



# The Beet Brief

3 Mar 2021

## UK beet price tracker

£/adjusted tonne	Base price, £/t (inc. crown tare)	Bonus, €/t (latest month)	ECB £/€ rate (monthly average)	Bonus, £/t (latest month)	Bonus, £/t (cumulative to Nov)
2020 one-year contract	<b>£20.99</b> (contracted at £19.60 / zero crown)				<b>£0.018</b>
2018 three-year contract	<b>£22.50</b>				<b>0</b>
2020 three-year contract	<b>£21.90</b> (contracted at £20.45 / zero crown)				<b>0</b>

*EU+UK prices no longer being reported*

Bonuses apply when EU+UK price >€475/t (2018 contract), >€400/t (2020 3-year contract) or >€375/t (2020 1-year contract).

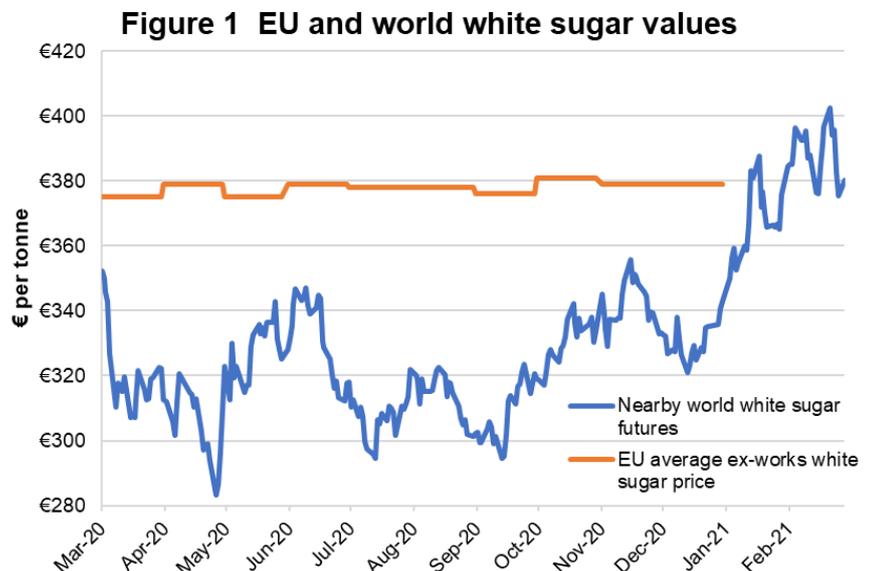
### Highlights

- The EU27 average white sugar price in Dec 2020 was €379/t, equal to November's EU+UK price
- World futures market price gains could soon mean contracted European prices are below spot export values
- Cruiser SB will not be applied on seed in 2021

**The average EU27 white sugar price in December 2020 was €379/t**, unchanged from the November EU+UK value despite the departure of the UK figure from the average. Prices in all three regions of Europe actually fell very slightly, but it is likely that the loss of UK tonnage meant that the weighted average price remained stable due to the relatively higher weighting that sales in peripheral regions will now have on the EU average.

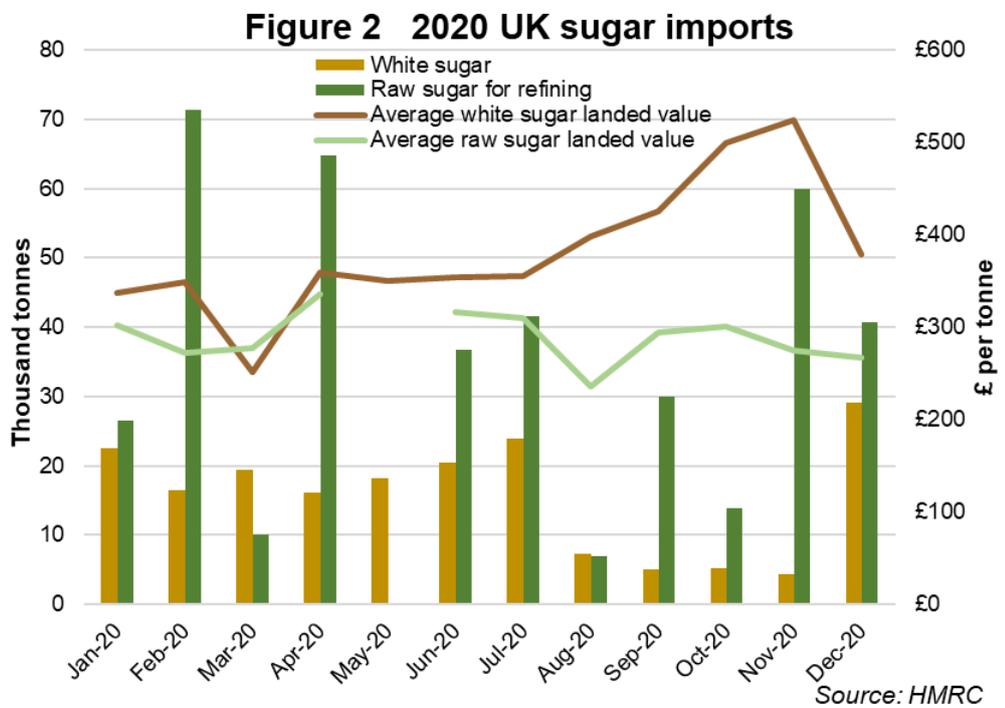
The removal of the UK price within the reported average means that a monthly bonus can no longer be calculated for the UK sugar beet contracts. For the remaining months of the 2020/21 contract year, and for the upcoming beet contracts signed up under this model, the market-linked bonus will be calculated and paid in two phases as agreed between NFU Sugar and British Sugar to apply post-Brexit. The agreed calculation will ensure consistency with the current formula and is designed to capture any changes in UK market value directly attributable to Brexit as well as ongoing underlying market movements across Europe.

