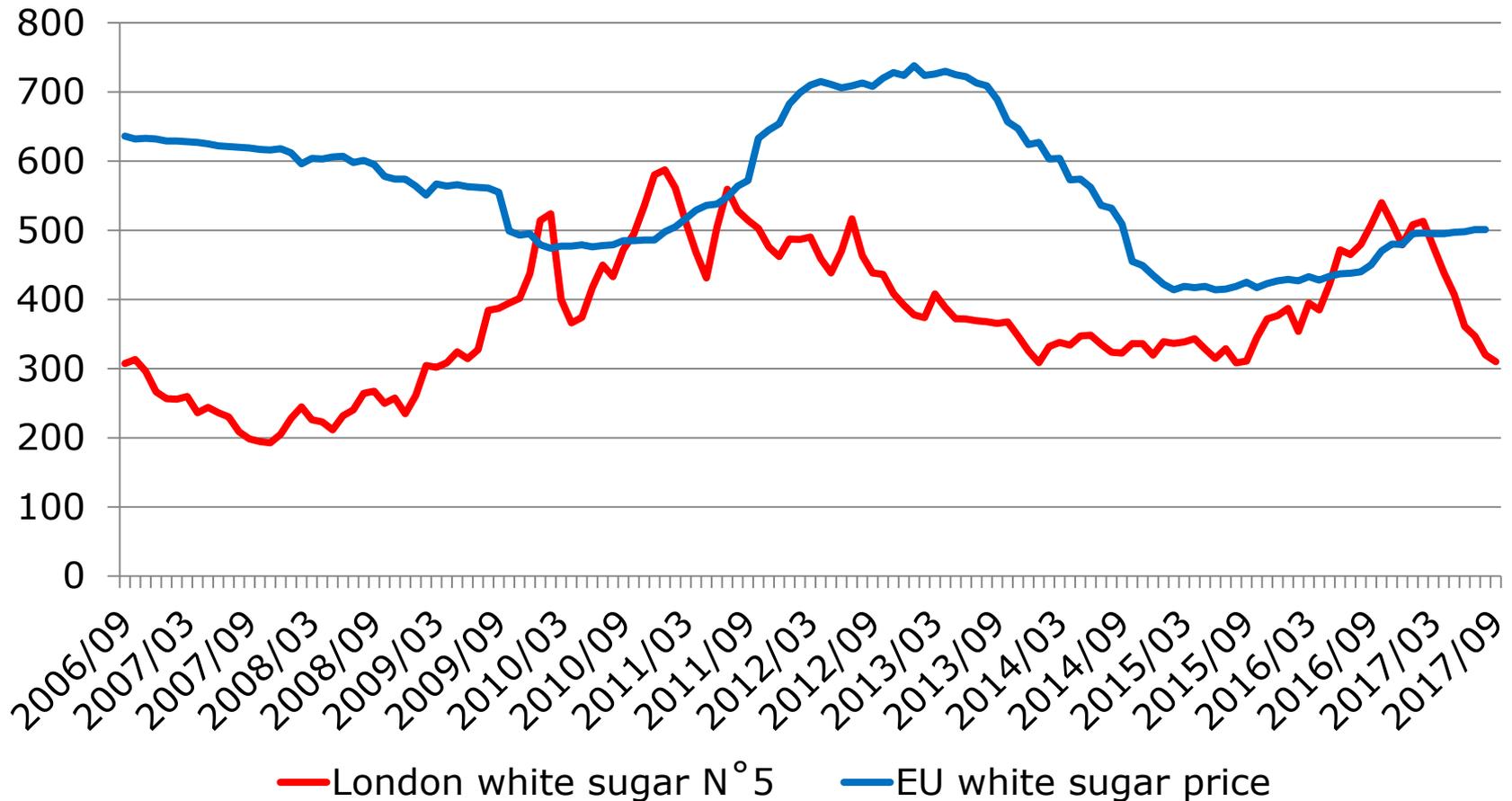
European sugar market 2016/2017

- Sugar production: 16.8 million t
- Lower imports: -16% compared to 2015/2016
 - Linked to world prices
 - Anticipation of post-quota sugar production
- End stocks estimated at 1.3 million t

World sugar market 2016/2017

- Back to surplus in Q4 2017
 - Unexpected production increases
- Fall in world prices continued to 310 EUR/t in September
 - Brazilian tax adjustments on gasoline and import duties on ethanol
 - While sugar prices reach the ethanol parity, switch to ethanol production remains modest

World and EU white sugar prices (EUR/t)



What do we know?

