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Key EU28 sugar estimates (*)

(million tonnes)(Oct/Sep marketing years)	2018/19 ?	2019/20 ??	Delta
Beginning stocks (total and carry)	2.4	1.4	-1
Total fresh production (sugar equivalent)	17.6	17.9	0.3
- of which sugar production (excluding ethanol)	15.7	16.0	0.3
Imports from non-EU countries (incl. IPR)	2.1		
Exports to non-EU countries (incl. IPR)	2.3		
Overall trade balance	0.2	-1.1	-1.3

(*) Imports and exports data include not only sugar traded under the normal customs treatment, but they also include sugar imported and exported under Inwards Processing Relief (IPR) and “other” white sugar (HS 1701 9990). For the moment, the UK is included in the EU.

NB: Unless otherwise stated, all customs data is sourced from Eurostat with elaborations and projections undertaken by www.julianprice.com Ltd.

ACP and LDC sugar imports jump in March 2019

Imports of sugar into the EU28 from ACP and LDC countries more than doubled in volume in March 2019, the latest Eurostat data published on 16 May showed.

The increase was led by imports of raw sugar for refining originating in Belize, Eswatini, Guyana, and Mozambique with a small parcel from Zimbabwe, the first since September 2017, no doubt co-shipped from Maputo. The total quantity of ACP/LDC raws for refining increased to 98,591 tonnes in March from 35,000 tonnes in February.

The total of imports of raws for refining from all origins, including a cargo from Nicaragua and smaller quantities of raw sugar imported from Cuba (possibly organic), increased to 120,703 tonnes in March from 56,012 tonnes in February.

Recently, two cargoes of bulk sugar from Belize were spotted discharging in London, possibly indicating that the total of ACP and LDC imports (raw, DC and refined, excl. South Africa) may indeed reach 1,000,000 tonnes in 2018/19 after just 560,000 tonnes in 2017/18. It seems likely that Eswatini will top the table of ACP and LDC importers this year, with Mauritius, Belize and Fiji taking second through fourth places in the table, and even Jamaica exporting one cargo to Europe this year.

Meanwhile, the total of imports from other origins (including South Africa) is not expected to increase very much above the total of 744,000 tonnes reached in 2017/18; the trendline for “other” origins is currently pointing to 800,000 tonnes by September 2019.

The grand total of all sugar imports in 2017/18 was 1,305,000 tonnes, after 2,523,000 tonnes in 2016/17, and the 2018/19 trendline is now pointing to a total of 1.6 million tonnes in 2018/19.

The average CIF import price for ACP and LDC raws for refining also increased to EUR294 in March 2019 from EUR252 per tonne in February, Eurostat data showed, to compare with spot prices for refined sugar in the “deficit areas” of the EU reported to be in excess of EUR400 per tonne EXW (see later discussion about EU sugar prices).

Detailed statistical data derived from Eurostat may be found at the end of this report.

EU sugar exports remain steady in March but 2018/19 seen 40% down on year

The EU28 exported 138,000 tonnes of sugar to third countries in March 2019, the latest Eurostat data published on 16 May showed. The cumulative total of EU exports in the 2018/19 marketing year now stands at 1,028,000 tonnes, 840,000 tonnes less than in March 2018.

