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Refined White Granulated Sugar A Balanced Market, Not a Structural Shortage

How global supply, energy costs and trade dynamics
shape UK sugar procurement

April 2026 | 24-month Forecast Horizon

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Executive Summary



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Refined white granulated sugar remains a balanced procurement market despite relatively supportive global supply conditions. The core issue is not a structural shortage of sugar, but the interaction between short-term surplus conditions and emerging medium-term cost pressure driven by energy markets, regional supply tightening, and trade dynamics.

Our central case is that procurement costs ease slightly in the near term before rising to approximately **+5.8% over 24 months**, following a gradual tightening in supply and cost structures.

Near term:

Global surplus and strong production conditions apply mild downward pressure into late 2026.

Medium term:

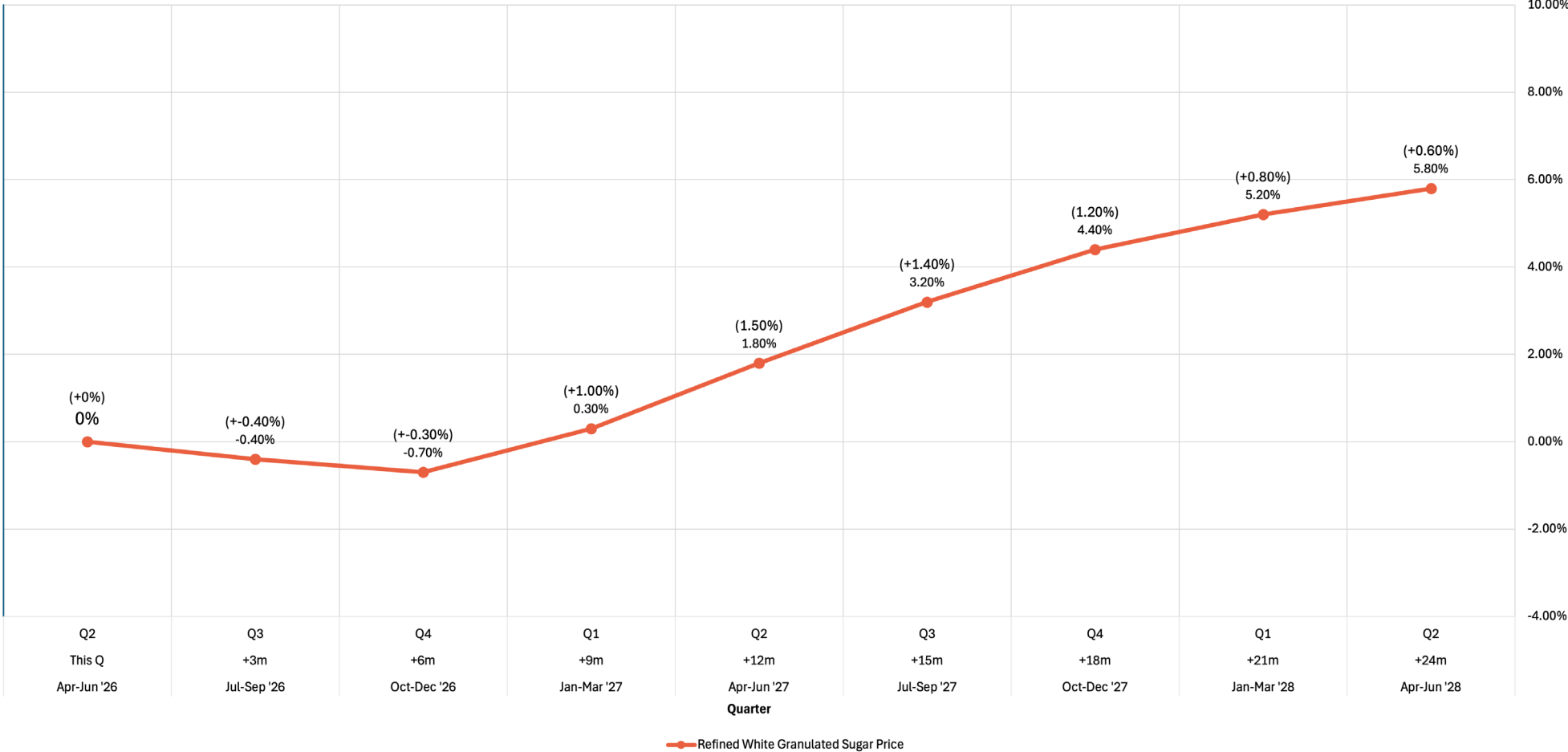
Tightening European supply and stable demand remove downward pressure but do not create a shortage.

