



Sugar and Sweeteners Outlook

Michael McConnell, coordinator
michael.mcconnell@ers.usda.gov

U.S. Sugar Production in 2014/15 Boosted by Early Production of Strong 2015/16 Sugarbeet Crop

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World Agricultural
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U.S. sugar production in 2014/15 is increased 61,000 short tons, raw value (STRV) in the November *World Agricultural Supply and Demand Estimates* (WASDE). Strong August and September 2015 production figures reported for beet sugar and Louisiana cane sugar production—coming from early production of the 2015/16 crop—eclipsed downward adjustments in cane production in Hawaii. Sugar production for 2015/16 is increased 50,000 STRV from the previous month's projection due to increased cane yields in Louisiana. Sugar imports in 2014/15 are increased 25,000 STRV, primarily due to higher reported imports from Mexico and the re-export program.

Complete-year delivery data from the Farm Service Agency's *Sweetener Market Data* (SMD) resulted in 2014/15 domestic delivery estimates increasing 12,000 STRV, primarily from slightly higher than expected food and beverage deliveries. Domestic deliveries for 2015/16 remain unchanged from the previous month's estimate but are 1.3 percent below 2014/15 estimates. Ending stocks are reported at 1.767 million STRV by the complete-year SMD data, a 69,000-STRV increase from the previous month's estimate, resulting in an estimated stocks-to-use ratio of 14.4 percent. In 2015/16, projected stocks-to-use are 15.3 percent, as ending stocks are increased based on higher supplies than the previous month's projection.

Estimated Mexican sugar supplies for 2014/15 are increased a slight 1,000 metric tons (MT), actual value, due to higher imports, as reported by complete-year data from SMD and Mexico's *Comité Nacional Para Desarrollo de la Caña de Azúcar's* (Conadesuca). Conadesuca also reported complete-year deliveries data for 2014/15, with estimates for domestic deliveries for human consumption declining 32,000 MT compared with the previous month. Total exports in 2014/15 are increased 17,000 MT, all of which is attributed to higher projected exports to the United States. Ending stocks for 2014/15 are reported at 811,000 MT, which is 49,000 MT higher than the previous month's estimate.

For 2015/16, Mexican projected supplies are increased 105,000 MT from the previous month's estimate due to additional projected beginning stocks and production. Total use projections are decreased 113,000 MT from the previous month. As a result, projected ending stocks for 2015/16 are increased 218,000 MT, with a stocks-to-consumption ratio of 22.4 percent implying a relatively ample supply situation.

United States Sugar Production and Supply

U.S. sugar production in 2014/15 is estimated at 8.649 million short tons, raw value (STRV). The Farm Service Agency's (FSA) November *Sweetener Market Data* (SMD) report provided the first complete-year 2014/15 production figure. Beet sugar production totaled 4.893 million STRV for the year, 68,000 STRV more than the October estimate. The increase reflects higher than previously estimated early production from the 2015/16 crop that was processed in September—the final month of the 2015/16 fiscal year. Cane sugar production estimates total 3.755 million STRV, an 8,000-STRV decline from the previous month's estimate. Cane sugar production in Louisiana is increased 7,000 STRV to 1.512 million STRV, based on higher than expected early crop production in September 2015/16. This increase was more than offset by a decline in cane sugar production in Hawaii of 14,000 STRV to 146,000 STRV.