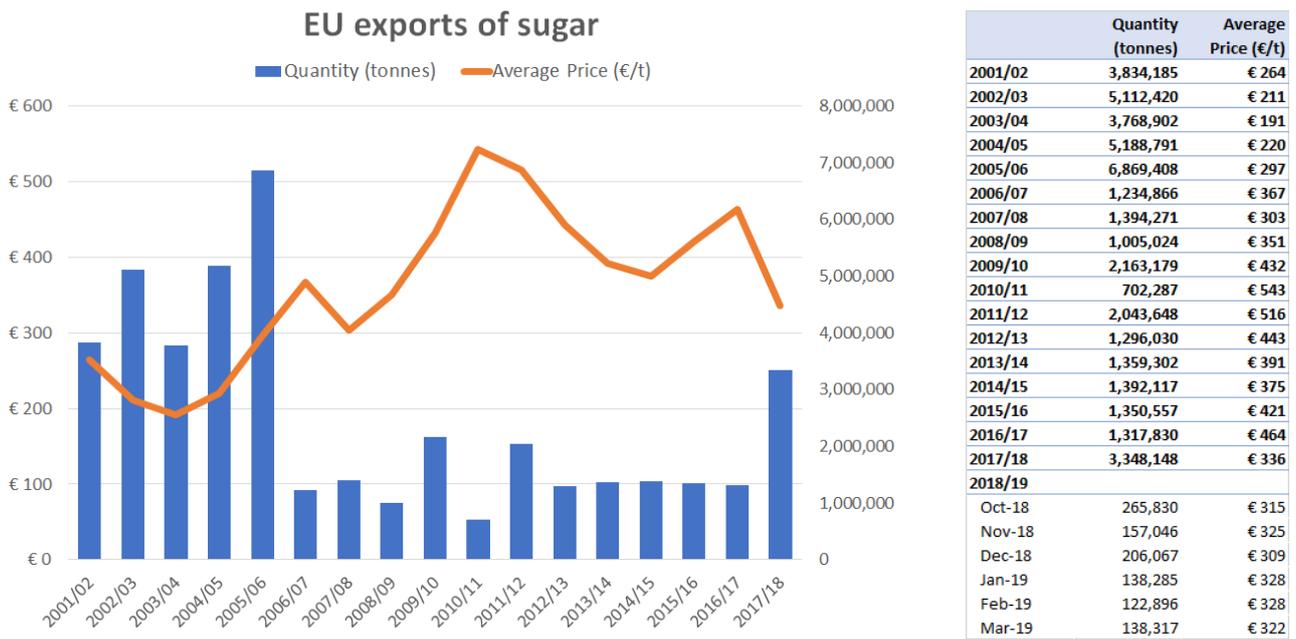
After exports of 3,348,000 tonnes in 2017/18 (or 3,601,000 tonnes including IPR exports), the projected total for the 2018/19 marketing year is now 2,050,000 tonnes (or 2,317,000 tonnes including IPR exports), a reduction of nearly 40% year-on-year.

Egypt and Israel were by far the most important destinations for EU sugar. The top 10 EU export destinations in March 2019 were as follows, in metric tonnes:

Albania	Egypt	Ghana	Israel	Kazakhstan	Kuwait	Russia	Saudi Arabia	Sierra Leone	Switzerland
4,956	31,765	6,430	32,147	5,155	4,104	2,957	5,484	3,545	7,839

Notable by their relative absence in the list of EU sugar export destinations in 2018/19 are Norway, Sri Lanka, Syria and Turkey.

The average FOB price for EU exports in March was EUR322 per tonne, compared with the average London #5 spot month futures price of EUR298 per tonne in March. The average price for exports to the MENA region in March was EUR305/tonne, to the CIS region EUR316/tonne, to the West Balkans EUR327/tonne and to West Sub-Saharan Africa EUR358 per tonne.



