

The first forecast for world sugar production in 2020/21 (October/September) points to a likely 1.5 percent recovery from the reduced outturn in 2019/20 to 172.4 million tonnes. Yet, production is foreseen to fall slightly short of global consumption, which is expected to rebound from the current season's COVID-19-related downturn. As a result, sugar inventories are anticipated to decline again in 2020/21.

The projected increase in production is largely driven by a near record output anticipated in India, the world's second largest sugar producer. Brazil's sugar production is expected to edge slightly higher than in 2019/20. By contrast, a second consecutive low output in 2020/21 is forecast in Thailand, the world's second largest exporter. Likewise, sugar output is forecast to be lower in the European Union, on the back of unfavourable weather conditions.

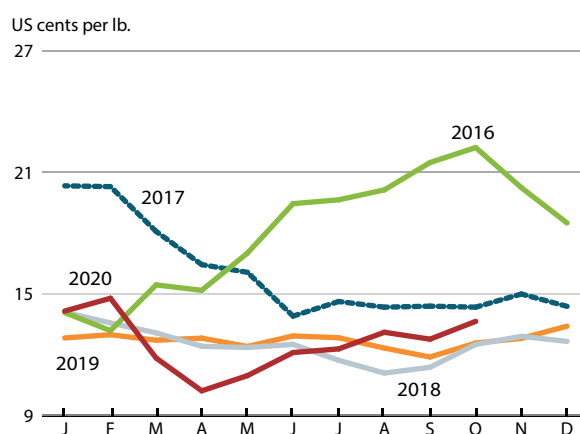
Global sugar consumption is set to rebound by 2.9 percent in 2020/21 after a decline in 2019/20, due to COVID-19-related lockdown and containment measures. The positive prospects are supported by the progressive relaxation of restrictive measures and expected resumption of economic growth in 2021. The main countries expected to drive the global increase in sugar consumption are India – the world's largest sugar consumer – and China. Growth is also foreseen to recover in the Near East and Africa. However, considerable uncertainty remains on the demand side. The overall extent of the global recovery in sugar consumption will depend on how the COVID-19 pandemic develops in the coming months, and particularly on whether or not further lockdown measures would be imposed.

The forecast for world sugar trade in 2020/21 (October/September) is pegged at 61.2 million tonnes, slightly up from the 2019/20 estimated volume. Large sales by Brazil and India, resting on bumper crops, are expected to outweigh an anticipated significant decline in exports by Thailand, following a second consecutive year of reduced crop, and the Russian Federation, where a sharp contraction in sowings is anticipated to curtail production in 2020/21 compared to the previous season. Conversely, strong import demand by China and Indonesia are expected to outweigh a likely decline in imports by the United States of America and India. After falling to multi-year lows in April, international prices of sugar increased sharply from May onwards, underpinned by stronger global demand for sugar, particularly from China, where the expiry of the safeguard duty on out-of-quota sugar imports spurred purchases.

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International sugar prices



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

World sugar market at a glance

| | 2018/19 | 2019/20 <i>estim.</i> | 2020/21 <i>f'cast</i> | Change: 2020/21 over 2019/20 |
|-------------------------------------|---------|--------------------------|--------------------------|--|
| <i>million tonnes</i> | | | | |
| <i>%</i> | | | | |
| WORLD BALANCE | | | | |
| Production | 175.0 | 169.8 | 172.4 | 1.54 |
| Trade* | 58.0 | 60.5 | 61.2 | 1.18 |
| Total utilization | 169.3 | 168.8 | 173.6 | 2.87 |
| Ending stocks | 92.4 | 91.5 | 89.0 | -2.73 |
| SUPPLY AND DEMAND INDICATORS | | | | |
| Per caput food consumption: | | | | |
| World (kg/yr) | 22.2 | 21.9 | 22.3 | 1.55 |
| LIFDC (kg/yr) | 16.1 | 15.9 | 16.1 | 1.57 |
| World stocks-to-use ratio (%) | 54.6 | 54.2 | 51.3 | -5.44 |
| ISA DAILY PRICE AVERAGE | | | | |
| (US cents/lb) | 2018 | 2019 | 2020 <i>Jan-Oct.</i> | %Change Jan/Oct 2020 over Jan/Oct 2019 |
| | 12.52 | 12.70 | 12.59 | -0.30 |

