



European  
Commission

# Sugar prices geographical aggregation: feasibility study

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European Commission*

Agriculture  
and Rural  
Development





## Introduction

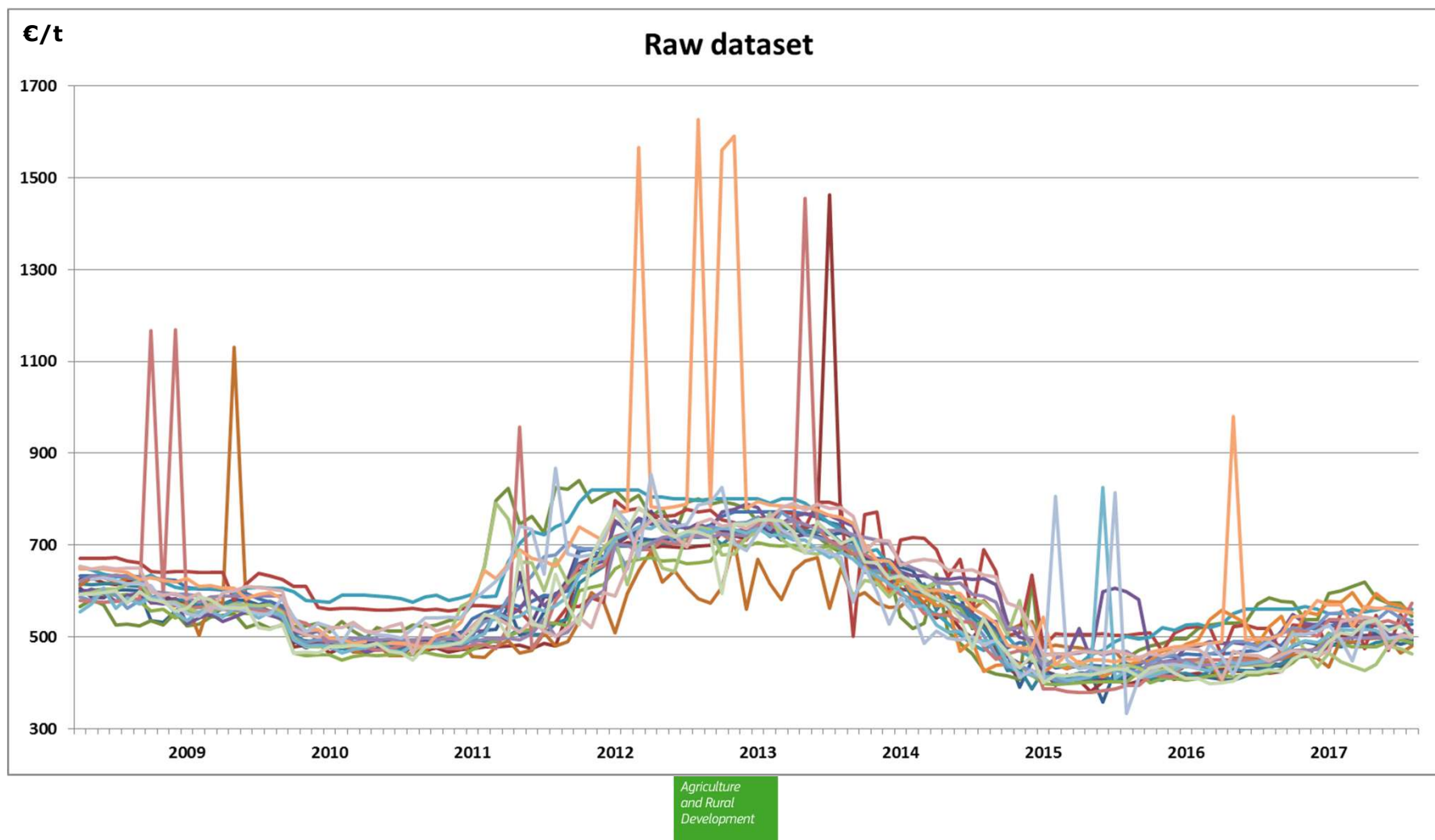
- The publication of **"regional" sugar prices** has been required by stakeholders.
- It's a strategy to overcome difficulties in publishing information on **"national" prices**: in order NOT to release commercial information on single companies, only 7 MS would be eligible.
- Focus of this analysis is on:
  - **price correlation** ✓
  - **trade flows** ✓
  - **price levels** (ongoing)



