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Raw material markets: Price fluctuations in the sugar market

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Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials

Index and commodity group	1966		1967				
	September	December	March	June	September	Sep. 22	Oct. 6
HWWA-Index 1 (1952-1956 = 100)	92.5	92.4	91.9	92.2	90.9	91.5	91.9
Foodstuffs	84.2	84.5	84.0	86.8	84.9	85.9	86.3
Raw materials other than foodstuffs ...	96.4	96.1	95.7	94.8	93.8	94.1	94.6
Fuels	95.4	95.2	95.1	95.1	95.7	96.1	96.2
Raw materials for consumer goods ..	93.8	92.4	92.1	91.7	89.5	89.4	89.5
Raw materials for capital goods	99.6	99.6	98.8	96.6	94.7	95.4	96.6
Reuter's Index (18. 9. 1931 = 100)	428.9	423.6	425.8	445.2	418.3	421.6	423.4
Moody's Index (31. 12. 1931 = 100)	382.7	374.4	366.2	373.8	363.9	364.2	362.7

¹ Index compiled by the Hamburg Institute for International Economics.

labour. Mid-1967 in the Federal Republic their number was by 22 per cent smaller than a year ago. In France the net-immigration of Algerian labour decreased by 29 per cent in the first half of 1967, the admission of other foreigners by 18 per cent. In Switzerland, too, the number of permissions to reside for foreigners decreased by 5 per cent between January and July. This restraint of all important West European immigration states made the recession also noticeable in

the labour markets of Italy and the less industrialised emigration countries.

For some time already the indications of a cyclical change for the better are increasing. But it will take some time still until the labour market will be influenced. In the coming winter unemployment will therefore be comparatively high still in a number of countries. This seasonally conditioned development should not be misinterpreted from cyclical aspects.

to 66 million tons. The excess of unsold sugar—18.2 million tons at the end of the sugar year 1966/67—therefore has remained almost unchanged.

The large international stocks burden of course the free sugar market considerably, as anyway only 15 per cent of all sugar transactions are effected here. Added to this the producers recently sold again large quantities of sugar to the intermediary trade. The sugar producers hitherto could not agree on a more cautious sales policy, which would contribute to a quicker recovery of sugar prices. First it had been Brazil, now it is the Dominican Republic, that by uncontrolled sales frustrated all efforts for a higher price level.

Hitherto the discord between the producers obstructed the negotiation of a new international sugar agreement. After, at the beginning of June, a conference of the UNCTAD Advisory Committee on Sugar Problems, which was to prepare a new agreement, ended without obtaining any results, the convoking of another conference is anticipated not until next spring. So far, however, it has not been possible to gain the cooperation of Cuba. But without Cuba's membership an international sugar agreement could serve its purpose but incompletely.

Raw Material Markets

Price Fluctuations in the Sugar Market

After in May and June, 1967, the New York sugar price at more than 3.00 c/lb had reached its highest level for two years, a considerable price decline followed. In mid-May the world-contract-price at the New York Exchange was about 1.56 c/lb. During the last days the quotation advanced to more than 2.00 c/lb.

This summer's temporary price increase was, on the one hand, a result of Cuban sugar purchases in the free world market, intended to cover formerly occurred liabilities, and, on the other hand, a consequence of the war in the Near East. The high prices in the last

few days should have been caused mainly by the recently revised estimates of the European sugar-beet crop, showing a less favourable picture. The United States' increased demand in the world market has also price supporting effects.

But the normalisation of supply-demand relations in the sugar market is still very limited. Thus the price increase will proceed but rather slowly. Although consumption rose by 4.3 per cent to 65.8 million tons in the last season, production, on the other hand, registered a higher growth rate even. It increased by 4.8 per cent

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