Longer term:

Energy costs, ethanol linkage and regional supply risks rebuild upward pressure into 2027–2028.

Market Outlook at a Glance

Refined White Granulated Sugar Price Forecast / kg



The chart sets out a soft near-term market followed by a steady upward trajectory driven by tightening supply and rising production costs.

Forecast Path by Horizon

Horizon	Date	Base Change	Accumulated Change
3 Months	Jul 2026	-0.4%	-0.4%
6 Months	Oct 2026	-0.3%	-0.7%
9 Months	Jan 2027	+1.0%	+0.3%
12 Months	Apr 2027	+1.5%	+1.8%
15 Months	Jul 2027	+1.4%	+3.2%
18 Months	Oct 2027	+1.2%	+4.4%
21 Months	Jan 2028	+0.8%	+5.2%
24 Months	Apr 2028	+0.6%	+5.8%

Key Drivers of Refined White Granulated Sugar Costs

Driver 1: Global sugar supply balance

Global sugar supply is the primary driver of near-term price movement. Current conditions point to strong production in key regions such as Brazil and India, supported by favourable weather and stable export flows. This has created a short-term surplus, applying mild downward pressure on refined sugar prices. However, supply remains sensitive to weather volatility, policy changes, and export decisions in major producing countries.

Driver 2: Energy, refining and logistics costs

Refined sugar is an energy-intensive commodity, with production and transportation costs closely linked to oil and gas markets. Fuel price movements directly impact the cost of operating mills, refining sugar, and distributing product globally. While energy prices have stabilised in the near term, they remain elevated, and any increase is likely to feed into higher procurement costs over time.

Driver 3: Ethanol linkage and crop allocation

A key structural feature of the sugar market is its linkage to ethanol production, particularly in Brazil. Sugarcane can be diverted between sugar and ethanol depending on relative profitability, which is influenced by oil prices. When energy markets strengthen, producers shift output toward ethanol, reducing sugar supply and supporting higher prices. This dynamic introduces additional volatility and is a key driver of upward price risk.

Driver 4: Currency and import cost dynamics

As a globally traded commodity, refined sugar pricing in the UK is influenced by exchange rate movements, particularly GBP against USD and producer currencies. A stronger pound reduces the cost of imported sugar, acting as a short-term offset to global price pressure. Recent currency strength has contributed to softer import pricing, but this effect can reverse quickly depending on macroeconomic conditions.

Driver 5: EU and UK regional supply conditions

Regional production dynamics play an important role in UK procurement costs. Sugar beet production across Europe has faced challenges, including reduced planting area, disease risks, and regulatory pressure. While global supply may appear comfortable, these constraints limit local availability and increase reliance on imports. As a result, UK buyers remain exposed to both global markets and regional supply tightness.

Bottom line

This is not a global shortage story. It is a cost-sensitive market shaped by short-term supply softness, energy exposure, and regional production risks.

The current surplus is temporary, with the balance of risk shifting toward gradual price increases as supply tightens and costs rebuild.