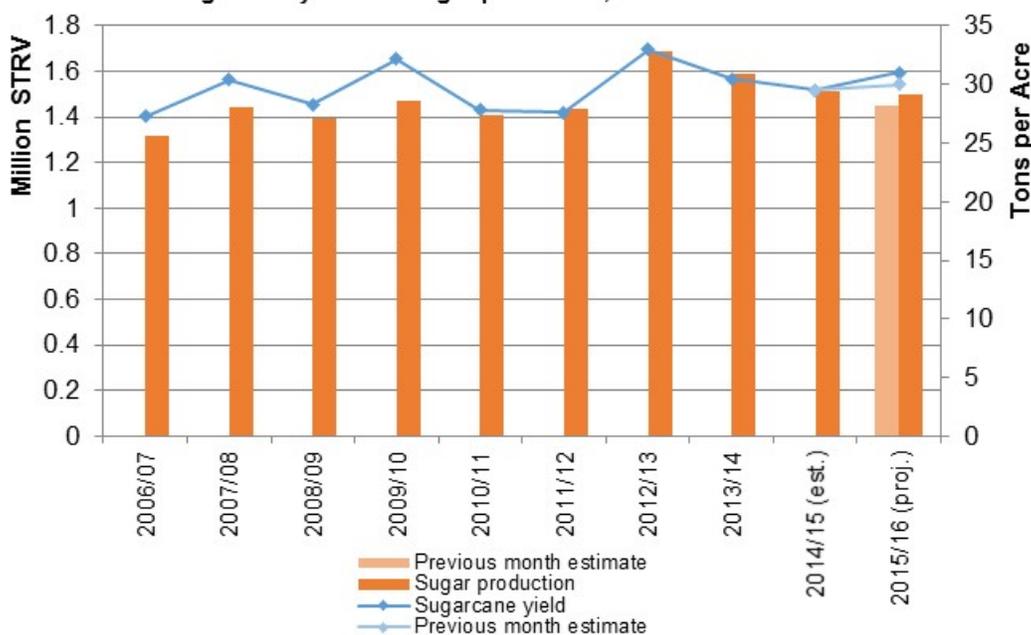
Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), November 2015.

Items	2014/15			2015/16		
	2013/14	(estimate)	(forecast)	2013/14	(estimate)	(forecast)
	1,000 Short tons, raw value			1,000 Metric tons, raw value		
Beginning stocks	2,158	1,810	1,767	1,958	1,642	1,603
Total production	8,462	8,649	8,810	7,676	7,846	7,992
Beet sugar	4,794	4,893	5,075	4,349	4,439	4,604
Cane sugar	3,667	3,755	3,735	3,327	3,407	3,388
Florida	1,763	1,975	1,940	1,599	1,791	1,760
Louisiana	1,591	1,512	1,500	1,444	1,372	1,361
Texas	145	123	130	132	112	118
Hawaii	168	146	165	153	132	150
Total imports	3,742	3,569	3,398	3,394	3,238	3,083
Tariff-rate quota imports	1,302	1,534	1,528	1,181	1,392	1,386
Other program imports	305	471	315	277	427	286
Non-program imports	2,135	1,564	1,555	1,937	1,419	1,411
Mexico	2,130	1,549	1,540	1,932	1,406	1,397
Total supply	14,362	14,028	13,975	13,029	12,726	12,678
Total exports	306	185	200	278	168	181
Miscellaneous	0	0	0	0	0	0
Deliveries for domestic use	12,246	12,076	11,920	11,109	10,955	10,814
Transfer to sugar-containing products for exports under re-export program	82	103	100	74	93	91
Transfer to polyhydric alcohol, feed, other alcohol	29	28	35	27	25	32
Commodity Credit Corporation (CCC) sale for ethanol, other	316	0	0	287	0	0
Deliveries for domestic food and beverage use	11,819	11,946	11,785	10,722	10,837	10,691
Total Use	12,552	12,261	12,120	11,387	11,123	10,995
Ending stocks	1,810	1,767	1,855	1,642	1,603	1,683
Private	1,810	1,767	1,855	1,642	1,603	1,683
Commodity Credit Corporation (CCC)	0	0	0	0	0	0
Stocks-to-use ratio	14.42	14.41	15.30	14.42	14.41	15.30

Source: U.S. Dept. of Agriculture, Economic Research Service, Sugar and Sweetener Outlook.

U.S. sugar production for 2015/16 is projected to be 8.810 million STRV, a 50,000-STRV increase from the previous month's projection. The increase is the result of a 50,000-STRV increase in cane sugar production in Louisiana, which is now projected at 1.5000 million STRV due to higher yields reported by the National Agricultural Statistics Service (NASS). Cane production from other States remains unchanged from the previous month. Total cane sugar production is projected at 3.735 million STRV.