## Context

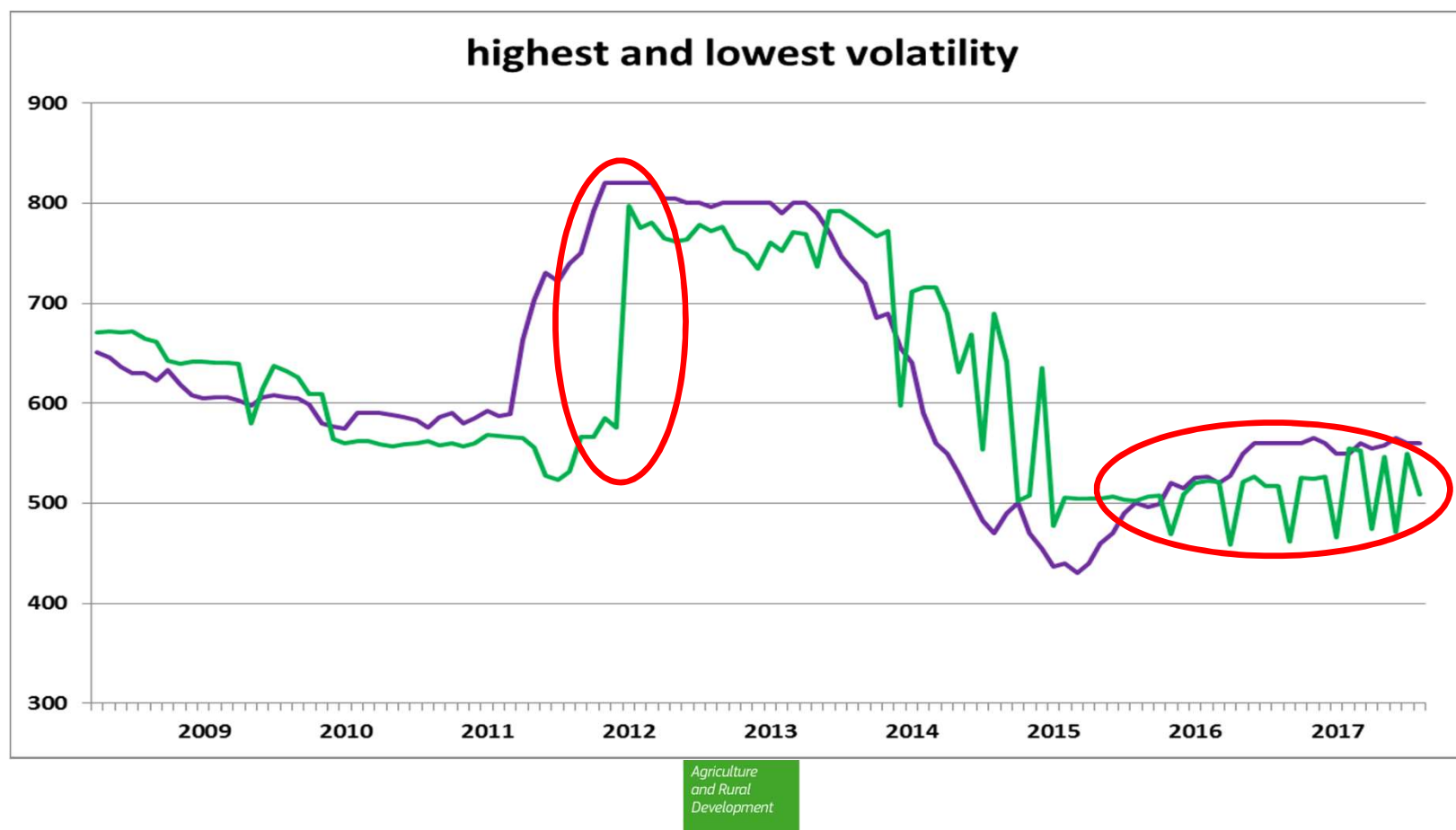
- The **EU sugar market is segmented**. Aim of this exercise is to give potential insight through regional analysis.
- We first **exploit data already available**, based on price notification by Member States: in this sense **no additional burden is imposed** neither to the industry nor to MS.
- **Confidentiality must be preserved** and by definition no information giving knowledge/insight advantage to any single market players should be disclosed.