Driver Contribution to the Forecast

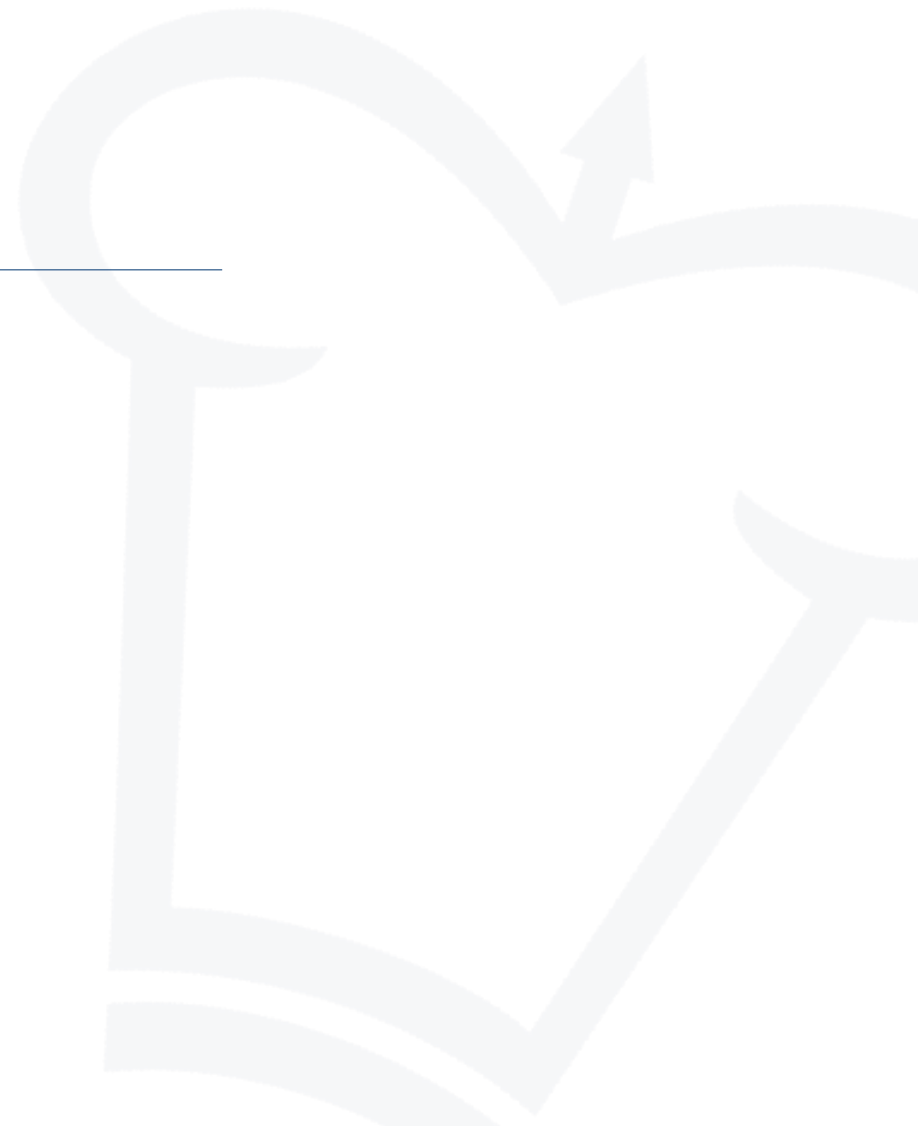
Percentage-point contribution by horizon

Horizon	Brazil Crop & Mix	India/Asia Exports	EU/UK Balance	Energy & Logistics	Sterling/FX	Total
3 months	-0.7%	-0.4%	+0.5%	+0.5%	-0.3%	-0.4%
6 months	-0.7%	-0.4%	+0.4%	+0.3%	-0.3%	-0.7%
9 months	-0.3%	-0.1%	+0.8%	+0.1%	-0.2%	+0.3%
12 months	+0.1%	+0.2%	+1.6%	+0.2%	-0.3%	+1.8%
15 months	+0.6%	+0.5%	+2.0%	+0.3%	-0.2%	+3.2%
18 months	+0.9%	+0.8%	+2.4%	+0.5%	-0.2%	+4.4%
21 months	+1.1%	+1.0%	+2.7%	+0.6%	-0.2%	+5.2%
24 months	+1.2%	+1.2%	+3.0%	+0.6%	-0.2%	+5.8%

The forecast is not driven by a single variable. Near-term softness is driven by Brazil and Asian export availability, reflecting current global surplus conditions. Over time, the EU/UK white sugar balance becomes the dominant upward driver, supported by tightening regional supply and import-parity pricing. Energy and logistics provide consistent cost support, while sterling acts as a modest offset across the forecast horizon.