Eurostat data predicts EU reported prices will rise in March

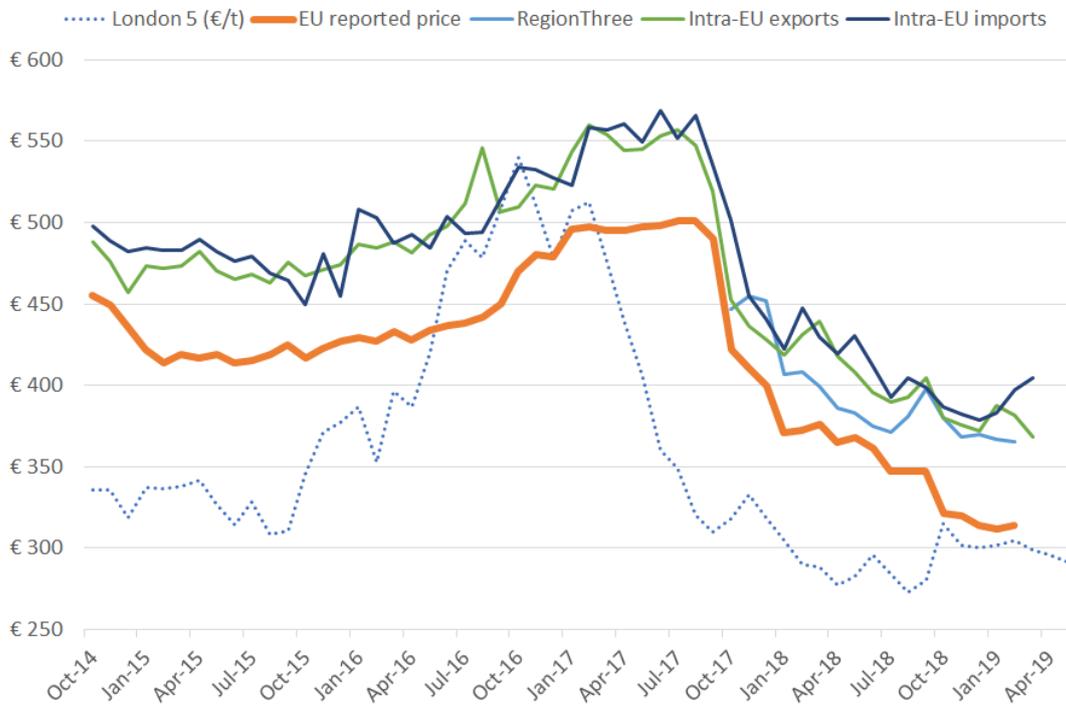
The following chart measures the prices recorded by Eurostat (Intrastat) for trade between EU member states. The data is undoubtedly inaccurate, bearing in mind the so-called “VAT Gap” is around 12.3% for the EU28 according to European Commission estimates¹. However, these data are nevertheless a remarkably good predictor of EU sugar prices and moreover they are published around a week in advance of the EU reported prices (the Intrastat data correlates around 94% of the variance [R²]). Last month, the European Commission recorded an average price of EUR314 per tonne. Although the Intrastat data probably suffer from the same limitations as for the official prices data, it is worth noting that the prices for Intra-EU exports predict an average price rise in the EU of EUR34 per tonne to EUR348 per tonne, however, the Intra-EU imports data predicts a price rise of only EUR6 per tonne.

The European Commission is mindful of the lack of transparency concerning prices in the EU domestic market, and has proposed steps to address the opacity of the market. At their meeting on 25 April, the Commission proposed to demand more prices information from operators, notably sugar prices for both long and short term contracts, prices data from both sellers and buyers (the latter being industrial users of more than 1,000 tonnes per annum) and data relating to sales to the retail, food industry and other industries. At the meeting, there were many statements by representatives of the Member States that the Commission’s transparency initiative proposals are unrealistic and/or optimistic, for example, the time limits are too tight, the definitions are not clear, there are competition law constraints, etc., etc. Nevertheless, as highlighted during the work of the High Level Group on Sugar, the EU sugar market badly needs improved transparency in order to assist in the rational deployment of scarce resources in a market which at present is trading at