## The MS notification dataset



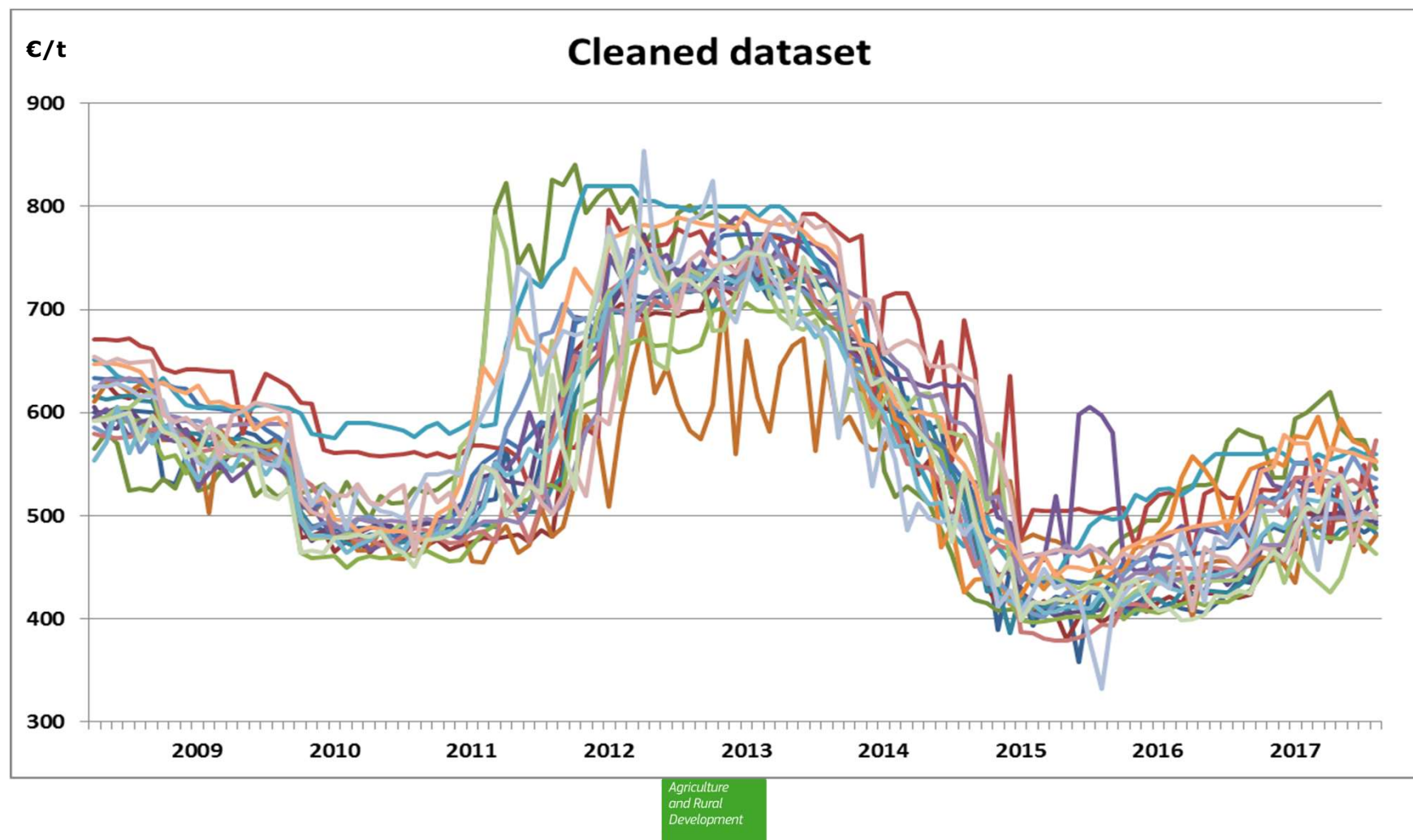
## The MS notification dataset

Static vs dynamic rejection of outliers: what is an outlier here?



