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Philippines

Sugar Semi-annual

Situation and Outlook

Approved By:
Jeffrey Albanese

Prepared By:
Pia A. Ang

Report Highlights:
MY 2016/17 (December/November) total raw sugar production was revised upwards from 2.25 MMT to 2.50 MMT on better-than-expected cane yields resulting from favorable weather conditions during the first half of 2017. Total raw sugar production in MY 2017/18 was raised from 2.30 MMT to 2.38 MMT on projected increases to sugarcane area planted. Raw sugar exports for MY 2017/18 were revised upwards 100,000 tons to 250,000 tons on an anticipated surge in carryover stocks. Consumption in MY 2017/18 is forecast to increase 50,000 tons from the previous year to 2.25 MMT as prices remain soft due to ample supply.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

MY 2016/17 (December/November) total raw sugar production is forecast to reach 2.50 MMT (the highest in 40 years) from 2.135 MMT in MY2015/16. Favorable weather conditions experienced in the first half of 2017, particularly increased rainfall in the early growth stage, contributed to the large increase in sugarcane output. Based on Sugar Regulatory Administration (SRA) estimates, Crop Year (CY) 2016/17 sugarcane production area increased over 7,000 hectares from the previous year to 419,000 hectares, while cane harvest reached 28.5 MMT from 23.2 MMT (or an increase of roughly 20 percent). Despite the increase in cane production, 50kg-bag/Tons Cane produced (LKG/TC) was low at 1.79 compared with 2.05-1.94 LKG/TC in the previous years, indicating low sugar content.

SRA is forecasting raw sugar production at 2.38 MMT in CY 2017/18, although industry projects this figure to be higher based on anecdotal evidence that sugarcane area planted will reach 424,000 hectares.

RAW SUGAR PRODUCTION, CONSUMPTION, TRADE Market Year December/November (in Metric Tons)*			
	2014/15	**2015/16**	**2016/17***
Production	**2,147,790**	**2,134,883**	**2,500,000**
Withdrawals	**2,152,020**	**2,143,600**	2,200,000
Exports	416,893	411,502	419,207

Source: Philippine Sugar Regulatory Administration

*As of April 2013, USDA revised the official Marketing Year from September/August to December/November

** Post Forecast

RAW SUGAR & SUGARCANE PRODUCTION, AREA PLANTED Crop Year September/August			
	2014/15	**2015/16**	**2016/17***
RAW SUGAR PRODUCTION (MT)	**2,323,817**	**2,238,872**	**2,500,509**
SUGARCANE MILLED (MT)	23,383,519	23,254,083	28,500,000
TOTAL AREA PLANTED (HAS)	416,893	411,502	419,207

Source: Philippine Sugar Regulatory Administration - 2014/15 and 2015/16 final; and 2016/17 preliminary SRA estimates

Wholesale and retail prices of raw and refined sugar in Metro Manila follow (the most recent data from SRA is through August 2017)

RAW AND REFINED SUGAR PRICES				
	Raw Sugar		Refined Sugar	
MY 2016/17	Wholesale Price (Pesos/per 50 Kg. Bag)	Retail Price (Pesos/per Kg.)	Wholesale Price (Pesos/per 50 Kg. Bag)	Retail Price (Pesos/per Kg.)
December	1,850	49.00	2,300	56.00
January	1,700	49.00	2,300	56.00
February	1,700	48.00	2,225	56.00
March	1,700	48.00	2,100	56.00
April	1,700	48.00	2,100	56.00
May	1,550	45.00	2,050	56.00
June	1,650	45.00	2,050	53.00
July	1,650	45.50	2,000	53.00
August	1,600	45.50	2,000	53.00
September				
October				
November				

U.S. Dollar to Philippine Peso Exchange Rates follows:

Exchange Rate	2014	2015	September 2017
US$=PhP	45.50	47.49	50.90

Source: Bangko Sentral ng Pilipinas
Note: Exchange rate on September 22, 2017

As of August 2017 (end of the Philippine sugar crop year), millsite prices have dropped significantly from the average MY 2015/16 prices due to increased supply of local sugar and availability of lower priced sweeteners in the market.

Philippine Millsite Prices (Pesos)				
	"A" US Quota	**"B" Domestic**	**"D" World**	**Composite Price**
Average MY 2015/16	1,100	1,773		1,761
MY 2016/17				
December	1,253	1,546	-	1,523
January	1,258	1,538	-	1,517
February	1,319	1,470	-	1,461
March	1,344	1,382	873	1,325
April	1,288	1,385	854	1,273
May	1,231	1,384	755	1,249
June	1,195	1,387	660	1,230
July	1,180	1,330	636	1,182
August	-	-	-	-
September				
October				
November				
Average				

Source: Philippine Sugar Regulatory Administration

Consumption:

In the Philippines, consumption is partially measured by monitoring sugar withdrawals from the mills by traders and industrial users (as mills are the main holders of the country's stocks). Consumption of cane sugar should approach 2.20 MMT in MY 2016/17 from 2.14 MMT in the previous marketing year, as restrictions on the importation of High Fructose Corn Syrup are implemented (See GAIN RP1705 Sugar Annual), and industrial consumers react to the drop in domestic prices. Demand for sugar in MY 2017/18 is expected to further increase to 2.25 MMT on lower domestic sugar prices, an expanding food processing and beverage manufacturing sector, and a growing population.

Trade:

The Philippines received an additional Tariff Rate Quota (TRQ) allocation of 63,830 in FY 2017, bringing the total allocation to 205,990 MT Raw Value (MTRV). FY 2018 TRQ to the United States is set at 142,160 MTRV (136,201 MT Commercial Weight). About 10 percent of the estimated 2.38 MMT of sugar produced has been initially earmarked for the world market.

Policy:

On August 31, 2017, the SRA issued Sugar Order No. 1 which forecasts production for CY 2017/18 at 2.38 MMT and withdrawals at 2.17 MMT. About 80 percent of sugar production has been classified as "B" or for the domestic market, while 10 percent has been classified as "A" for the U.S. market and another 10 percent as "D" for the world market.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal Market Begin Year Philippines	2015/2016		2016/2017		2017/2018	
	Dec 2015		Dec 2016		Dec 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	997	997	1054	1054	1064	1254
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2135	2135	2250	2500	2300	2380
Total Sugar Production	2135	2135	2250	2500	2300	2380
Raw Imports	55	55	0	0	0	0
Refined Imp.(Raw Val)	175	175	100	100	100	100
Total Imports	230	230	100	100	100	100
Total Supply	3362	3362	3404	3654	3464	3734
Raw Exports	168	168	140	200	150	250
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	168	168	140	200	150	250
Human Dom. Consumption	2140	2140	2200	2200	2250	2250
Other Disappearance	0	0	0	0	0	0
Total Use	2140	2140	2200	2200	2250	2250
Ending Stocks	1054	1054	1064	1254	1064	1234
Total Distribution	3362	3362	3404	3654	3464	3734
(1000 MT)						

Sugar Cane for Centrifugal Market Begin Year Philippines	2015/2016		2016/2017		2017/2018	
	Sep 2015		Sep 2016		Sep 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	412	412	419	419	415	415
Area Harvested	412	412	0	0	0	0
Production	23240	23240	23500	28500	26500	24000
Total Supply	23240	23240	23500	28500	26500	24000
Utilization for Sugar	23240	23240	23500	28500	26500	24000
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	23240	23240	23500	28500	26500	24000

(1000 HA), (1000 MT)						