As has often been the case, average white sugar prices in the EU have remained stable despite recent strong gains in world sugar futures prices (see figure 1), due to fixed price nature of many sugar sales. While the European market is typically at a price premium to the world market, given the net sugar deficit and the sugar specifications required by European sugar users, recent price movements could lead to the perverse situation of premium specification European prices being below the futures market value, meaning processors contracting decisions on average have put them in a worse financial position than if they'd simply left sugar to be exported onto the world market to be used by any buyer anywhere.



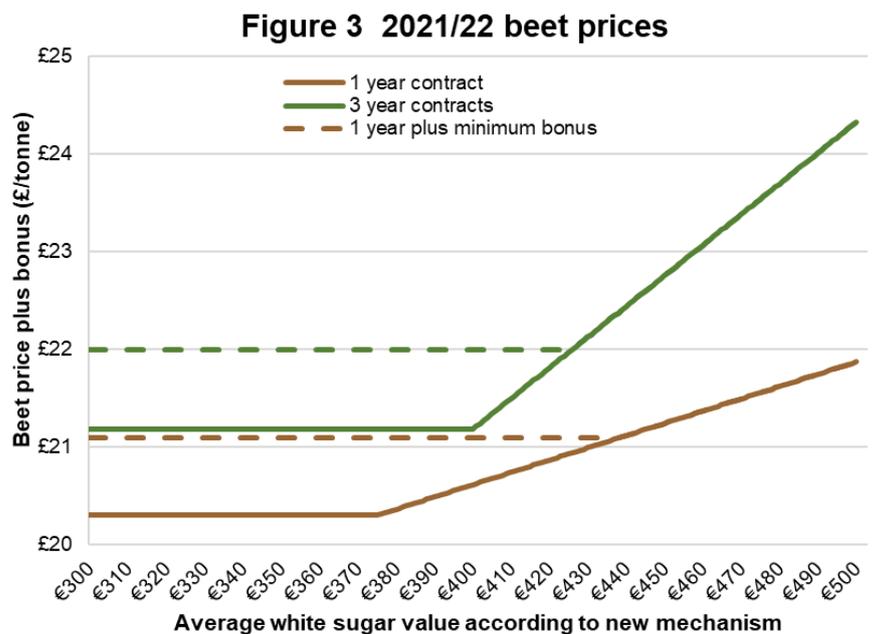
Sources: EU Commission, IHS Markit, ECB

Meanwhile there is evidence that UK sugar prices have rose substantially in the last few months of 2020/21, in a way that is not being reflected in the EU average price. As shown in figure 2, the average landed value of imported white sugar rose from just over £350/t in July 2020 to over £500/t in November 2020, an increase of 48% in four months. This also coincided with substantially lower imported volumes of white sugar, in line with the information NFU Sugar has heard that continental sugar processors made much fewer contract sales into the UK for 2020/21, meaning that these are likely to reflect the value of any spot sales made into the UK.



Earlier in February you would have received British Sugar's 'Beet Package Plus'. Firstly, to be clear, NFU Sugar in no way supported or endorsed British Sugar sending this to growers. We do not believe it is anywhere near enough to stop many growers giving up sugar beet for good when their current contracts finish. Throughout we have argued for a targeted package to acknowledge the risks growers have and will continue to face in growing the crop. British Sugar's support package clearly has not addressed these.

As shown in figure 3, the guaranteed market bonus levels offered by British Sugar equate to an average white sugar value of c.€440/t (1 year) and €425/t (3 year). Should the market reach these levels in 2021/22 (calculated according to the new mechanism), the guaranteed bonus would be worth no additional value beyond the contract growers already hold. Furthermore, as it is paid as a bonus, this will not be paid with beet deliveries but instead will come only once bonus payments are made post-campaign.



#### Cruiser SB will not be applied on seed in 2021

With February temperatures fluctuating from very cold to unseasonably warm conditions, especially during the last three weeks of the month, this has meant the independent virus yellows forecast has been uncertain with regards to the 9% trigger threshold for the use of Cruiser SB on seed. **The 1st March forecast predicts that 8.37% of the national sugar beet area will be affected by virus yellows by the end of August 2021.**

[More detail is available in the latest BBRO advisory bulletin.](#)

Next issue expected: Thursday 1 April 2021



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