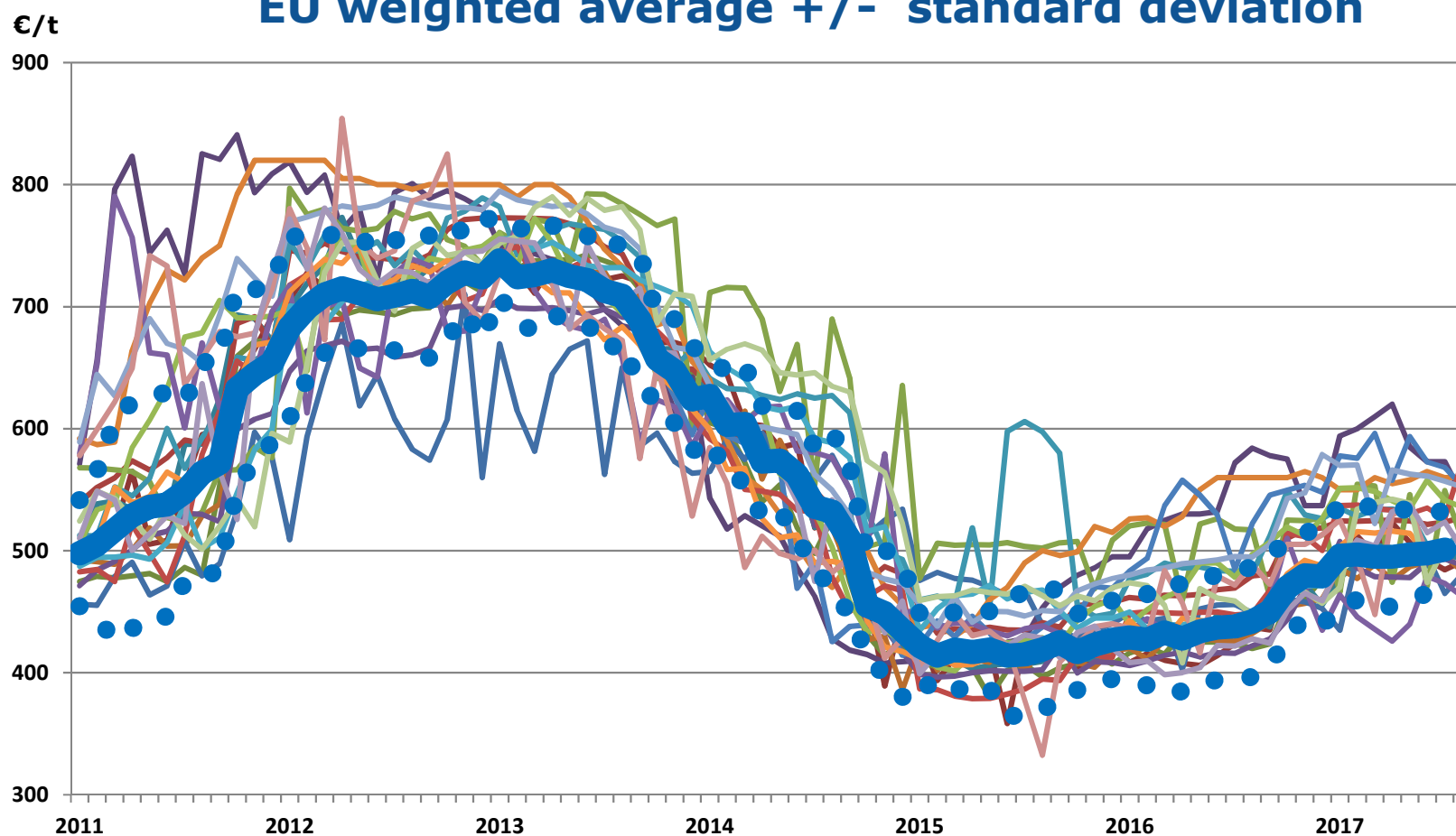


## The MS notification dataset



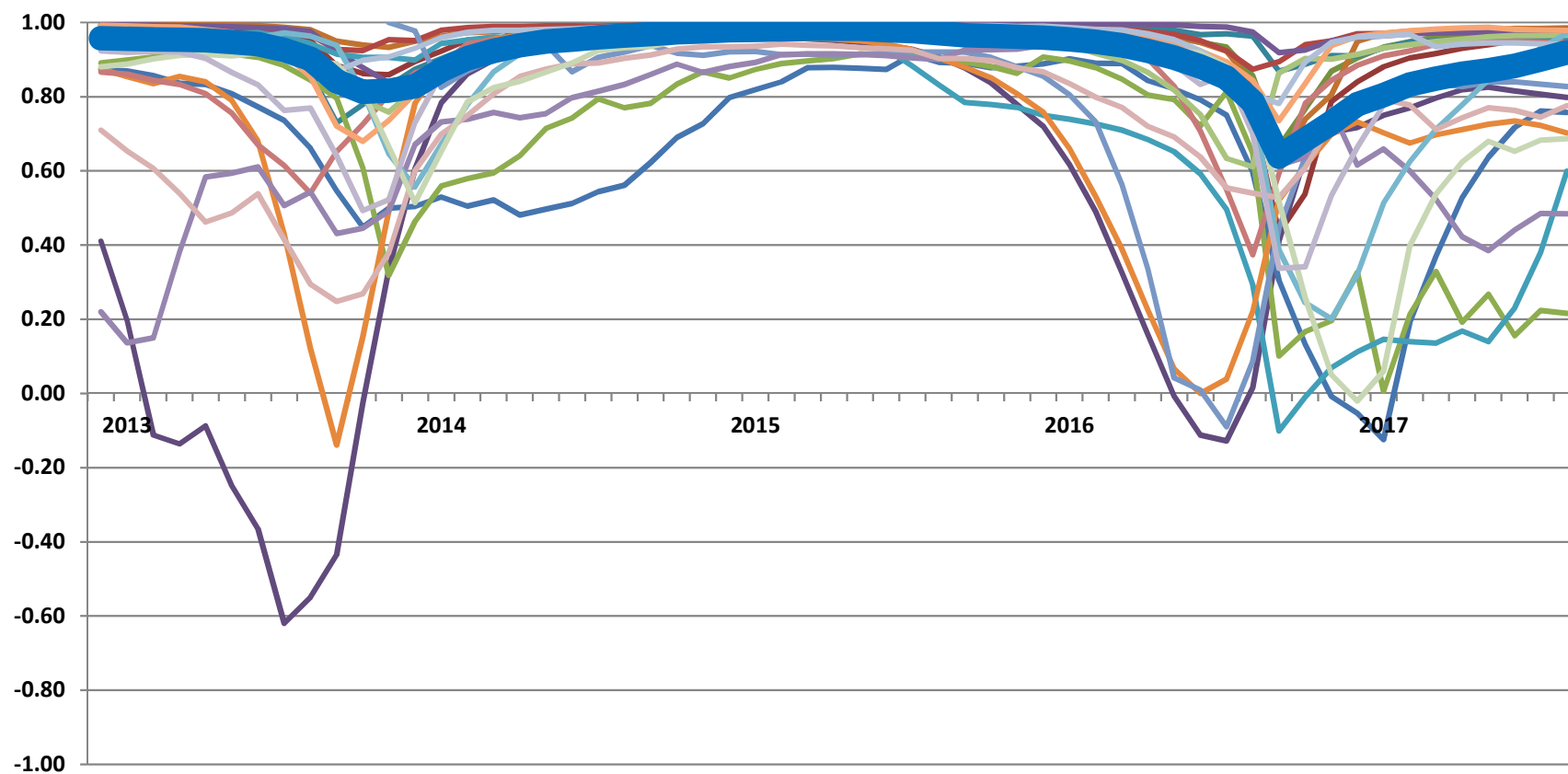
## EU average

EU weighted average +/- standard deviation



