

ALL THINGS MOLASSES newsletter

Welcome to the first edition of United Molasses GB's All Things Molasses newsletter where will provide an update on what is happening in the current molasses market, talk about **our wide and innovative range** of products and simply just talk about **all things molasses!**

MOLASSES MARKET UPDATE

Molasses staying calm in turbulent feed markets

Cane molasses markets have recently benefited from good supply lines from both Central America and India. India in particular has been a source of positive supply news with the country expected to export around 1 million tonnes of cane molasses from its current crop.

These good supply lines have been well received news for the molasses market as it has firstly helped it meet the increase in feed demand in response to higher commodity prices and secondly helped to make up for the significant shortfall of supply from Thailand, that has suffered from very dry growing conditions in recent months, switching them to now being now a significant importer of molasses (expected to be over 250kmt). In terms of pricing the molasses market appears to be following the trend of recent years with the cost in dollar's rising from Q1 into Q4 until the next crops becomes available. For the UK the rise in dollar pricing has been offset to a degree by a stronger sterling value which has significantly influenced market pricing.



Beet molasses markets have been much tighter than cane, with the EU crop at the lower end of expectations combined with much lower sugar and molasses production in Russia from its 2020/21 crop. The reduced supply from the Black Sea during Q4 2020 has continued into 2021 with new-crop Egyptian not available until the end of March.



MOLASSES MARKET IN BRIEF

Good supply from Central America and India offsetting poor Thai crop

Demand in Asia is significantly up

Pricing in dollars rising ahead of new crop in 2021

Stronger £ has helped offset rise in \$ for UK pricing

Increase in feed demand due to high feed commodity prices

Reduced Beet Molasses supply with limited exports

Forward Europe pricing will be driven by Asian demand

MOLASSES MARKET UPDATE CONTINUED...

The higher price of most other feed commodities has seen demand for molasses in feed markets increase, with European cane demand benefitting from a 10% increase compared to offtakes in the middle of 2020.

The other main feed markets for imported cane molasses are forecasting increased demand as well, this includes the US, South Korea, New Zealand and Japan.

The global feed markets are currently witnessing higher prices across the board for commodities with corn, wheat and soya prices all steadily increasing since the middle of 2020. The main drivers have been a combination of the improving covid-19 situation, Chinese pig population restocking after recovering from the impact of African swine fever and continuing easy money supply from Central banks.

Demand in the industrial markets is more of a complicated picture and the elasticity of demand is much higher. In Thailand the demand is mainly for fuel ethanol production and there is a clear price level based on the local ethanol price where molasses demand can be switched on and off. The picture is somewhat similar in the Philippines as well, although the demand is for potable ethanol production. This is in contrast to the feed markets which have a much more gradual tapering up and down of demand.

SUMMARY

As noted above the majority of feed markets are currently looking more favourably at molasses with the higher prices for other feed commodities supporting increased demand, however we are about to face an important moment in the market with prices and supply for the next few quarters likely to be set. **The key focus areas will be the new sugar crops and molasses supply from Indonesia and Egypt.** Price will be key to how demand unfolds over the next six months and the industrial markets will be particularly sensitive to price movement. In recent weeks there have been signs of some significant increases in the Indian cane pricing, time will tell if these persist and it will mostly depend on whether the molasses demand in Asia increases or not. The demand in the feed markets are not likely to be as sensitive to price as the industrial markets as the trajectory of competing feed commodity prices will be just as important as the molasses price.

An additional cost has been seen in the UK since the 1st January **as a result of Brexit**, HMRC are currently imposing a tariff of £2.00 per mt on all imports of molasses. This is the first time any molasses tariffs have been applied in the UK for a considerably long time. The UK's leading trade association AIC have along with others taken this issue up with Defra but to date there has been no change although **we hope commonsense will be applied in the near future.**

MOLASSES NEWS**New website alert!**


Suppliers of molasses products to the GB Market since 1912

United Molasses GB Ltd have been supplying molasses products to customers in England, Scotland and Wales since 1912. We supply a range of innovative molasses based liquid solutions to Animal Feed, Fermentation and Industrial customers across Great Britain.

We are the leading marketer and distributor
of molasses and related liquids in England, Scotland and Wales

www.unitedmolasses.com

In the spirit of a new year equals a fresh start, we launched a revamped website at the beginning of 2021 featuring brand new visuals, an easier navigation layout and even more content including a media section.

The site features lots of information on the storage and handling of molasses as well as an easy to download link for our latest digital Little Black Book of Molasses product guide!

ON FARM FOCUS**Nutrимаize 46 = Savings on Feed Protein**

As we continue to see Protein prices trade at high levels, the benefits of partially replacing traditional protein feeds with a molasses urea blend should be considered.

Trials have shown that United Molasses GB's **NUTRIMAIZE 46** can be used to replace a 1:1 soya / rapeseed mix with **increased forage intakes** whilst being more economical with **considerable savings** to be made. NUTRIMAIZE 46 is also available with a preservative.

For more information on **NUTRIMAIZE 46** and the rest of the **Nutrимаize blends** in our farm product range please visit our new website.