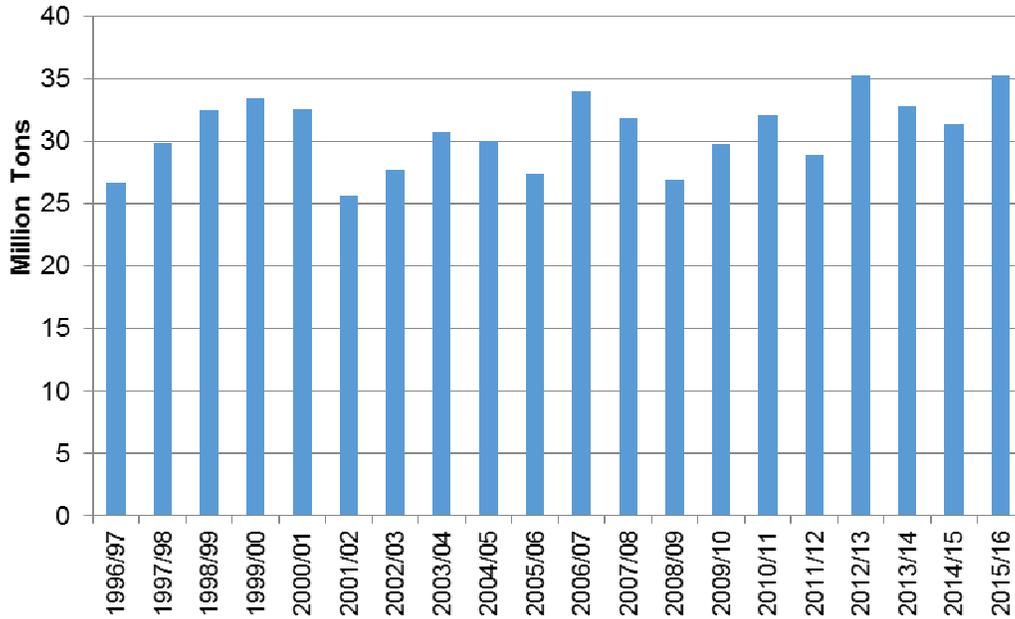
Figure 1
Louisiana sugarcane yield and sugar production, 2006/07 to 2015/16



Source: National Agricultural Statistics Service, USDA; World Agricultural Outlook Board, USDA

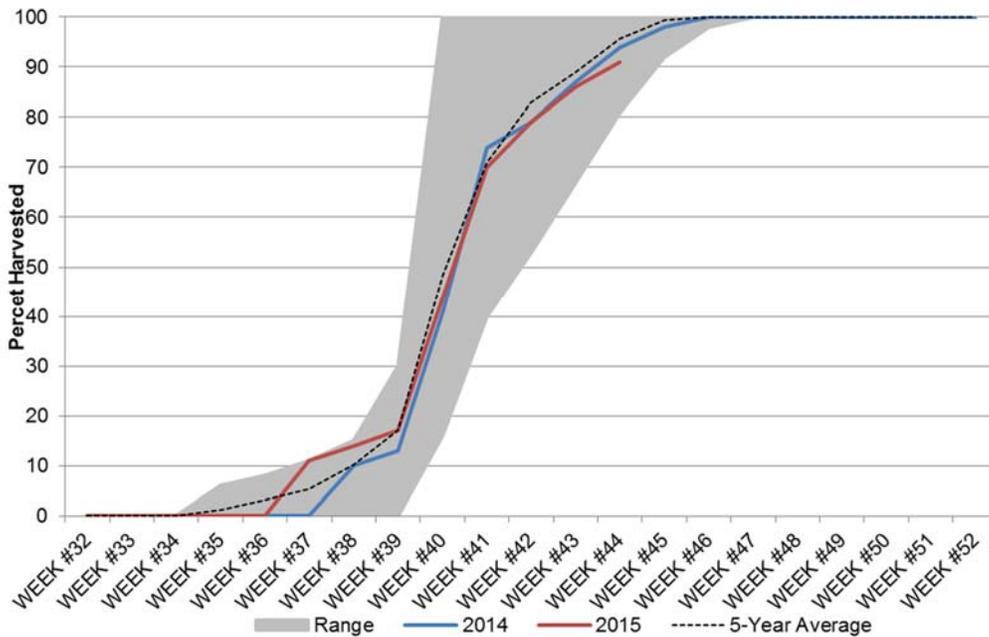
Beet sugar production for 2015/16 is projected at 5.075 million STRV, unchanged from the previous month's estimate. Sugarbeet yields for the 2015/16 crop were increased by NASS from 30.4 tons per acre to 30.8 tons per acre, resulting in a 1.3-percent increase in forecast sugarbeet production to 35.216 million tons. The current sugarbeet crop represents the second largest crop in the United States, slightly less than the record 2012/13 crop. Through November 1st, the sugarbeet harvest was 91-percent complete. The harvest pace started well ahead of historical averages, particularly in the largest production region in Minnesota and North Dakota. The pace slowed a bit in late September as warm and/or wet weather in certain regions forced producers to delay harvest activities and keep beets in the ground. The current pace is 3 percent behind last year's pace and 5 percent behind the 5-year average, but still within a range that supports strong yields forecast by NASS. Beet sugar production for 2015/16 remains unchanged from the previous month, however, as the increased expectation for the 2015/16 sugarbeet crop is captured in the larger than expected early-season production recorded for September and reflected in the 2014/15 production estimate. The 2015/16 beet sugar projection is still very close to the 2012/13 beet sugar production record of 5.076 million STRV.