## Correlation with EU average

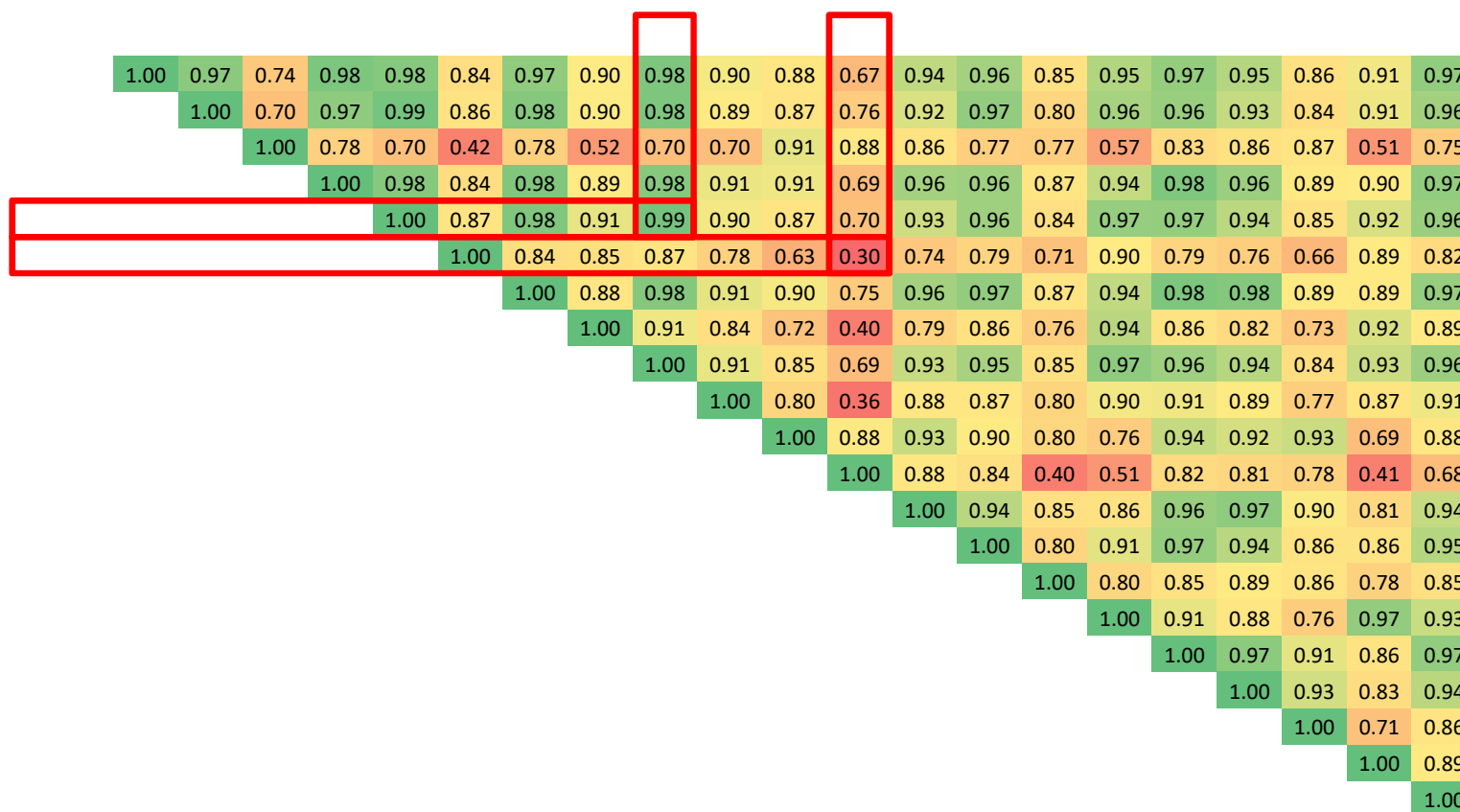
### 24-months rolling window correlation with EU average





