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Philippines

Sugar Semi-annual

Situation and Outlook

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Report Highlights:
Total MY 2015/16 (December/November) raw sugar production is forecast to decline slightly to 2.10 MMT from 2.15 MMT in MY2014/15 due to the extremely dry weather conditions experienced in the first half of 2016. Raw sugar production is forecast to recover to 2.25 MMT in 2016/17 with a return to more normal weather patterns. Post estimates consumption remaining at usual levels of 2.20 MMT in MY 2015/16. Raw sugar exports for MY 2016/17 are expected at 150,000 MT.

Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Production:

Total MY 2015/16 (December/November) raw sugar production is forecast to decline slightly to 2.10 MMT from 2.15 MMT in MY2014/15. The drop in production is due to the extremely dry weather conditions experienced in the first half of 2016, which has resulted in a delayed start of the milling season (September/October) particularly in Mindanao. Based on Sugar Regulatory Administration (SRA) estimates, 2015/16 sugarcane production area declined 5,000 hectares to 412,000 hectares and cane harvest reached about 23.23 MMT.

RAW SUGAR PRODUCTION, CONSUMPTION, TRADE Market Year December/November (in Metric Tons)*			
	2013/14	**2014/15**	**2015/16****
Production	2,539,205	2,147,790	2,100,000
Withdrawals	2,268,551	2,152,020	2,200,000
Exports	190,000	150,000	140,000

Source: Philippine Sugar Regulatory Administration

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

** Post Forecast

SRA and industry experts are forecasting a recovery in raw sugar production to 2.25-2.30 MMT in 2016/17 with a return to more normal weather patterns. Sugarcane areas may drop slightly in 2016/17 as there have been reports of possible conversion of sugarcane farms to other uses.

RAW SUGAR & SUGARCANE PRODUCTION, AREA PLANTED Crop Year September/August			
	2013/14	**2014/15**	**2015/16***
RAW SUGAR PRODUCTION (MT)	**2,461,808**	**2,323,817**	**2,237,469**
SUGARCANE MILLED (MT)	24,853,339	23,383,519	23,233,703
TOTAL AREA PLANTED (HAS)	423,333	416,893	411,502

Source: Philippine Sugar Regulatory Administration- 2013/14 2014/15 final; and 2015/16 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 2016)

RAW AND REFINED SUGAR PRICES				
	Raw Sugar		**Refined Sugar**	
MY 2015/16	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	1,950	49.00	2,500	55.00
January	2,020	47.00	2,580	55.00
February	2,040	50.00	2,600	56.00
March	2,020	50.00	2,580	56.00
April	2,020	50.00	2,580	56.00
May	2,020	50.00	2,580	56.00
June	2,000	50.00	2,400	56.00
July	2,000	50.00	2,400	56.00
August	1,950	48.50	2,300	56.00
September				
October				
November				

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

Exchange Rate	**2013**	**2014**	**2015**	**September 2016**
US$=PhP	42.45	44.40	45.50	47.51

Source: Bangko Sentral ng Pilipinas
Note: Exchange rate on September 15, 2016

As of August 2016 (end of the Philippine sugar crop year), millsite prices have risen significantly from the average MY 2013/14 prices due to tightness in local supplies.

Philippine Millsite Prices (Pesos)				
	"A" US Quota	**"B" Domestic**	**"D" World**	**Composite Price**
Average MY 2014/15	853	1,636	782	1,606
MY 2015/16				
December	-	1,821	-	1,821
January	-	1,846	-	1,846
February	-	1,828	-	1,828
March	-	1,844	-	1,844
April		1,849		1,849
May		1,799		1,799
June		1,718		1,718
July		1,645		1,645
August		1,805		1,805
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).
Based on SRA figures, MY 2014/15 dropped to 2.152 MMT (from 2.269 MMT the previous year) as withdrawals slowed down because of tight sugar supplies, higher prices, and possibly entry of undocumented sugar imports.

Post estimates that consumption will be at 2.20 MMT in MY 2015/16, as withdrawals are expected to increase in the last quarter as compared to the prior market year. In December 2015, the SRA issued Sugar Order No. 4 authorizing an Export Replacement Program which allows traders that will export sugar to the United States to import 125 percent of the total volume exported to the U.S. under the Tariff Rate Quota.

Consumption for sugar in MY 2016/17 is expected to rise to 2.25 MMT due in part to an expanding food processing sector and an increasing population.

Trade:
Fiscal Year 2016/17 Tariff Rate Quota (TRQ) to the United States is set at 142,160 MT Raw Value (136,201 MT Commercial Weight). No exports to the world market other than the United States are projected for this year, as no volume has been earmarked by SRA for the world export market.

MY 2015/16 raw sugar exports were lowered 10,000 MT to 140,000 MT while imports were raised 3,000 MT to 233,000 MT on updated data.

MY 2016/17 import volumes were shifted from raw to refined as Post projects that all imports will be refined.

Policy:
On August 31, 2016, the SRA issued Sugar Order No. 1 which forecasts production for CY 2015/16 to reach 2.25 MMT and withdrawals at 2.15 MMT. About 92 percent of sugar production has been classified as “B” or for the domestic market, while 8 percent has been classified as “A” for the U.S. market.

Production, Supply and Demand Data Statistics:

Sugar, Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Dec 2014		Dec 2015		Dec 2016	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1032	1032	997	997	947	990
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	2150	2150	2100	2100	2200	2250
Total Sugar Production	2150	2150	2100	2100	2200	2250
Raw Imports	0	0	100	85	100	0
Refined Imp.(Raw Val)	45	45	100	148	0	100
Total Imports	45	45	200	233	100	100
Total Supply	3227	3227	3297	3330	3247	3340
Raw Exports	75	75	150	140	150	150
Refined Exp.(Raw Val)	0	0	0	0	0	0
Total Exports	75	75	150	140	150	150
Human Dom. Consumption	2155	2155	2200	2200	2200	2250
Other Disappearance	0	0	0	0	0	0
Total Use	2155	2155	2200	2200	2200	2250
Ending Stocks	997	997	947	990	897	940
Total Distribution	3227	3227	3297	3330	3247	3340
(1000 MT)						

Sugar Cane for Centrifugal	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	416	417	413	412	413	413
Area Harvested	416	417	413	412	0	413
Production	23500	23400	23500	23240	23500	23500
Total Supply	23500	23400	23500	23240	23500	23500
Utilization for Sugar	23500	23400	23500	23240	23500	23500
Utilization for Alcohol	0	0	0	0	0	0
Total Utilization	23500	23400	23500	23240	23500	23500
(1000 HA) ,(1000 MT)						