



European  
Commission



Agriculture  
and Rural  
Development

# Sugar market post quota

## *A short term outlook*

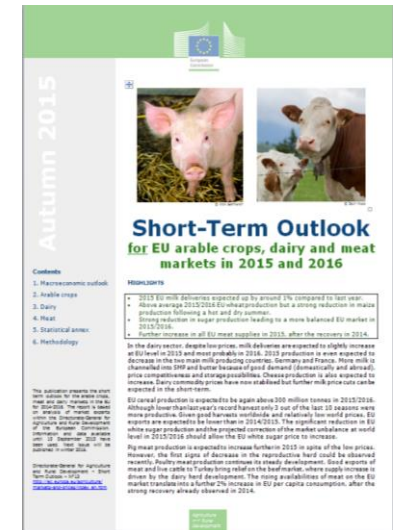
Sugar market observatory  
11 July 2017

# Content

- DG AGRI outlook products
  - Short term outlook
  - Medium term outlook
- Short term outlook for the European sugar market

## Short term outlook

- What is the STO ?
  - Short term projections for main agri commodities (including beef and pork)
  - Based on reflections of DG AGRI market experts
  - EU balances on production / consumption / trade
  - Background on specific topics and developments
  - 2 years horizon (2016, 2017)
  - Published 3 times / year



Latest version published today:

[http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index\\_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm)

# 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 happened?

## European sugar market

- Incoming stocks for 2017/18 (including carry-forward) estimated at 1.3 million ton (33% lower than 2016/17)
- EU sugar prices increased over the last year (+16%) but stabilizing since the beginning of 2017

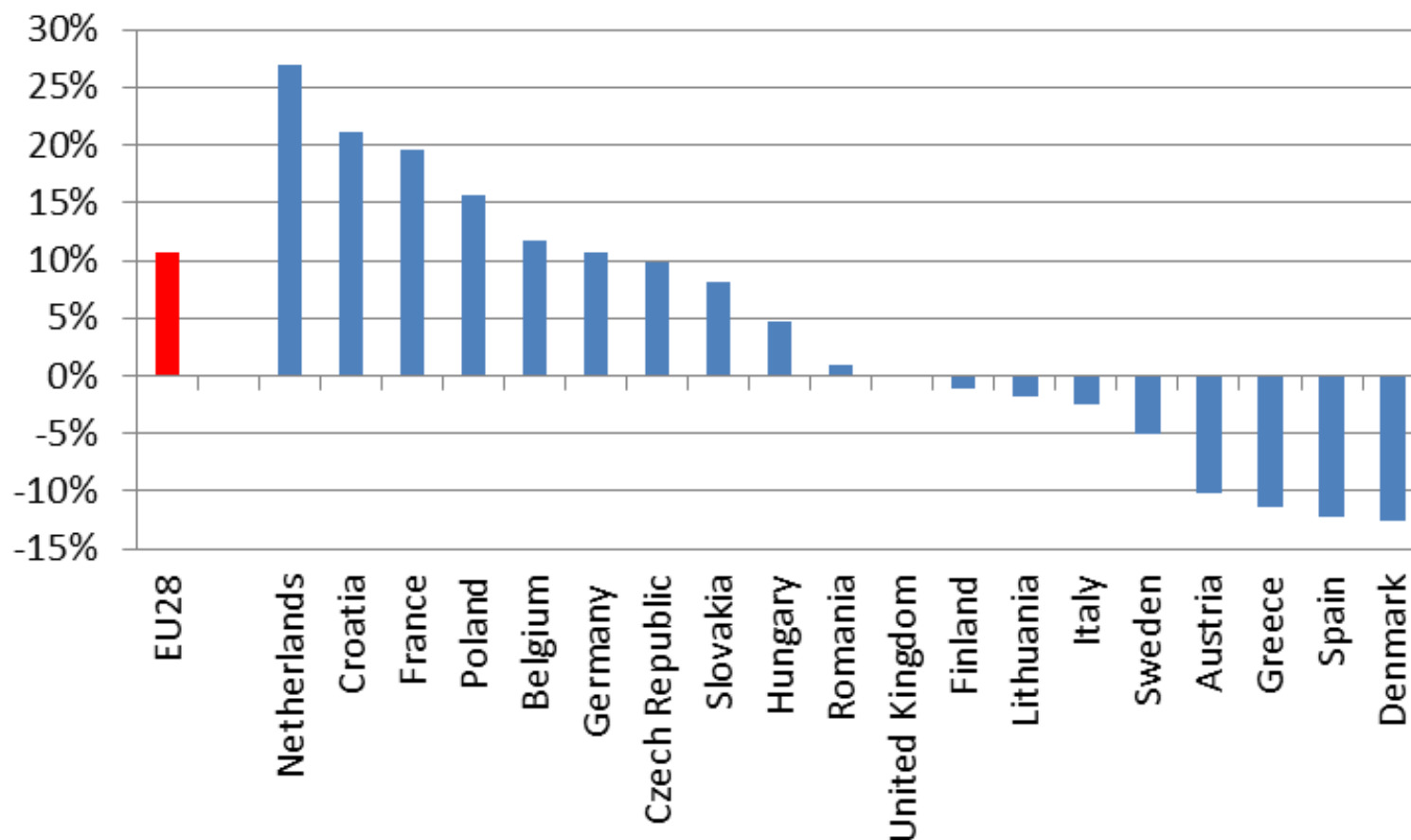
## World sugar market

- Sugar production deficit for the second year in a row (-5.9 million ton)
- Strong surge in sugar prices end 2016-2017 but sharp decline since March
  - Updated production 2016/17
  - Ethanol vs sugar balance in Brazil (exchange rate + Petrobras policy)
  - Expectation of sugar surplus in 2017/18