# Correlations among MS

Average correlation is 86%

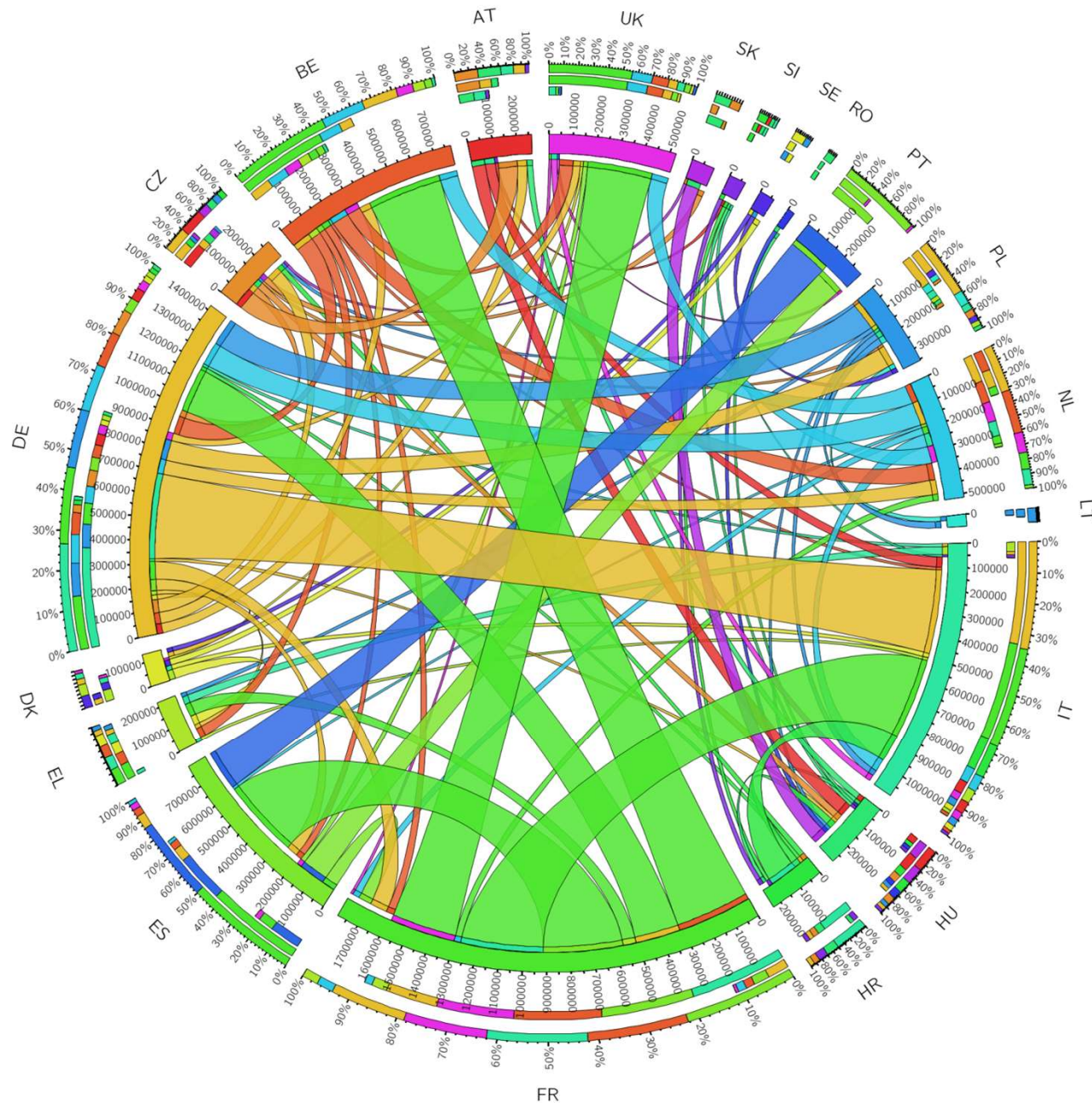


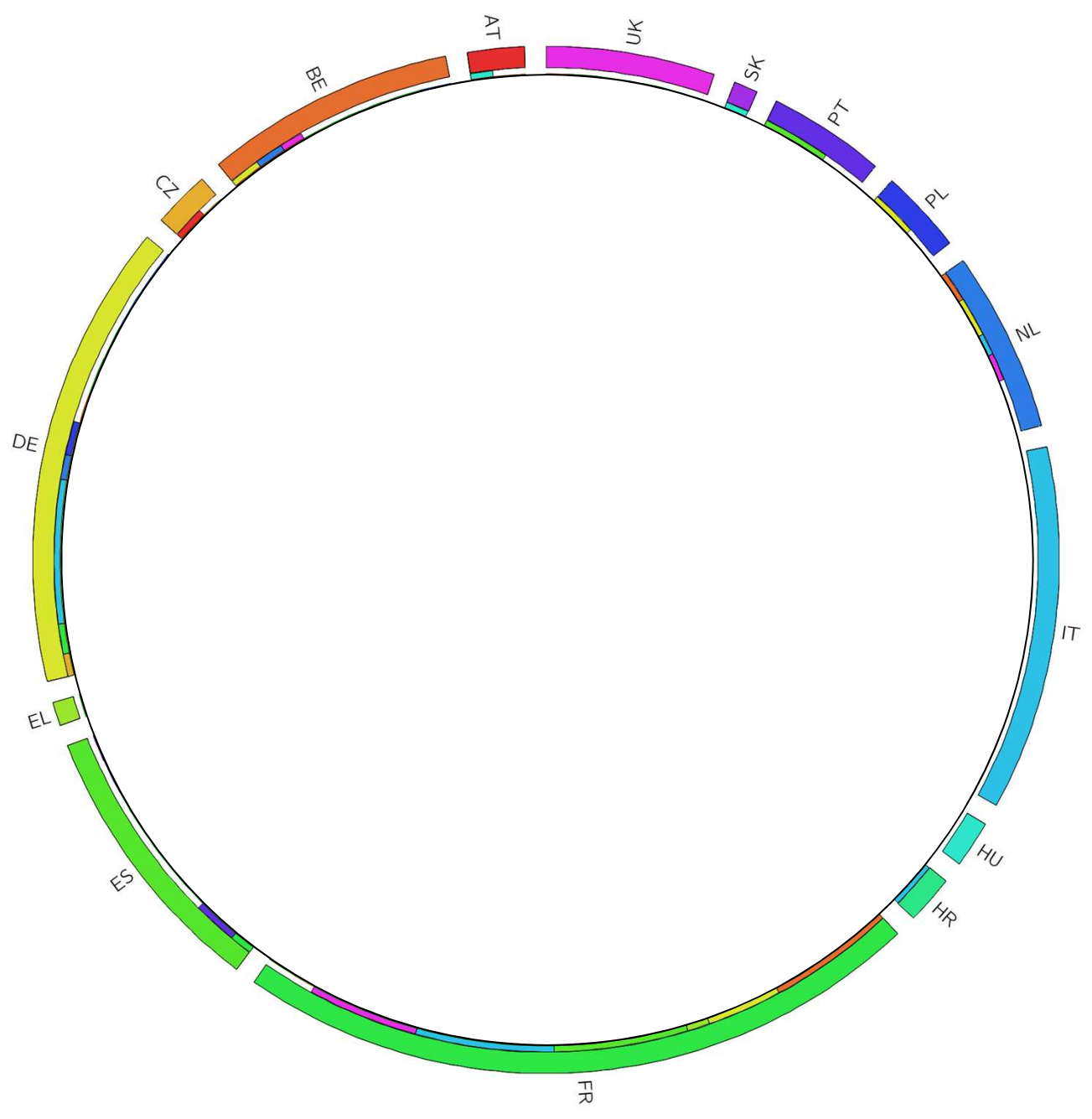


## Outcome and next step

- **Correlation analysis** suggests some clustering principles: some MS prices move together, some other move independently.
- Even if correlation among two MS is high, prices could be rather distant thus triggering a high standard deviation within the cluster.
- There are important constraints due to the presence of **supra-national industrial groups, cross-border ownership, branches and subsidiaries.**
- An intra-EU **trade flow analysis** has been performed:

