



# The Beet Brief

6 Apr 2018

## UK beet price tracker

£/adjusted tonne	Base price, £/t	Bonus, €/t (latest month)	ECB £/€ rate (monthly average)	Bonus, £/t (latest month)	Bonus, £/t (cumulative to date)
2017 one-year contract	£22	0	-	0	0
2017 three-year contract	£22	0	-	0	0

Prices before adjustments. Bonuses apply when EU price >€475/t, and are liable to exchange rate fluctuations.

### Highlights

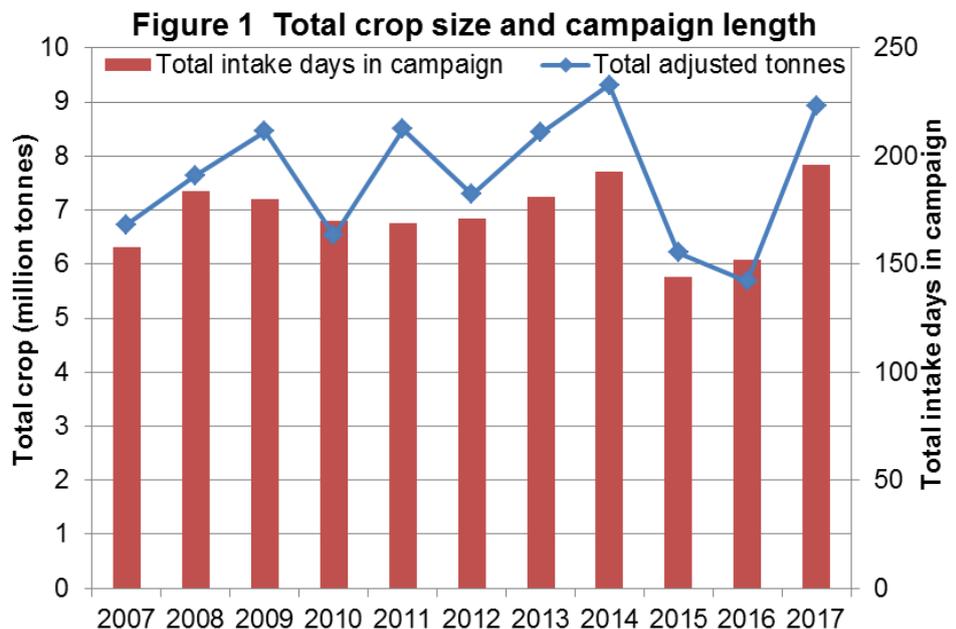
- Average white sugar prices in the EU dropped to €374/t in January
- The longest campaign on record finally comes to an end, despite a smaller crop than three years ago
- World raw sugar prices hit new lows but white sugar values remain stable as EU campaigns finish.

**Average white sugar prices in the EU dropped again in January to €374/t**, a new low for the EU market. This brings average factory-gate prices for the month not far above spot sugar prices in the EU at the time (reported by Platts at c.€370-€390/t delivered in Western Europe). Current spot prices are reported lower again at around €355/t delivered in Western Europe.

But while the low sugar price can be managed at the processing level somewhat by being able to spread processing costs across a long campaign, this has presented its own difficulties for growers.

The 2017/18 campaign in the UK has been the longest on record between first beet intake on 13th Sep and final close of intake on 27th Mar. Cantley has smashed records with a campaign 13 days longer than ever before at 186 days and Newark hitting a record 196 days—far longer than any other factory in Europe. Wisington's campaign has been only a day off record length at 184 days while Bury, closing a month earlier than it's neighbours on 26th Feb while there was still over two thirds of a million tonnes of beet left to deliver, came in well below record length at only 165 days.

While it has undoubtedly been a big crop, on the back of record yields, it has by no means been the largest crop ever processed in the UK—there was 400,000 tonnes less beet to process than three years ago for example. Growers have been very patient as factory performance issues have led to company-wide average slice rates failing to hit budget levels for the 6th time in ten years, making it increasingly difficult to manage harvesting and delivery plans. Had the 50,350 budgeted tonnes sliced per day been consistently reached, the total crop would have been processed by 8th March.