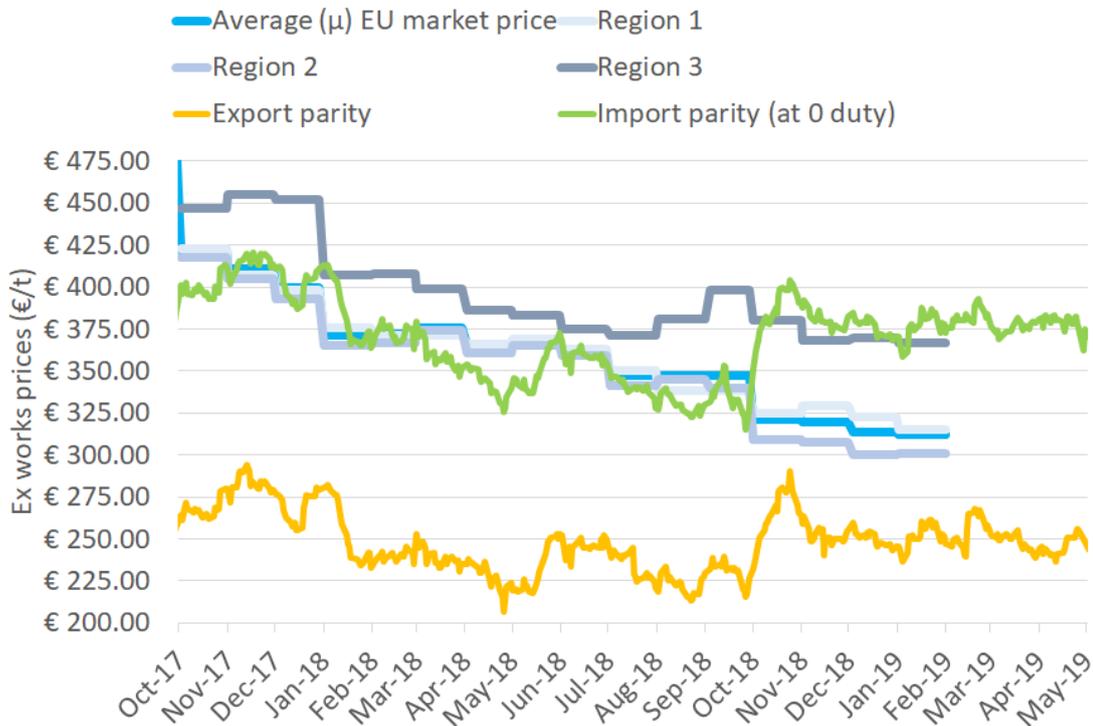
¹ https://ec.europa.eu/taxation_customs/business/tax-cooperation-control/vat-gap_en

unsustainably low prices. It is expected that the discussions will continue at the Commission’s next meeting on 24 May.

Intra-EU sugar prices (€/t) (Source: Eurostat)



Reported EU, export and import parity prices



Statistical Annex

ACP, LDC and South African imports of sugar and molasses to the EU28 (Source: Eurostat)								
	DC raws		Raw cane cugar for refining		Refined sugar		Molasses	
	Quantity (ton)	Average Price	Quantity (ton)	Average Price	Quantity (ton)	Average Price	Quantity (ton)	Average Price
2001/02	69,684	€ 701	1,564,308	€ 509	33,131	€ 584	312,145	€ 86
2002/03	74,378	€ 693	1,419,988	€ 537	24,244	€ 549	318,117	€ 72
2003/04	80,178	€ 671	1,538,046	€ 524	35,798	€ 561	364,209	€ 64
2004/05	89,274	€ 679	1,530,431	€ 521	46,721	€ 557	315,511	€ 90
2005/06	74,367	€ 715	1,390,986	€ 515	25,372	€ 596	407,946	€ 113
2006/07	119,384	€ 669	1,486,323	€ 500	22,320	€ 640	368,812	€ 99
2007/08	150,742	€ 660	1,318,451	€ 498	49,374	€ 586	259,347	€ 88
2008/09	110,984	€ 618	1,709,833	€ 450	65,107	€ 531	205,897	€ 127
2009/10	114,278	€ 621	1,224,241	€ 371	183,555	€ 442	128,042	€ 130
2010/11	124,445	€ 624	1,257,109	€ 416	426,383	€ 511	116,023	€ 138
2011/12	144,008	€ 751	1,367,598	€ 507	330,619	€ 717	98,254	€ 129
2012/13	125,852	€ 814	1,549,053	€ 560	367,471	€ 727	127,916	€ 142
2013/14	120,281	€ 770	1,753,909	€ 449	389,880	€ 556	87,173	€ 132
2014/15	132,428	€ 702	1,643,055	€ 393	341,578	€ 412	83,163	€ 153
2015/16	138,256	€ 668	1,182,637	€ 370	321,531	€ 443	102,153	€ 156
2016/17	129,685	€ 679	857,258	€ 437	323,002	€ 516	110,033	€ 149
2017/18	128,283	€ 632	538,953	€ 320	126,202	€ 427	85,740	€ 136
2018/19								
Oct-18	5,900	€ 688	123,181	€ 269	4,950	€ 388	8,318	€ 138
Nov-18	8,201	€ 655	52,000	€ 257	8,231	€ 411	5,446	€ 149
Dec-18	7,207	€ 631	49,299	€ 259	5,611	€ 399	--	--
Jan-19	11,437	€ 628	86,488	€ 264	5,979	€ 380	--	--
Feb-19	6,758	€ 641	35,000	€ 252	5,050	€ 420	--	--
Mar-19	10,408	€ 648	98,591	€ 294	10,475	€ 375	3,000	€ 142

