



The Beet Brief

3 Sep 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 | £20.99 (contracted at £19.60 / zero crown) | EU+UK prices no longer being reported | | | £0.018 |
| 2018 three-year contract | £22.50 | <i>Market bonus from December onwards will be based on British Sugar's sales price compared to the EU average, relative to British Sugar's existing premium/discount pre-Brexit.</i> | | | 0 |
| 2020 three-year contract | £21.90 (contracted at £20.45 / zero crown) | | | | 0 |

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

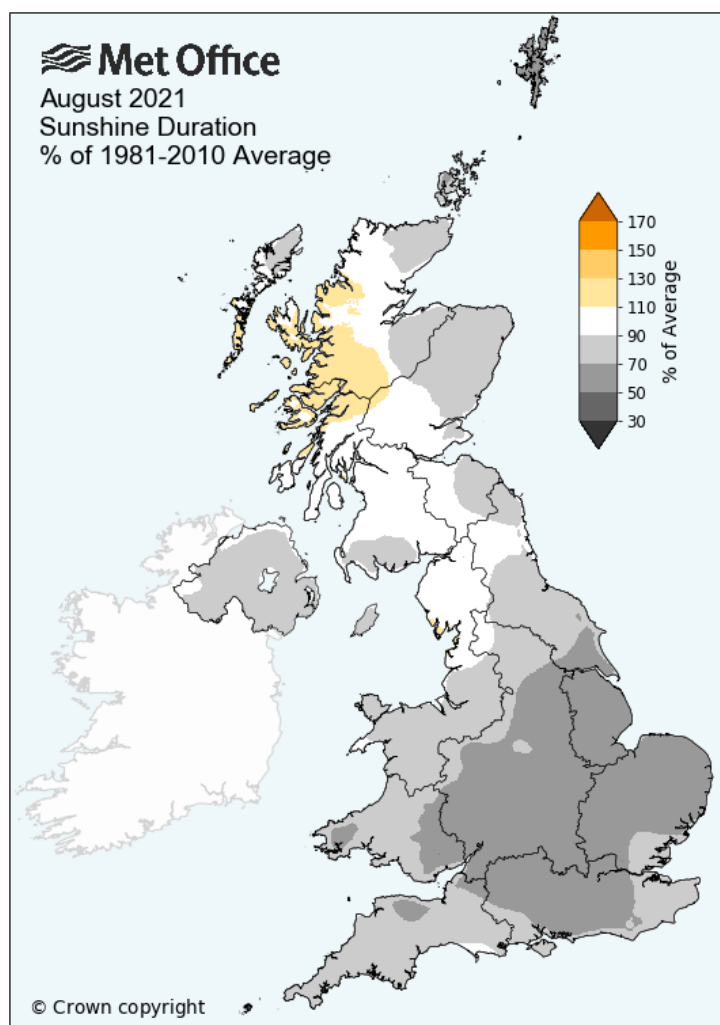
Highlights

- Dimmest August in East Anglia since 1968 likely to hold back sugar yield development
- World sugar prices reach new highs, with Dec-22 white sugar futures climbing another 10% in August
- NFU Sugar collaborating with AHDB on online Farmbench meeting in October

It will come as no surprise to find that it has been the dimmest August in East Anglia since 1968 according to Met Office data. Yet rainfall has also been relatively low—as one grower recently said, it has been the driest wet harvest they can remember. As shown in the map below, the dim weather in August has been particularly concentrated towards the beet growing regions. It is hard to find a good comparison for this weather pattern to measure the likely yield impact, but the indications suggest that while crops look very healthy and have good root weights, sugar contents are low. Overall, yields at this point in time appear to be below normal but improving. Crops are likely to need a good spell of sunny weather to build yields towards average.

Although most forecasters have expected UK sugar production to exceed 1Mt this year, this is by no means certain given the current indications and weather patterns.