Note: 2017 tonnes provisional

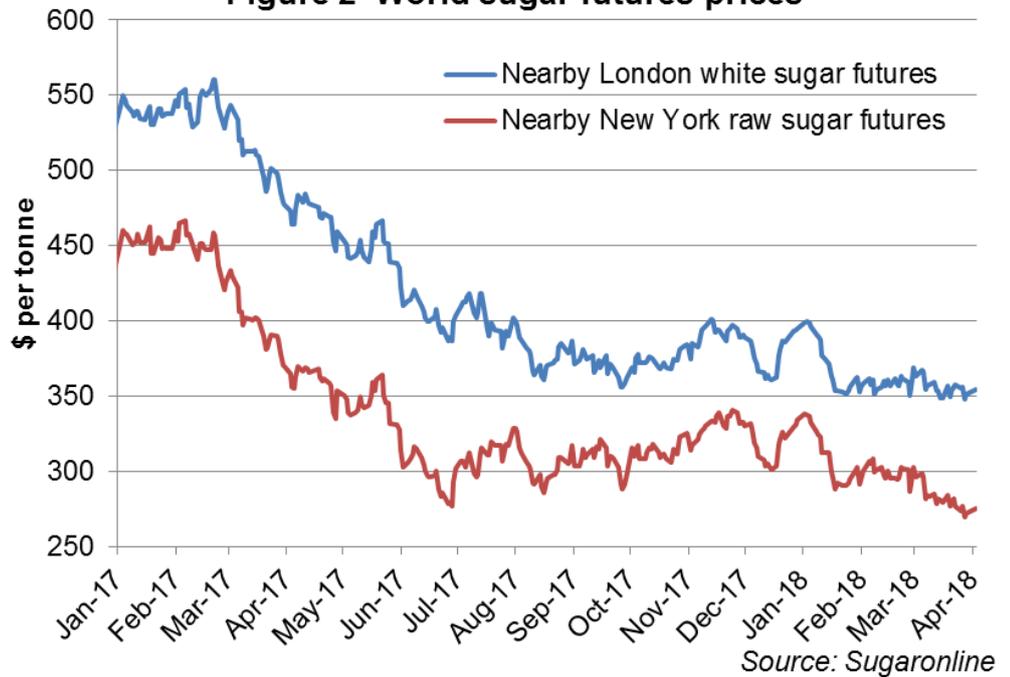
**As European beet campaigns have drawn to an end, white sugar prices avoided the falls faced by raw sugar on the world market.** This has meant that, while raw sugar prices have fallen during March, with spot raw sugar futures hitting a two and a half year low, spot white sugar futures have remained stable at around \$350/t, having already declined more sharply than raw sugar prices during 2017 (see figure 2).

With the large surplus of EU sugar to sell onto the world market, and processors under most pressure to do this during campaigns while beet was still coming through the factories, world white sugar prices had been at a very low premium to raw sugar (see figure 3), tightening refiners' margins and encouraging more buyers on the world market towards beet sugar. The gap between raw and white sugar prices, which reflects the return available to refiners, has been widening once more during March to more 'normal' levels. Raw sugar for refining is becoming more attractive to buyers once again, coming as there is less immediate pressure now on EU processors to sell.

Although there will not be many buyers in the EU who still need to buy sugar ahead of next campaign by this point, falling raw sugar prices could affect the EU market that does remain. With European spot prices already around the indicative price level that refiners could import and refine duty free sugar from the world market at, the falling world raw price could mean internal EU spot sugar prices drop accordingly as refiners will now be able to sell at a cheaper price—provided they are able to source duty-free sugar from ACP/LDC countries at the world price.

While the end of campaigns in the EU has helped world white sugar prices avoid the latest falls raw sugar prices have experienced, whichever way you look at it prices remain far below the levels that would begin to trigger a market bonus.

**Figure 2 World sugar futures prices**



**Figure 3 White sugar premium over raw on the world market**



**Next Issue: Friday 11 May 2018**

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