

BRAZILIAN SISAL

The attached statistics on exports on Sisal fibres from Brazil (1998 to 2018 (Jan to Nov) give a good impression on the development of exports over a period of 20 years.

- The sharp rise in exports between 2001 and 2006 is attributable to increased demand from Chinese customers. In these years the export share to China was 60-70%.
- The slump in 2005 is the result of extremely high inventories held by Chinese customers. Delivery of the (long-term) contracts concluded in 2005 was delayed until 2006.
- In 2009, exports fell by more than 24% (compared to 2007 and 2008), due to the strong reluctance of Chinese buyers. Exports to Portugal also fell by almost 70% during this period
- In 2011 and 2012, Brazil suffered the worst drought in more than 30 years. With an export volume of around 36.138 tons in 2012, it should be borne in mind that the state-owned CONAB sold almost its entire stock of around 20.000 tons to exporters (via auctions held every 2 months during this period). Excluding this quantity, the production of fresh fibre in 2012 was therefore only about 16.000 tonnes. CONAB's last state stocks of about 4.000 tons were released for sale in the second half of 2013 (again via auctions) - the Brazilian state has not bought again since then.
- In principle, in the 'boom years' 2002 to 2008, considerably more sisal fibre was harvested than replanted. Combined with the increasingly long dry seasons in recent years, this has continued to have an impact to this day.
- For 2018, the statistics show an export of about 26.530 tons for the period January to November (December statistics not yet available). Prices for Sisal fibre have shown a downward trend since the last quarter of 2017 with lowest price level from July onwards. With the low price level Brazilian Sisal has regained competition which had its positive impact on export activities from August to November. The export volume of these four months (abt. 12.100 tons) represent 45% of the total volume exported in 2018.

With the low price level for standard grade of Brazilian Sisal fibres (Type 3DB) the price gap between Brazilian and African Sisal (for example UG grade from Tanzania) has become larger again and is currently about USD 500 per ton. Historically, the price gap between African and Brazilian Sisal has always been a minimum of USD 500 to USD 600 per ton. This price gap – in case it will remain stable in 2019 - will make Brazilian Sisal more attractive to customers, especially to customers in the Chinese market.



AFRICAN SISAL

The main outlets for Kenyan Sisal are exports to the construction industry (Saudi-Arabia, Morocco, Nigeria, Ghana) which still dominate the exports from this country. Exporters from Kenya accept comparatively lower price levels for sales to traditional industries (like spinning mills and pulp / paper industries) whilst much better prices can be achieved with sales to the construction industry.

The picture in Tanzania is quite different with about 60% of the exported Sisal fibres go to China. Sisal fibres exported from Tanzania, Mozambique and Madagascar to China are all exported with a preferential / duty-free certificate of origin. This is a clear advantage compared to Kenyan Sisal exports to China where there is no bilateral agreement between China and Kenya.

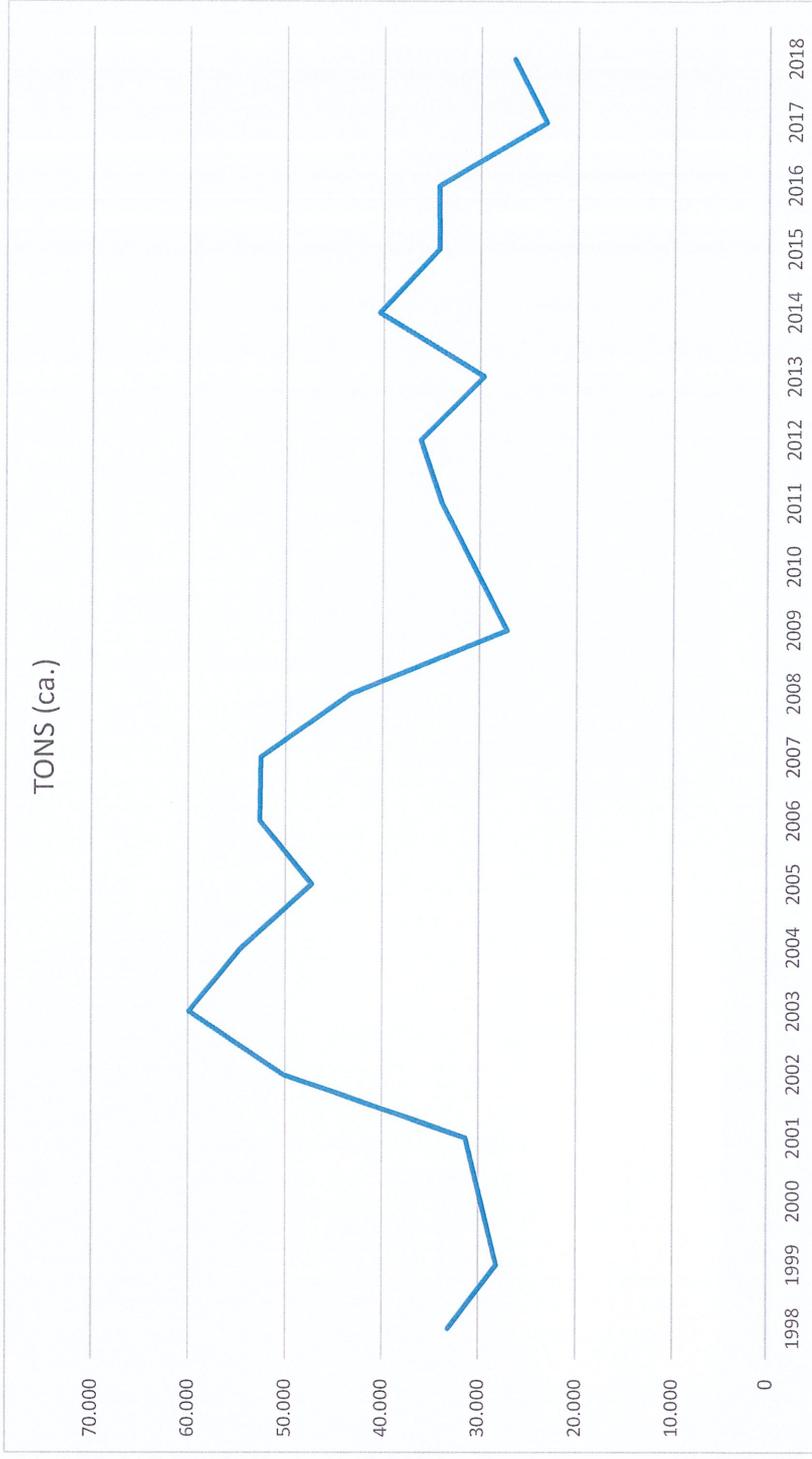
Sisal prices in East Africa (including Madagascar) have been quite stable in the past 6 months. Production and exports in 2018 have strongly been influenced by the very adverse weather conditions. The 'weather factor' has become more and more important in the past years and it is too early now to give an estimation on the perspective for 2019.

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EXPORTS OF SISAL FIBRES FROM BRAZIL

YEAR	TONS (ca.)
1998	33.100
1999	28.100
2000	29.700
2001	31.300
2002	50.200
2003	59.900
2004	54.500
2005	47.200
2006	52.600
2007	52.500
2008	43.300
2009	27.100
2010	30.500
2011	33.900
2012	36.138
2013	29.600
2014	40.375
2015	34.250
2016	34.300
2017	23.200
2018	26.530



2018 (JAN to NOVEMBER)

