



# PROCTOR PAGE

News from the University of Vermont Proctor Maple Research Center

## Recent trends in the maple industry IV - bulk syrup prices

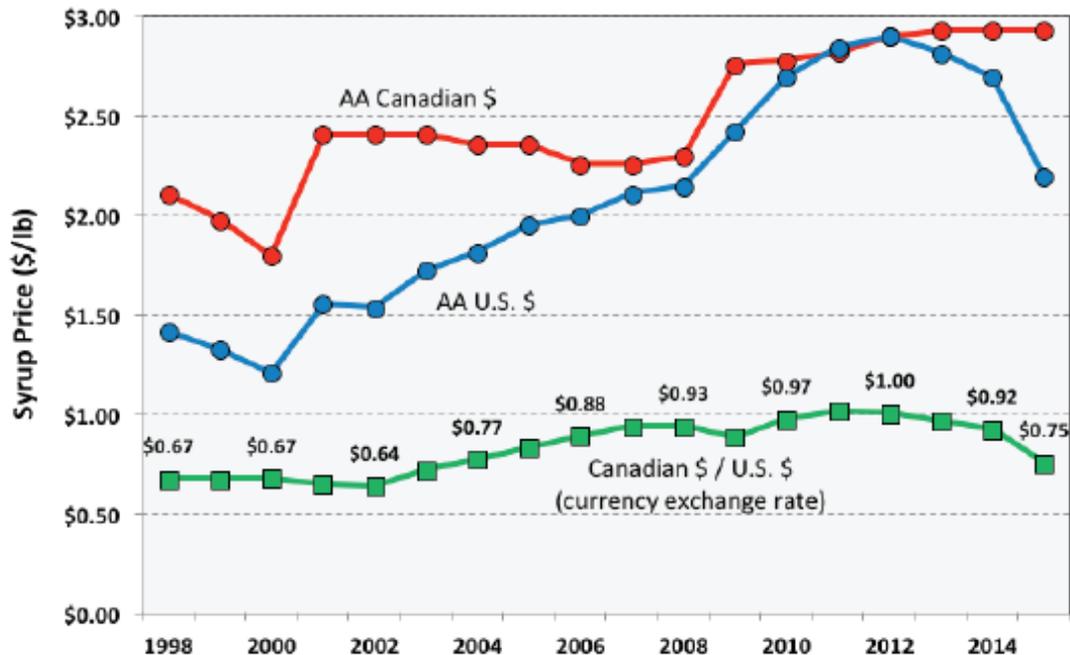
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Our previous articles have focused on where maple production in the U.S. occurs, where the fastest growth is happening, and recent changes in sap yield. This submission will discuss changes that have occurred in bulk syrup prices over the past two decades and how those prices have differed in the U.S. and in Canada.

It is clearly the intent of most producers of maple syrup to make a profit as part of their sugaring activities. Although many hobby and smaller producers may be happy to break even or produce a small profit, larger-scale producers selling in the bulk market often derive a portion of their annual income from sugaring activities, and thus seek to maximize profits. Profits are derived from the income on the sale of bulk syrup minus operating expenses. For bulk producers, income is related strongly to the bulk price of syrup.

For several decades, the starting bulk syrup prices have been determined largely in Quebec due to their overwhelming production capacity. We will use the price for AA syrup as an example, but prices for other grades generally show similar trends.

In Canadian dollars (C\$), prices from 1998-2000 were around C\$2.00/lb, before rising to around C\$2.40/lb in 2001, then a slow decline to around C\$2.25-2.29 from 2006-2008. In 2008, a shortage of syrup after several marginal



Sources: Federation of Quebec Maple Producers 2015, U.S. Foreign Exchange 2015

production seasons caused a spike in prices to C\$2.75/lb. For a short time, prices reached as high as C\$4.00/lb. Prices then rose steadily from 2008-2013, reaching C\$2.92/lb in 2013, and remaining steady at that point through the 2014 and 2015 production seasons. Overall, the bulk price of syrup rose about 63% from

the low point in the year 2000 to the high point in 2013.

For U.S. producers, bulk prices closely follow those established in Canada, but with the currency exchange rate factored in. From 1998-2002, the Canadian dollar was facing poorly against the U.S. dollar, and was worth about 0.64-0.67 USD (U.S. Dollars). Over about a decade from 2002-2011, the C\$ rose against the USD, eventually reaching par (or slightly above par) from 2011-2012. After 2012 the C\$ has retreated, falling to 0.96 and 0.92 USD in 2013 and 2014, respectively, before dropping further to approximately 0.75 USD in 2015.

The effect of the changes in syrup bulk prices with the currency exchange factored in on bulk prices in the U.S. have been dramatic. Bulk syrup (U.S. AA equivalent) prices were as low as \$1.20 in 2000, but rose steadily as both Canadian syrup bulk prices and the value of Canadian currency rose (note that these numbers do not factor in the inflation rate). By 2007, U.S. bulk prices rose above \$2.00/lb. By 2010, syrup prices were within \$0.10 of Canadian bulk syrup prices, and from 2011-2012 were at par with Canadian bulk syrup prices. Since that time, completely as a result of a softening of currency exchange rates (Canadian AA bulk syrup prices have remained steady at

C\$2.92/lb), there has been some loss in the bulk price of the corresponding grade of U.S. syrup, to the point where U.S. bulk syrup is now selling at about \$2.19/lb.

Because the Canadian to U.S. currency exchange rate is so strongly influenced by petroleum prices, it is hard to predict the direction and amount of future changes. On the supply side, given the past decade expansion of the U.S. maple industry along with recent and planned expansion of production in Canada, it is likely that production will continue to grow for at least a few years. Strong sales of maple syrup have been able to support this expansion thus far, but continued strong efforts to market maple syrup will be necessary to ensure that sales continue to grow along with production to avoid an over-supply situation.

Readers should note that the prices listed do not necessarily mean that a packer/processor pays exactly this amount for bulk syrup. Some deviation is expected based upon the quantity, quality, on-hand supply, and other factors involved. Premiums on the standard bulk price are frequently added for large quantity purchases, for certified organic syrup, and for syrup in producer-owned stainless-steel drums. Deductions may also occur due to sale or loan of equipment or other reasons.