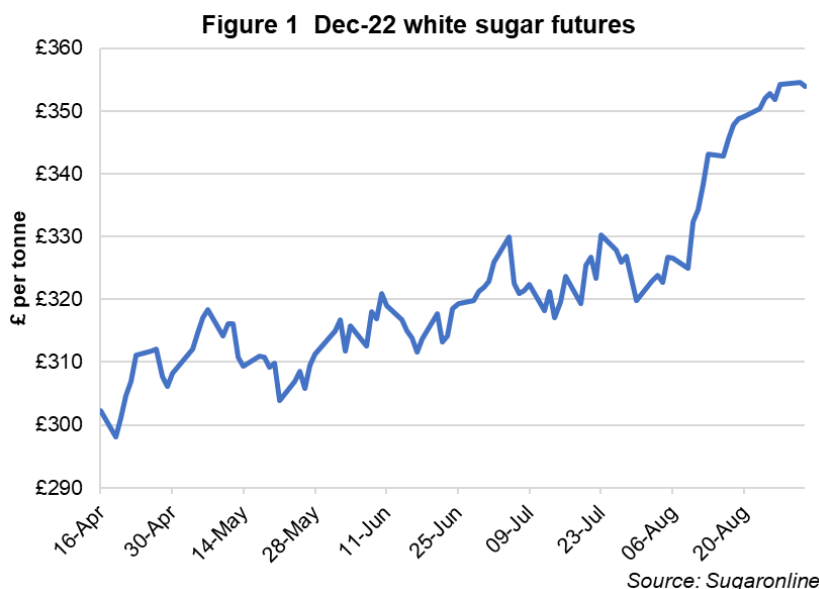
Similarly in France, the CGB have noted that sunshine has been 36% below average in July and 34% below average in August, leading to crops developing very large canopies but actual sugar yields being below average for the time of year. Although it has not been a major issue in the UK this year due to cool temperatures, both France and Belgium are reported to have widespread cercospora presence. Overall, forecasts for European production are starting to ease off as a result.



The latest quarterly forecast from the International Sugar Organisation has increased the expected world sugar deficit in 2021/22 from 2.6Mt to 3.83Mt. This would make it the largest deficit in the world market since 2015/16, coming after a small deficit in 2020/21. The market continues to be driven by events in Brazil, with the latest data from UNICA (the Brazilian industry association) showing yields in the harvest to date down 12.8% at this point compared to last year, and total cane production now pegged at 530Mt with a downward bias compared to 605Mt last year.

Although forecasters are not agreed on the eventual size of the Brazilian crop this year, the overall market view continues to support world prices. Prices on the world market are rising to levels which would allow Indian sugar producers, among the highest cost of the world's major sugar industries, to export profitably without subsidy (bear in mind only 2 years ago a \$150/t export subsidy was needed to cover costs). Meanwhile, there are indications that, yet again, the European sugar industry will have sold sugar to their 'premium' customers at a price below the world market value, stemming from the outdated market structure which has still not yet modernised post-quota.

The deficit in the coming season is, as would be expected, supporting prices further forward also. Looking to 2022/23, which is relevant to the cropping decisions being made on farms across Europe right now, December 2022 world white sugar futures have continued to reach new contract highs in both US dollars and sterling (see figure 1). In the last month alone, Dec-22 prices have climbed 10% in sterling terms, indicating a strong incentive in the market to encourage greater plantings. However, if this price incentive is not passed on to growers, the industry will not be able to take advantage of the very high sugar market prices available.



NFU Sugar/AHDB Farmbench collaboration

AHDB together with NFU Sugar are offering growers an opportunity to analyse the performance of sugar beet and cereals crops within their rotation using AHDB's Farmbench tool. Entering physical and financial data will provide you with a cost of production and net margin for each of the crops you upload. Knowing your cost of production for each crop will also help you be sure you are committing to contracts at a price you will make money. Farmbench will also give insights into how your whole rotation is performing and where strengths and weaknesses lie by the use of the Multi Enterprise Report. Having this information at your fingertips will give you confidence when planning your rotation, knowing how each of the crops will contribute financially.

An AHDB Knowledge Exchange Manager will support you to enter your data and understand the reports.

NFU Sugar and AHDB are also offering the opportunity for you to join other growers in an online meeting where the group will be able to learn from each other and to jointly discuss and tackle problems and identify solutions. The objective will be to improve performance and increase profit, through a session sharing crop and rotation performance data and practices. Only farmers who have entered data may attend this meeting. The first of these online meetings will be during week commencing 11 October, but **we ask that growers wishing to participate register their interest by Friday 10 September by emailing Charlie.parkin@nfu.org.uk**

Next issue expected: Friday 8 October 2021



Your NFU Sugar:
Helpline: 0370 066 1974

Written by **Arthur Marshall**
Arthur.Marshall@nfu.org.uk 07827 291 684

Michael Sly | **Simon Smith** | **James Northen** | **Greg Brighthouse** | **Charlie Parkin** | **Arthur Marshall**
Chairman | Vice Chairman | Head of Sugar | Beet Intake Manager | Sugar Adviser | Senior Commercial Analyst