Top ten EU import origins (Source: Eurostat)

Quantity (tonnes)	2012/13												
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		2018/19	2018/19	2018/19	2018/19	2018/19
							Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	
Algeria	104,753	84,521	43,245	70,339	112,031	37,217	2,618	381	506	2,024	2,062	1,100	
Belize	105,665	96,021	86,673	133,494	106,088	142,121	30,661	495	767	1,148	20,667	13,737	
Brazil	1,269,517	462,919	237,197	624,455	324,192	254,511	14,869	46,331	11,956	43,975	19,138	7,979	
Colombia	16,550	72,570	43,908	63,609	80,174	46,725	6,065	5,717	4,421	3,762	3,436	3,772	
Costa Rica	81,945	29,451	47,871	41,271	22,465	19,315	80	160	160	99	16,243	461	
Cuba	272,589	293,382	238,224	370,555	428,323	140,269	17,084	19,022	4,779	15,801	18,033	6,729	
Fiji	146,462	156,188	164,184	217,068	150,577	68,538	20,000	15,000	--	26,000	8,118	239	
Guatemala	28,039	61,052	55,543	95,128	68,582	82,794	60	221	20	1,468	5,284	10,105	
Guyana	133,533	167,981	164,538	136,129	121,480	56,905	11,673	--	11,810	--	--	12,250	
Jamaica	82,432	77,412	64,486	24,136	19,281	21,025	--	--	--	--	--	--	
Laos	43,997	--	84,242	69,198	57,987	580	--	--	40	20	--	483	
Malawi	58,998	103,945	82,243	55,557	40,069	24,481	1,183	1,457	918	2,907	204	857	
Mauritius	373,761	412,580	396,985	378,337	362,048	170,148	8,276	12,845	10,028	11,263	9,403	14,012	
Mozambique	180,417	256,398	276,623	165,862	75,874	38,210	20	10,180	6,160	8,760	643	25,281	
Serbia	178,559	175,235	165,337	169,193	163,298	29,346	3,432	5,535	8,562	7,878	8,392	8,124	
South Africa	1,980	11,469	6,374	2,316	14,491	235,460	3,000	42,392	33,290	39,030	604	4,177	
Sudan	77,162	177,344	201,652	155,272	29,848	--	--	--	--	--	--	--	
Swaziland	355,017	239,077	313,080	130,632	235,667	37,367	62,092	1,140	10,275	22,238	7,701	44,843	
Zambia	105,227	111,765	83,116	44,861	14,559	172	--	--	--	--	--	--	
Zimbabwe	151,335	245,635	187,647	126,449	55,047	--	--	--	--	--	--	4,993	

