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Argentina

Sugar Annual

2016

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Report Highlights:

Argentine sugar production for marketing year 2016/17 is projected at 2.1 million tons (raw basis), similar to the previous two crop seasons. The current condition of the cane is very good as a result of rainy weather throughout most of the growing season. Export conditions have improved due to higher world sugar prices and last year's devaluation of the peso. Local traders want to export some 200-250,000 tons of sugar in the next couple of months to take out pressure from high stocks carried in from the previous season. Total exports for the new marketing year are forecast at 550,000 (raw basis).

Commodities:
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Author Defined:

Production: Argentine sugar production for marketing year (MY) 2016/17 is forecast at 2.1 million tons (raw value). This is a small increase from last year's production. Crop condition in the three main producing provinces of Tucuman, Salta and Jujuy are so far very good. Spring, summer and autumn have enjoyed good rainfall due to the effects of El Nino. This situation has more than offset the lower use of technology due to producer's tight or negative returns. The harvested area is forecast to be higher than last year which was negatively affected by unusually rainy winter; and low prices and profitability (in some cases the price received by farmers barely covered the cost of harvest and transport to the mill). Preliminary analyses indicate good sugar content in cane. Despite low returns, the planted area is expected to remain practically unchanged as last year other crop alternatives were also discouraging. Of the total planted area, Tucuman accounts for approximately 75 percent, Salta and Jujuy 24 percent and the balance is grown in the northern part of Santa Fe province. Producers expect to dedicate more cane to the production of ethanol to comply with the local biofuel mandate. The new government has increased the bioethanol mandate from 10 percent to 12 percent, with the additional 2 percentage points having to be supplied exclusively by the local sugar industry. Therefore, more cane will be needed in this crop season to produce an additional 160 million liters of bioethanol. At current prices, ethanol is a much better business than sugar. New investment in expanding bioethanol production capacity is expected in the near future.

Sugar production in marketing year 2015/16 totaled 2.06 million tons (raw basis), somewhat lower than previously expected. A rainy harvest season and very low returns resulted in significant unharvested areas in the three main producing provinces. This cane is expected to yield higher in the 2016/17 harvest.

The sector is expecting an increase in the price of sugar in marketing year 2016/17 that will bring some relief to a sector which has suffered negative returns in the past few crop seasons because of low world sugar prices and high domestic stocks. With the harvest expected to begin in a few weeks, the price of sugar for the export market increased 130 percent in peso terms from last year thanks to a combination of higher world sugar prices, and to policies implemented in December 2015 by the new government which devalued the peso by 45 percent and eliminated the 5 percent export tax on sugar. In order to address the problem of a large stock of sugar rolling into the new crop season, a few large sugar mills have agreed to export during May-July 2016 some 200-250,000 tons of sugar to decompress the domestic market and allow an orderly marketing of the new crop at higher prices. A larger use of sugarcane for ethanol production is also expected to improve the sector's situation.

Consumption: Domestic sugar consumption for MY2016/17 is projected at 1.78 million tons (raw basis), slightly higher than the previous marketing year as the local economy is expected to expand significantly in 2017. The current economic recession has hurt consumption somewhat as many consumers switch from high quality beverages, which normally use sugar, to lower quality beverages which use less costly sweeteners.

Trade: Local traders forecast sugar exports for 2016/17 at 550,000 tons (raw basis), significantly higher than the previous two seasons. This volume is projected to be reached thanks to an agreement made by a few of the large local mills to export early on most of the excess sugar from MY 2015/16. These exports are roughly calculated at 250,000 tons. The remaining exports would be sugar produced in MY 2016/17. Of the total, approximately 130-150,000 tons (raw basis) of refined sugar would be exported, with Chile being the main destination. The rest would be raw sugar shipped to the world market, including some 50,000 tons to fulfill the US Sugar Quota.

Stocks: Ending stocks for 2016/17 are forecast at 158,000 tons (raw basis). This level is what the local sugar sector desires to maintain in stock in order to keep the equivalent to one month's domestic consumption and take out pressure from the market of large volumes of carry out stocks.

Statistical Tables

Sugar, Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	May 2014		May 2015		May 2016	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	141	141	306	328	0	398
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2150	2150	2250	2060	0	2100
Total Sugar Production	2150	2150	2250	2060	0	2100
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	2291	2291	2556	2388	0	2498
Raw Exports	35	80	170	139	0	400
Refined Exp.(Raw Val)	79	33	170	91	0	150
Total Exports	114	113	340	230	0	550
Human Dom. Consumption	1861	1840	1810	1750	0	1780
Other Disappearance	10	10	10	10	0	10
Total Use	1871	1850	1820	1760	0	1790
Ending Stocks	306	328	396	398	0	158
Total Distribution	2291	2291	2556	2388	0	2498
(1000 MT)						

Sugar Cane for Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jun 2014		Jun 2015		Jun 2016	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	370	380	370	385	0	385
Area Harvested	360	360	360	340	0	375
Production	22000	22000	25000	22200	0	25000
Total Supply	22000	22000	25000	22200	0	25000
Utilization for Sugar	18800	18800	21600	17900	0	19150
Utilizatn for Alcohol	3200	3200	3400	4300	0	5850
Total Utilization	22000	22000	25000	22200	0	25000
(1000 HA) ,(1000 MT)						