



# SHORT-TERM OUTLOOK

FOR EU AGRICULTURAL MARKETS  
IN 2018 AND 2019

SPRING 2019

Agriculture  
and Rural  
Development

# MACRO- ECONOMIC OUTLOOK

## Slowdown of global economic growth

€ World economic growth has been revised downwards for 2019-2021.

The risk for lower growth in the EU-28 is significant:

- **lower growth** in main EU economies (already in 2018 in Germany and Italy)
- **uncertainties** on oil price development and Brexit
- risk of further **tariff escalation** targeting mainly the automotive sector.
- lower energy prices and a rebound of households' confidence could nevertheless support growth in the EU-28.

€ With recent restrictions in production, oil prices are at USD 75/barrel. Prices of natural gas delivered in Europe are foreseen to follow. The correlation between the price of natural gas and nitrogen fertilisers has historically been strong.

Macro	2018	2019	2020	2021
Crude Oil Brent (USD/barrel)	65	69	65	66
Exchange rate (USD/EUR)	1.13	1.14	1.12	1.13
GDP EU-28	+2.0%	+1.3%	+1.2%	+1.3%

Source: IHS Markit

€ Key interest rates are expected to remain at current levels at least through 2019.

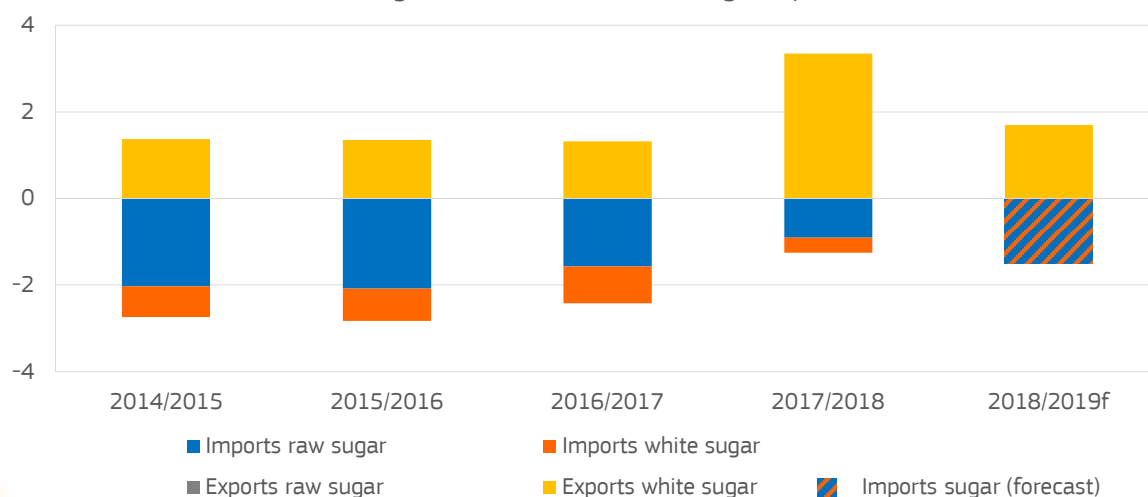
€ The USD/EUR exchange rate is expected to remain relatively stable around current levels for the period 2019-2021.



# SUGAR TRADE

## Contraction following low EU 2018/2019 production

EU-28 sugar trade (million t white sugar equivalent)



Adverse weather conditions resulted in **lower 2018/2019 sugar production** estimated at 17.6 million t.



the **EU net trading position deteriorates but remains positive** thanks to mobilisation of stocks from the previous campaign.



For 2018/2019, the **world market surplus is forecast to remain small** at 0.6 million t, down from 7.8 million t in 2017/2018. Despite a balanced market, world white **sugar prices** have not yet recovered and **remain low but stable** (EUR 299/t in March 2019).



The EU white sugar price was EUR 312/t in January 2019, down from EUR 371 in the same month of 2018.