Top five EU sugar export destinations (Source: Eurostat)										
	Egypt		Israel		Lebanon		Syria		Turkey	
	Quantity (tonnes)	Average Price (€/t)								
01/11/2016	4,639	€ 444	15,139	€ 499	7,218	€ 502	1,610	€ 573	4,861	€ 527
01/12/2016	26,236	€ 473	23,673	€ 487	3,621	€ 452	3,013	€ 525	1,770	€ 533
01/01/2017	3,700	€ 509	12,622	€ 510	5,731	€ 487	1,500	€ 460	415	€ 623
01/02/2017	2,013	€ 502	15,035	€ 514	5,410	€ 469	1,500	€ 468	--	--
01/03/2017	2,308	€ 464	14,172	€ 509	3,420	€ 444	1,033	€ 531	73	€ 1,451
01/04/2017	14,622	€ 435	23,671	€ 468	3,717	€ 422	500	€ 426	11,663	€ 422
01/05/2017	18,128	€ 423	23,035	€ 451	15,136	€ 416	9,006	€ 412	7,114	€ 421
01/06/2017	9,097	€ 414	27,539	€ 417	11,449	€ 419	3,050	€ 480	2,348	€ 476
01/07/2017	15,667	€ 406	16,368	€ 424	8,044	€ 412	9,331	€ 393	21,052	€ 387
01/08/2017	10,775	€ 376	14,787	€ 438	4,094	€ 396	1,566	€ 498	45	€ 689
01/09/2017	25,735	€ 382	9,065	€ 406	4,414	€ 402	5,834	€ 443	43	€ 1,210
01/10/2017	42,266	€ 330	25,010	€ 349	15,871	€ 348	29,492	€ 320	15,192	€ 373
01/11/2017	49,944	€ 336	23,511	€ 362	13,585	€ 344	7,294	€ 352	19,610	€ 356
01/12/2017	29,074	€ 354	18,747	€ 363	11,569	€ 342	39,232	€ 305	12,497	€ 322
01/01/2018	31,412	€ 302	28,450	€ 336	18,586	€ 337	16,500	€ 329	13,300	€ 334
01/02/2018	31,226	€ 346	29,301	€ 329	13,701	€ 316	30,000	€ 348	12,040	€ 382
01/03/2018	51,982	€ 298	44,141	€ 356	9,727	€ 314	1,080	€ 287	12,593	€ 288
01/04/2018	68,211	€ 288	44,144	€ 348	6,473	€ 316	30,512	€ 267	12,041	€ 300
01/05/2018	41,071	€ 304	45,981	€ 313	11,324	€ 303	12,000	€ 316	17,299	€ 292
01/06/2018	32,671	€ 317	48,295	€ 313	10,252	€ 313	45,990	€ 307	23,278	€ 296
01/07/2018	24,176	€ 311	37,560	€ 321	5,414	€ 303	5,496	€ 302	7,055	€ 306
01/08/2018	62,220	€ 297	29,993	€ 356	7,401	€ 310	1,968	€ 414	8,349	€ 296
01/09/2018	51,368	€ 300	25,749	€ 322	6,517	€ 306	1,200	€ 321	14,667	€ 297
01/10/2018	56,792	€ 283	38,204	€ 307	5,655	€ 304	1,080	€ 300	7,172	€ 298
01/11/2018	21,794	€ 301	32,412	€ 316	3,639	€ 309	--	--	3,891	€ 336
01/12/2018	36,157	€ 298	30,965	€ 313	16,710	€ 308	22,052	€ 267	4,440	€ 332
01/01/2019	15,684	€ 307	40,042	€ 322	2,943	€ 311	--	--	799	€ 370
01/02/2019	16,079	€ 316	32,155	€ 312	2,360	€ 314	--	--	923	€ 406
01/03/2019	31,765	€ 299	32,147	€ 304	1,921	€ 323	--	--	445	€ 330

Julian Price has 30 years' experience as an international sugar trader and broker. He was elected eight years in a row as President of the European Sugar Traders' Association "ASSUC", comprising 60 sugar trading companies in Europe. Julian is a regular speaker at international sugar trade conferences and is recognized to possess wide experience, deep knowledge and empathy as a sugar trader and innovative market analyst at the heart of the trade in cane sugar between African, Caribbean, Pacific and Least Developed Countries and the European Union.