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Report Name: Sugar Semi-annual

Country: Philippines

Post: Manila

Report Category: Sugar

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Report Highlights:

Total raw sugar production in MY 2019/20 (December/November) will reach 2.1 million metric tons (MMT), unchanged from the previous year, with cane production expected to be about 22 MMT. Consumption in 2019/20 will increase slightly to 2.3 MMT as demand for domestic and imported sugar by industrial users (i.e., beverages and processed food manufacturers) rises due to import restrictions and increased taxes on beverages using sugar substitutes (e.g., high fructose corn syrup). Sugar imports in MY 2019/20 are expected to be about 400,000 MT, the same as the previous year, to supplement local sugar production. MY 2019/20 raw sugar exports to the United States are expected to be around 120,000 MT, or around 5 percent of total Philippine production.

Production:

Philippine raw sugar production is projected to reach 2.1 MMT in Market Year 2019/20 (December/November), staying flat with 2018/19. Industry sources believe, however, that raw sugar output may be lower than what the Philippine Sugar Regulatory Administration (SRA) projects. Factors affecting raw sugar production include unfavorable weather conditions resulting in heavier cane with a lower sugar content, reduced planting area, and a prolonged farm labor shortage in sugarcane producing areas.

RAW SUGAR PRODUCTION, CONSUMPTION, TRADE Market Year December/November (in Metric Tons)*			
	2017/18	**2018/19****	**2019/20****
Production	**2,200,000**	**2,100,000**	**2,100,000**
Demand	2,250,000	2,250,000	2,300,000
Imports	200,000	400,000	400,000
Exports	150,000	120,000	120,000

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

** Post forecast

Total MY 2018/19 raw sugar production is lowered to 2.1 MMT, down 4.5 percent from MY2017/18. Unfavorable weather conditions experienced in the first half of 2018 contributed to this decline. Based on Sugar Regulatory Administration (SRA) estimates, 2019/20 sugarcane production area is expected to remain at 410,000 hectares while cane harvest will stay flat at approximately 22 MMT. This follows two years of decline in both area planted and production starting in 2017/18.

Official SRA statistics reported on a Crop Year (September/August) basis are below:

RAW SUGAR & SUGARCANE PRODUCTION, AREA PLANTED Crop Year September/August			
	2016/17	**2017/18**	**2018/19**
RAW SUGAR PRODUCTION (MT)	**2,500,509**	**2,083,641**	**2,072,351**
SUGARCANE MILLED (MT)	28,005,461	23,860,924	21,744,640
TOTAL AREA PLANTED (HAS)	421,358	418,257	409,714

Source: Philippine Sugar Regulatory Administration

Wholesale and retail prices of raw and refined sugar in Metro Manila follow, with the most recent data from SRA through August 2019.

RAW AND REFINED SUGAR PRICES				
	Raw Sugar		Refined Sugar	
MY 2018/19	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	1,761.00	55.65	2,213.00	65.41
January	1,762.81	53.35	2,243.54	62.60
February	1,732.86	52.41	2,230.71	60.33
March	1,716.67	52.26	2,231.00	59.72
April	1,696.67	51.88	2,212.33	59.53
May	1,675.00	51.51	2,194.78	58.82
June	1,672.00	51.17	2,222.00	58.30
July	1,680.11	50.61	2,266.76	57.87
August	1,688.00	49.87	2,350.00	56.99
September				
October				
November				

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

Exchange Rate	2017	2018	September 2019
US$=PhP	47.49	52.72	52.26

Source: Bangko Sentral ng Pilipinas

Note: Exchange rate on September 4, 2019

All mills terminated their milling operations by July 2019 due to a lack of available sugarcane for the crop year.

