

SUGAR

International sugar markets are seen heading for a modest tightening in the 2019/20 marketing season, as production is forecast to fall below the previous season's record level while world consumption is expected to expand. As a result, sugar inventories are predicted to decline in 2019/20.

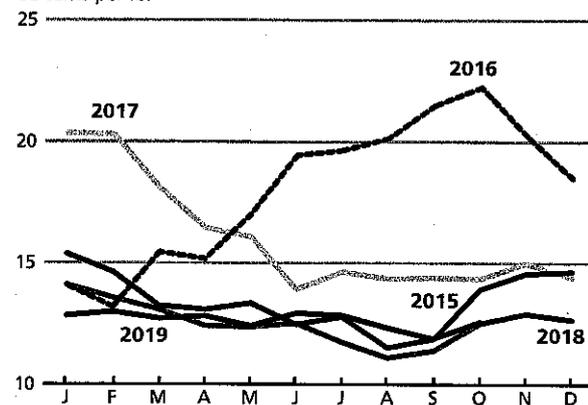
FAO expects world sugar production to drop in 2019/20 (October/September), falling below total consumption. The forecast for global sugar production in 2019/20 has been revised downwards in recent months and is now pegged at just over 175 million tonnes, representing a 2.8 percent decrease from 2018/19. India, Thailand and Pakistan account for much of the anticipated year-on-year contraction in global sugar production. Unfavourable weather conditions during sugar cane tillering and elongation stages are largely behind the reduced output.

Global sugar consumption is set to expand by 1.4 percent in 2019/20, a modest increase compared with the growth registered in the previous season, but still below its long-term (10-year) trend, reflecting the growing consumer concerns about excess sugar consumption. Growth in sugar consumption is expected to be particularly marked in Africa, the Middle East and Latin America and the Caribbean, driven by rising per capita incomes and lower sugar prices.

World sugar trade is expected to expand in 2019/20, underpinned by a stronger import demand from the traditional sugar importing countries and ample availability in major exporting countries. The introduction of export incentives by some of the major exporting countries is also anticipated to boost global trade in sugar. Exports by Brazil and India are set to rise, prompted by abundant sugar stocks, but to fall in Thailand, the second largest sugar exporter, due to an 11 percent decrease in production. International sugar prices have followed a declining trend in recent months, weighed by large accumulated inventories in both importing and exporting countries, and a strengthening of the Brazilian real against the US dollar, which tends to stimulate shipments from Brazil, the world's largest sugar exporter.

INTERNATIONAL SUGAR PRICES

US cents per lb.



Source: Prices refer to the Sugar No. 11 contract traded at the New York Intercontinental Exchange (ICE)

WORLD SUGAR MARKET AT A GLANCE

	2017/18	2018/19 <i>estim.</i>	2019/20 <i>f'cast</i>	Change: 2019/20 over 2018/19
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	183.2	180.1	175.1	-2.8
Trade	61.7	55.6	56.3	1.3
Total utilization	172.3	175.0	177.5	1.4
Ending stocks	89.0	93.9	91.4	-2.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	22.9	23.0	23.0	0.26
LIFDC (kg/yr)	16.6	16.3	16.4	0.74
World stocks-to-use ratio (%)	51.7	53.7	51.5	
ISA DAILY PRICE AVERAGE (US cents/lb)				
	2017	2018	2019 <i>Jan–Oct</i>	%Change Jan/Oct 2019 over Jan/Oct 2018
	16.01	12.52	12.65	1.44

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