- **World production 2017/2018**
 - Favourable weather conditions support increased global production in Asia, Australia and Brazil
 - Expected world production surplus of 4.6 million t
- **EU production forecast 2017/2018**
 - Increase in sugar beet area by 16% compared to 2016/17
 - Average sugar beet yield of 76.5 t/ha (7% above the 5-year average)
 - Sugar beet production estimated at 131.1 million t, of which 126.4 million t for sugar production
 - Sugar production forecasted at 20.1 million t

What do we expect?

- EU sugar prices likely to decline
 - Delay compared to world markets
 - Approaching the world market price post quota
- Imports are expected to fall further to 1.5 million t
 - Substantial decrease in imported raw cane sugar to be replaced with EU produced raw beet sugar
 - Less attractive EU market for exporters
- Exports will rise to 2.8 million t
 - No more quantitative export limit

Forecasted EU sugar balance 2017/18

EU sugar beet production and white sugar balance sheet (million tonnes white sugar equivalent)

	EU-28 sugar balance sheet (million tonnes)			Variation (%)	
	2015/2016	2016/2017e	2017/2018f	16/17 vs. 15/16	17/18 vs. 16/17
Beginning stocks	4.0	1.9	1.3	-52	-33
White sugar production	14.9	16.8	20.1	13	20
Imports	2.9	2.4	1.5	-16	-37
Availabilities	21.8	21.2	22.9	-3	8
Total domestic uses white sugar	18.5	18.5	18.5	0	0
- Human	16.6	16.4	16.2	-1	-1
- Industrial	1.9	2.2	2.3	12	7
o.w. bioethanol	1.1	1.4	1.6	20	19
Exports	1.3	1.3	2.8	0	110
Total uses	19.9	19.9	21.3	0	7
End stocks	1.9	1.3	1.6	-33	25
- Market	1.9	1.3	1.6	-33	25
- Intervention	0.0	--	--		
Self-sufficiency rate %	81%	91%	109%		
Sugar beet production for sugar	94.2	105.2	126.4		

Note: Sugar beet production only includes sugar beet processed into sugar and not into ethanol

Note: updated on 14/11/2017 !

Content

- DG AGRI outlook products
- Short term outlook for the European sugar market
- Medium term outlook for the European sugar market
 - Quick overview of major trends up to 2030
 - Full details in EU Agricultural Outlook to be presented at the Outlook Conference on 18-19 December 2017

Medium term outlook

What?

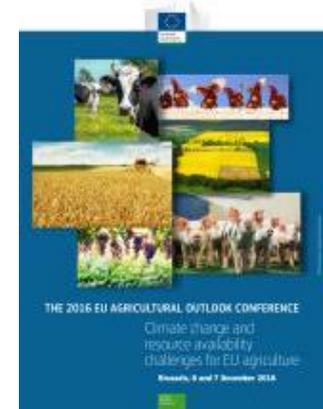
- 10-year projections of agricultural markets and income, with focus on the EU
- Not as a forecast of what the future will be, but a description of what may happen under a specific set of assumptions, which at the time of making the projections were judged plausible

Why?

- To better understand markets and their dynamics
- To identify **key issues for market and policy developments**
- To have a **benchmark for assessing the medium-term impact of future market and policy issues**

Every year?

- Model based
- Stakeholder consultation
- Public conference in December



What trends to consider in the medium term?

- **Consumption:**
 - Global consumption to further increase driven by demand in developing countries
 - EU consumption is under pressure of health concerns
 - End of quota on isoglucose production could boost the use of this alternative sweetener in recipes
- **Production and prices:**
 - World production should increase in response to increasing global demand
 - Stable stock-to-use ratio in favour of a relative strong world price
 - Lower EU sugar premium will lead to production adjustments in less productive areas

Further info

http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm

https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en

http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm