



The Beet Brief

27 July 2020

UK beet price tracker

£/adjusted tonne	Base price, £/t (crowned equivalent)	Bonus, €/t (latest month)	ECB £/€ rate (monthly average)	Bonus, £/t (latest month)	Bonus, £/t (cumulative to date)
2019 one-year contract	£20.42 (contracted at £19.07 / zero crown)	0	-	0	£0.007
2017 three-year contract	£22	0	-	0	0
2018 three-year contract	£22.50	0	-	0	0

Prices before adjustments. Bonuses apply when EU+UK price >€475/t (2017 & 2018 contracts) or >€375/t (2019 contract).

- The 2019/20 one year contract has not triggered any further bonus
- Looking to 2020/21, we hear tighter supplies are supporting UK sugar contract prices above 2019/20 levels.
- All NW European countries are suffering widespread virus yellow infections, likely to reduce yield by much more than the cumulative effect of stock build up due to lockdowns.

The average EU+UK white sugar price in May 2020 was €375/t, meaning the cumulative 2019/20 one-year contract bonus remains 0.7p/t. Overall average prices for the remainder of 2019/20 are likely to remain fairly stable, as contract prices are mostly fixed while spot market prices continue to trade in the upper €400s delivered.

Looking to 2020/21, we are hearing of sugar contract prices above 2019/20 levels. All North-West European countries are suffering widespread virus yellow infections, on top of poor establishment. There is a wide range of forecasts, but a yield 10-20% below average in the UK, France, Germany, Belgium and Netherlands alone would equal 1.3-2.5Mt less sugar than an average yield, on top of any yield reductions elsewhere in Europe.

With most sugar in the UK and EU moving at contracted prices, reduced demand due to lockdown will make little difference to the remaining monthly prices for 2019/20, but will impact stock levels carried in 2020/21. NFU Sugar continues to hear a range of viewpoints on the impact of lockdown on consumption in the UK and more widely. All generally agree that sugar usage was lower than usual in April and May, although different sectors have been affected very differently, and appear to be recovering at different rates. A number of sources have noted a strong increase in demand in June, to levels higher than usual that would go some way to offsetting the 'lost sales', but it is not clear whether this is a one off restocking by various manufacturers or whether it will repeat.

EU Commission data show the total drawdown of EU+UK sugar stocks in April 2020 200Kt lower than in April 2019 at 1.2Mt, with a very similar level of imports but exports around 80-90Kt lower. Therefore, we estimate total EU+UK sugar usage (including ethanol) in April to be a little over 100Kt down, out of over 1.4Mt estimated usage in April 2019 and 2018. Although a drop, this level would still be above the typical usage of sugar in April during the quota period, and of a much lower magnitude than the potential yield loss in 2020/21.

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