# Complete intra-EU sugar trade flows

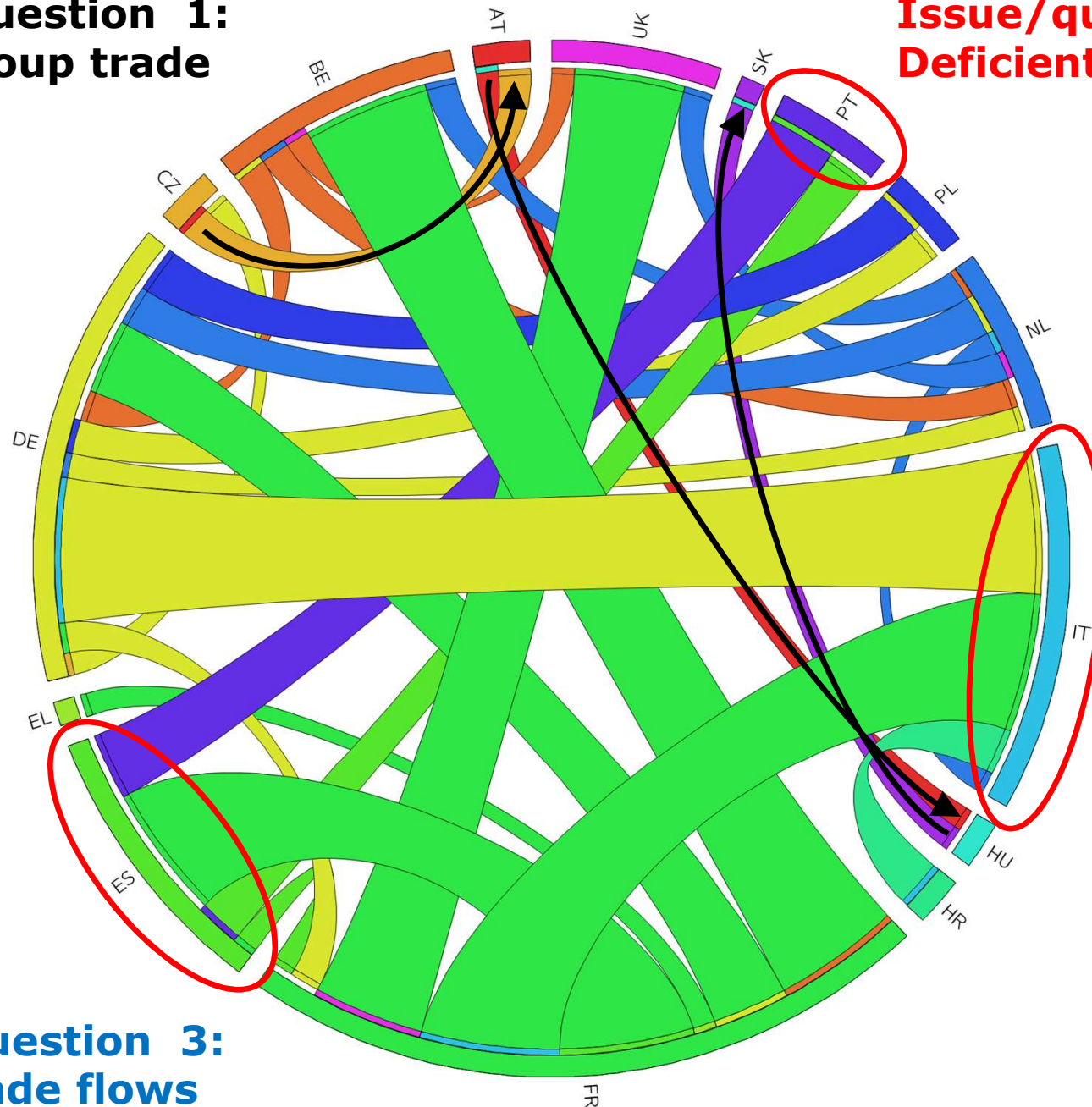






**Issue/question 1:**  
**Intra-group trade**

**Issue/question 2:**  
**Deficient markets**



**Issue/question 3:**  
**Small trade flows**



## Agenda

- The publication of **"regional" sugar prices** has been required by stakeholders.
- Subsequent analyses/steps:
  - **price correlation** ✓
  - **trade flows** ✓
  - **price levels** (ongoing)





**Thanks for your attention**

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