Philippine Millsite Prices (Pesos)				
	"A" US Quota	"B" Domestic	"D" World	Composite Price
Average MY 2017/18	1,163	1,630	661	1,590
MY 2018/19				
December	1,264	1,563	-	1,548
January	1,273	1,522	-	1,509
February	1,263	1,534	-	1,521
March	1,174	1,474	-	1,459
April	1,178	1,504	-	1,488
May	1,194	1,507	-	1,492
June	1,188	1,518	-	1,502
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
Average				

Source: Philippine Sugar Regulatory Administration

Consumption:

In the Philippines, consumption is typically measured by monitoring sugar withdrawals from the mills by traders and industrial users (as mills are the main holders of the country's stocks).

Demand for sugar in MY 2019/20 is expected to rise to 2.3 MMT. Posts sees sugar cane consumption growing 2 percent as beverage manufacturers continue to increase the use of both local and imported cane sugar and shift away from high fructose corn syrup (HFCS).

Under the Tax Reform Law of 2017, drinks with caloric and non-caloric sweeteners are taxed P6 ($0.12, $1=P50) per liter, while those using high-fructose corn syrup are charged P12 ($0.24) per liter (see GAINRP1805, Sugar Annual).

Trade:

Fiscal Year 2019/20 Raw Sugar Tariff Rate Quota to the United States is set at 142,160 MTRV (136,201 MT Commercial Weight). The Philippines exported about 120,000 MTRV in MY 2018/19, short approximately 20,000 MTCW of the full tariff rate quota (TRQ) to the United States due to insufficient local supply. The Philippines is likely to export about the same volume next year due to continued tight supplies.

About 5 percent of the estimated 2.1 MMT of sugar to be produced in CY2019/20 has been earmarked for the U.S. market. No exports to other overseas destinations were allocated for this year. Post forecasts imports in 2019/20 to reach 400,000 MT, same as the previous year, to supplement domestic production in meeting growing Philippine demand.

Policy:

On September 4, 2019, SRA issued Sugar Order No. 1, which forecasts production for CY 2019/20 to reach 2.1 MMT. About 95 percent of sugar production is classified as "B" or for the domestic market, while the remaining 5 percent is categorized as "A" for export to the U.S. market. For the last two years, allocation of sugar for export to other foreign markets has been eliminated, while the allocation to the U.S. market has been reduced significantly. The SRA periodically assesses the sugar allocation throughout the year based on the sugar supply situation.

Stocks:

The SRA reports on raw and refined sugar stocks based on actual physical stocks at the mills. Ending stocks of both raw and refined sugar in MY 2018/19 are significantly higher than what was reported in the previous year due to a slowdown in withdrawals from sugar mills and an increase in sugar imports authorized by SRA for CY 2018/19. This pattern is expected to continue in MY 2019/20, with stocks growing by 5 percent.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal	2017/2018		2018/2019		2019/2020	
Market Begin Year	Dec 2017		Dec 2018		Dec 2019	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1054	1054	1342	1342	1272	1472
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2200	2200	2100	2100	2200	2100
Total Sugar Production	2200	2200	2100	2100	2200	2100
Raw Imports	76	76	0	0	0	0
Refined Imp.(Raw Val)	412	412	200	400	200	400
Total Imports	488	488	200	400	200	400
Total Supply	3742	3742	3642	3842	3672	3972
Raw Exports	150	150	120	120	140	120
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	150	150	120	120	140	120
Human Dom. Consumption	2250	2250	2250	2250	2300	2300
Other Disappearance	0	0	0	0	0	0
Total Use	2250	2250	2250	2250	2300	2300
Ending Stocks	1342	1342	1272	1472	1232	1552
Total Distribution	3742	3742	3642	3842	3672	3972
(1000 MT)						

Sugar Cane for	2017/2018	2018/2019	2019/2020

Centrifugal						
Market Begin Year	Sep 2016		Sep 2019		Sep 2019	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	418	418	415	410	415	410
Area Harvested	418	418	415	410	415	410
Production	24000	24000	23000	22000	24000	22000
Total Supply	24000	24000	23000	22000	24000	22000
Utilization for Sugar	24000	24000	23000	22000	24000	22000
Utilizatn for Alcohol	0	0	0	0	0	0
Total Utilization	24000	24000	23000	22000	24000	22000
(1000 HA) ,(1000 MT)						

Attachments:

No Attachments