## What do we know?

- World level
  - Global production expected to rise in Asia, Africa and Europe
  - Constant consumption growth
  - Over supply of 2.6 million ton (but still low stock-to-use!)
- EU
  - Strong increase in sown area in the first year without market limitations (+16% compared to 2016/17)
  - Concentration of production expansion in "sugar beet belt"

## Change in sugar beet area (5-year average)



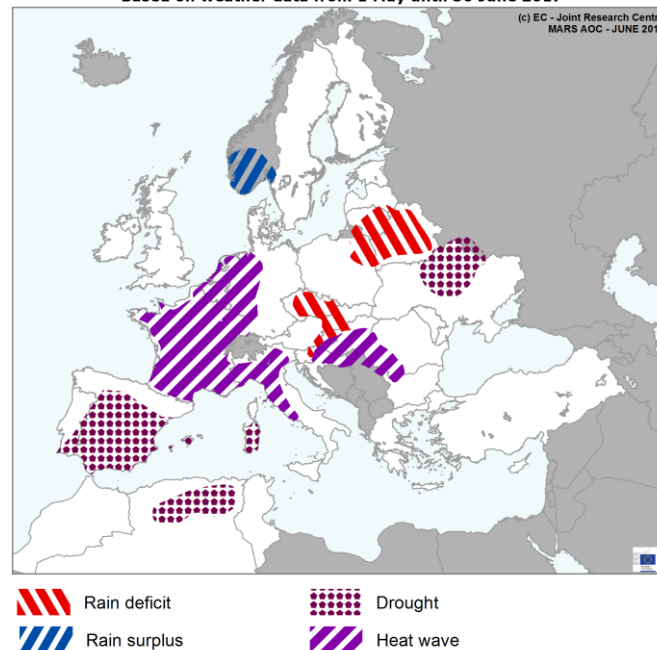


## What do we expect?

- A sugar beet yield of 73.4 t/ha or 3.8% above the 5-year average
  - Despite the warmer and dryer than average season
  - Highly dependent on weather over summer

### AREAS OF CONCERN - EXTREME WEATHER EVENTS

Based on weather data from 1 May until 30 June 2017





## What do we expect?

- A sugar beet yield of 73.9 t/ha or 3.1% above the 5-year average
  - Despite the warmer and dryer than average season
  - Highly dependent on weather over summer
- No information yet available on the sugar content of the beet as this is determined in the last growth stages of the beet
- Forecasted EU white sugar production of 20.1 million ton
- Sugar prices likely to decline
  - Delay compared to world markets
  - Approaching the world market price post quota

## What remains to be seen?

- How will the EU trade evolve?
  - No more quantitative export limit
  - Less attractive EU market for exporters
- The performance will depend on the price relationship between the EU and the world white sugar price.

## Forecasted EU sugar balance 2017/18

	EU-28					% variation vs. 16/17
	2013/2014	2014/2015	2015/2016	2016/2017e	2017/2018f	
Beginning stocks	3.2	2.6	3.9	1.9	1.3	-33%
White sugar production	16.7	19.5	14.9	16.8	20.1	20%
Imports	3.7	2.8	2.9	2.9	1.5	-49%
<b>Availabilities</b>	<b>23.6</b>	<b>24.9</b>	<b>21.7</b>	<b>21.7</b>	<b>22.9</b>	6%
Total domestic uses white sugar	19.5	19.5	18.4	19.0	19.1	0%
- Human	17.5	16.9	16.2	16.8	16.8	
- Industrial	2.0	2.6	2.2	2.2	2.3	3%
<i>o.w. bioethanol</i>	1.2	1.8	1.4	1.4	1.6	12%
Exports	1.5	1.4	1.4	1.4	2.8	100%
<b>Total uses</b>	<b>21.0</b>	<b>20.9</b>	<b>19.8</b>	<b>20.4</b>	<b>21.9</b>	7%
<b>End stocks</b>	2.6	3.9	1.9	1.3	1.0	-20%
- Market	2.6	3.9	1.9	1.3	1.0	-20%
- Intervention	0.0	0.0	0.0	0.0	--	
<b>Self-sufficiency rate %</b>	86%	100%	81%	89%	105%	19%
Sugar beet production	109.0	131.0	101.8	107.0	127.9	20%

## Short term outlook

- Next version in Autumn will provide an improved forecast for the EU production.
- Trade and prices will have to be revised throughout the 2017/18 campaign
- Follow the impact the expiry of isoglucose quota on the EU sweetener market.

## Further info

[http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index\\_en.htm](http://ec.europa.eu/agriculture/markets-and-prices/short-term-outlook/index_en.htm)

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