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Outlook by Time Horizon

How the market evolves from mid-2026 to 2028

3 months | Jul 2026 | -0.4%

The market softens slightly as global supply remains comfortable. Strong Brazilian output, continued Indian exports and a firmer pound keep import costs contained, outweighing early signs of regional tightening and elevated energy costs.

9 months | Jan 2027 | +0.3%

The direction turns positive as focus shifts to the 2026/27 crop. Early signs of tighter EU/UK supply and reduced export visibility begin to outweigh the fading global surplus.

6 months | Oct 2026 | -0.7%

Softness persists into late 2026 as nearby supply remains adequate and the market has not yet fully priced the next crop cycle. Import conditions remain favourable, keeping procurement costs below baseline.

12 months | Apr 2027 | +1.8%

At one year, regional supply becomes the dominant driver. Lower EU/UK beet area and increased exposure to import-parity pricing lift procurement costs above baseline.

15 months | Jul 2027 | +3.2%

Regional white sugar tightness strengthens further, with India and Thailand adding export risk. Energy and logistics costs continue to support the upward move.

21 months | Jan 2028 | +5.2%

Prices continue to rise, but at a slower pace. Some global supply response begins to emerge, although regional tightness and import dependence remain supportive.

18 months | Oct 2027 | +4.4%

The market remains firm as supply tightens further. Brazil's ethanol pull limits sugar availability, while energy and refining costs keep the cost base elevated.

24 months | Apr 2028 | +5.8%

At two years, the market settles into a higher cost base rather than a shortage scenario. Regional supply constraints and energy-linked costs persist, but ample global production prevents a severe price spike.

Procurement Implications

What the outlook means for budgeting, buying strategy and risk monitoring

The central message is not that buyers face an imminent supply crisis, but that refined white granulated sugar is likely to move from a soft near-term market to a firmer, cost-supported buying environment over the next 24 months.

1. Budgeting

Budgeting should assume that current cost softness is temporary rather than structural. While procurement costs ease slightly in the near term, the forecast turns positive through 2027, reaching approximately +5.8% above baseline by April 2028. Buyers should plan for a gradually rising cost base rather than relying on continued favourable import conditions.

2. Buying stance

Short-term easing windows are likely, particularly across the 3–6 month horizon, but these should be treated as tactical opportunities rather than evidence of a sustained market correction. The central case remains one of intermittent softness within an overall firming market.

3. Supplier strategy

Maintaining access to dependable supply remains important as regional availability tightens. The outlook suggests that exposure to EU/UK white sugar balance and import-parity pricing increases over time, meaning supplier reliability and contract structure remain commercially significant.

4. Risk monitoring

Procurement should closely monitor global supply signals from Brazil and India, EU/UK crop development, energy markets and sterling movements. These factors will determine whether near-term softness persists or whether the market transitions more quickly into a tighter pricing environment.

Plan for a firming market. Buy selectively during near-term softness. Maintain supplier discipline and monitor global supply, energy and currency signals closely.

Methodology and Forecast Boundaries

How the central forecast was built and the assumptions used

The central forecast was developed by treating the uploaded horizon files as independent inputs rather than a sequential quarterly path, given inconsistencies in driver labels, weights and conclusions across horizons. The near-term outlook was anchored to current white sugar market conditions, including global supply balances, nearby pricing and import cost dynamics, before transitioning to a forward-looking view of regional supply and cost pressures.

The approach separates refined white granulated sugar procurement from upstream raw sugar dynamics and downstream food pricing. It focuses on the factors most relevant to UK buyers, including the EU/UK white sugar balance, import-parity pricing, global export availability and energy-linked production costs. These elements were incorporated into a single, consistent driver framework and tested across all horizons to produce the central 24-month forecast path.

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External Evidence

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