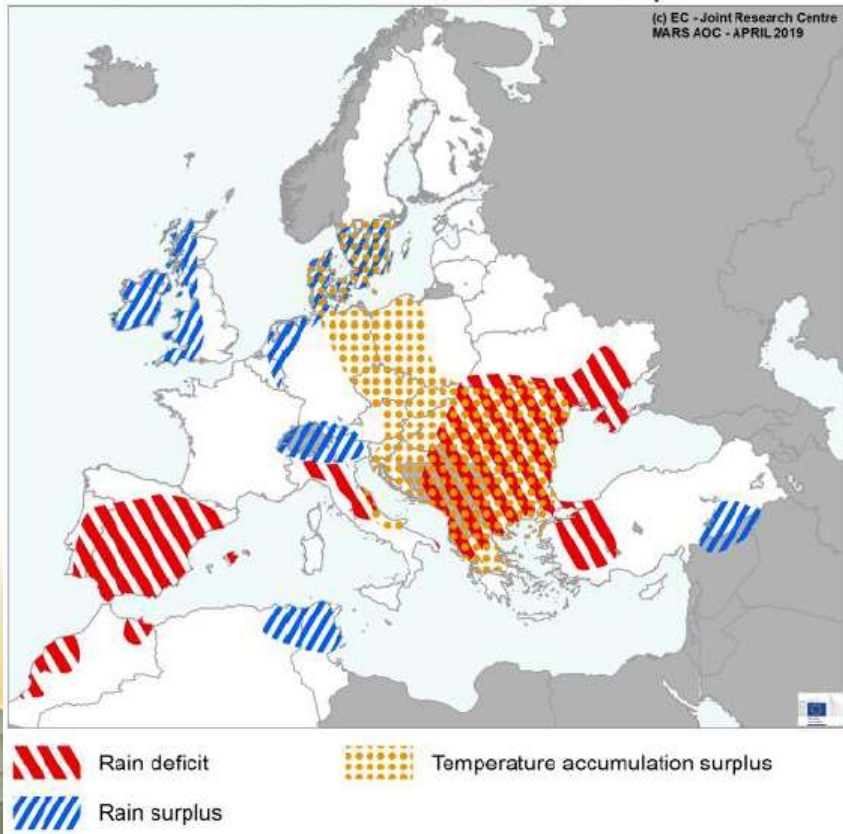
Source: DG Agriculture and Rural Development, based on Eurostat Comext

# WEATHER ANALYSIS

## Overall good sowing conditions in Spring

### AREAS OF CONCERN - EXTREME WEATHER EVENTS

Based on weather data from 1 March 2019 until 17 April 2019



Source: Mars-Bulletin crop monitoring in Europe 27(4)  
<https://ec.europa.eu/jrc/en/mars/bulletins>



Despite **some rain surplus** in some part of the EU, good sowing and cropping conditions prevailed in the North and West of the EU. Sowing in France, Belgium and the Netherlands have well-progressed as well as in the UK



Since the beginning of March, **conditions are particularly warm**, especially in Central and South-Eastern Member States.

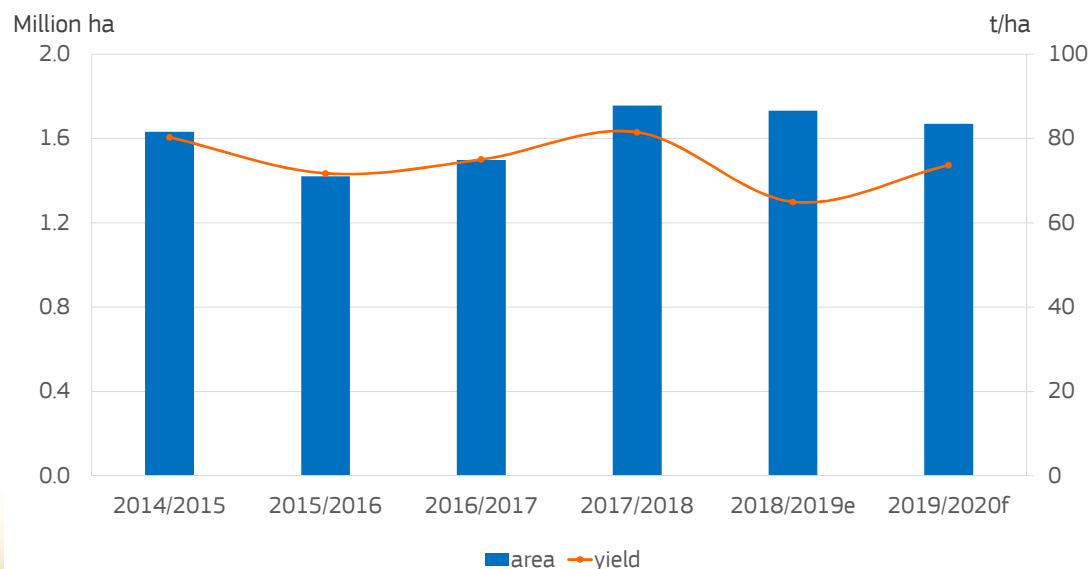
Above-average temperatures led to early sowings particularly in Poland (early March).

Dry conditions delayed sowing in some regions in Hungary and Romania, where more rain is awaited.

# PRODUCTION ESTIMATES

## Yields are expected to recover

Sugar beet area and yield in the EU



Low sugar prices are forecast to induce a **reduction in area** of 60 000 ha



While several producing countries introduced **exemptions on the use of neonicotinoids for the 2019 crop**, beet growers in four main producing countries (FR, NL, DE and UK) will need to find alternatives.

Sugar beet yield is forecast at around **74 t/ha**



Overall, **sugar beet production** for 2019/2020 is forecast at **123 million t** (+9% compared to 2018/2019) and sugar production could reach 18.3 million t (+4%).

Source: DG Agriculture and Rural Development, based on Eurostat