* Trade figures refer to exports

APPENDIX TABLE 25: SELECTED INTERNATIONAL PRICES FOR SUGAR AND SUGAR PRICE INDEX

| Annual (Jan/Dec) | I.S.A. daily price average ¹ | FAO Sugar Price Index (2014/16 = 100) |
|------------------|---|--|
| | Raw sugar | |
| | (US Cents/lb) | (2014/16=100) |
| 2009 | 18.1 | 112.2 |
| 2010 | 21.3 | 131.7 |
| 2011 | 26.0 | 160.9 |
| 2012 | 21.5 | 133.3 |
| 2013 | 17.7 | 109.5 |
| 2014 | 17.0 | 105.2 |
| 2015 | 13.4 | 83.2 |
| 2016 | 18.0 | 111.6 |
| 2017 | 16.0 | 99.1 |
| 2018 | 12.5 | 77.4 |
| 2019 | 12.6 | 78.6 |
| 2020 | 12.6 | 77.2 |
| Monthly | | |
| 2018 - November | 12.9 | 79.9 |
| 2018 - December | 12.7 | 78.3 |
| 2019 - January | 12.8 | 79.3 |
| 2019 - February | 13.0 | 80.3 |
| 2019 - March | 12.7 | 78.7 |
| 2019 - April | 12.8 | 79.3 |
| 2019 - May | 12.4 | 76.7 |
| 2019 - June | 12.9 | 79.9 |
| 2019 - July | 12.8 | 79.4 |
| 2019 - August | 12.3 | 76.2 |
| 2019 - September | 11.9 | 73.5 |
| 2019 - October | 12.6 | 77.8 |
| 2019 - November | 12.8 | 79.2 |
| 2019 - December | 12.7 | 83.0 |
| 2020 - January | 14.2 | 87.5 |
| 2020 - February | 14.8 | 91.4 |
| 2020 - March | 11.8 | 73.9 |
| 2020 - April | 10.2 | 63.2 |
| 2020 - May | 11.0 | 67.8 |
| 2020 - June | 12.1 | 74.9 |
| 2020 - July | 12.3 | 76.0 |
| 2020 - August | 13.1 | 81.1 |
| 2020 - September | 12.8 | 79.0 |
| 2020 - October | 13.7 | 85.0 |

¹ International Sugar Agreement (ISA) prices: simple average of the closing quotes for the first three future positions of the New York Intercontinental Exchange (ICE) Sugar Contract No. 11.

Source: International Sugar Organization (ISO). FAO for the sugar index.

APPENDIX TABLE 30: SELECTED INTERNATIONAL COMMODITY PRICES

| | Currency and unit | Effective date | Latest quotation | One month ago | One year ago | Average 2015-2019 |
|-------------------------------------|-------------------|----------------|------------------|---------------|--------------|----------------------|
| Sugar (ISA daily price) | US cents per lb | 13-10-20 | 13.60 | 12.21 | 12.57 | 14.53 |
| Coffee (ICO daily price) | US cents per lb | 13-10-20 | 106.65 | 116.97 | 97.35 | 117.64 |
| Cocoa (ICCO daily price) | US cents per lb | 13-10-20 | 102.15 | 109.66 | 110.46 | 115.13 |
| Tea (FAO Tea Composite Price) | USD per kg | 21-09-20 | 2.83 | 2.78 | 2.38 | 2.70 |
| Cotton (COTLOOK A index) | US cents per lb | 30-09-20 | 70.81 | 69.94 | 73.88 | 79.50 |
| Jute "BTD" (Fob Bangladesh Port) | USD per tonne | 30-09-20 | 880.00 | 810.00 | 740.00 | 758.67 |