Figure 2
U.S. Sugarbeet Production, 2006/07 to 2015/16



Source: National Agricultural Statistics Service, USDA.

Figure 3
U.S. total sugarbeet harvest progress, 2000 to 2015



Source: National Agricultural Statistics Service, USDA.

U.S. sugar imports for 2014/15 are estimated at 3.569 million STRV, a 25,000-STRV increase from the previous month. Imports under quota programs are estimated at 1.534 million STRV, down 6,000 STRV from the previous month, as complete-year data became available this month. Similarly, imports for the re-export program were

adjusted upward by 12,000 STRV to 471,000 STRV. Imports from Mexico are estimated at 1.549 million STRV, a 19,000-STRV increase from the previous month's estimate.

For 2015/16, total imports are projected at 3.398 million STRV, unchanged from the previous month's projection. Similarly, there are no changes to the component parts of U.S. imports. Imports from quota programs are projected at 1.528 million STRV. Imports for re-export are projected to be 315,000 STRV. Imports from Mexico are projected to be 1.540 million STRV, based on the calculation of U.S. Needs from the September WASDE, as specified by the suspension agreements signed between the U.S. Department of Commerce (USDOC) and the Government of Mexico in December 2014. High-tier tariff sugar imports are projected to be 15,000 STRV, unchanged from the previous month and essentially flat from 2014/15 estimates.

United States Sugar Domestic Deliveries and Exports

Total sugar use for 2014/15 is estimated at 12.261 million STRV, a 17,000-STRV increase from the October estimate. Complete-year data from the SMD resulted in a number of small adjustments to delivery components. Deliveries for food and beverages are estimated at 11.937 million STRV, a 2,000-STRV increase from the previous month's estimate. The November WASDE also incorporates miscellaneous deliveries of 8,000 STRV to account for statistical discrepancies and totals food and beverage deliveries at 11.945 million STRV.

Domestic deliveries for 2015/16 are projected to be 11.920 million STRV, unchanged from the previous month's estimate but a 1.3-percent decline from 2014/15 estimates. Food and beverage deliveries are also projected to be 1.3 percent below 2014/15 estimates, totaling 11.785 million STRV. The year-over-year decline is primarily the result of a relatively large amount of direct consumption imports in the last quarter of FY2015, primarily from Mexico. These supplies are accounted for as deliveries in the month in which they were imported. Indications are that a portion of these supplies are likely being held by entities that do not report inventories to the USDA, however, and will likely be marketed in FY2016. Implications for how these supplies will impact the overall sweetener market will continue to be monitored, evaluated, and incorporated into future WASDE projections. Other domestic deliveries for 2015/16 are projected to be 135,000 STRV, unchanged from the previous month's estimate.

Ending stocks in 2014/15 are estimated at 1.767 million STRV based on the complete-year data provided by SMD. The November estimate is 69,000 STRV higher than the previous month, which is carried over into the beginning stocks and supplies for 2015/16. The resulting stocks-to-use ratio for 2014/15 is 14.4 percent, which is higher than the previous month's stocks-to-use ratio of 13.9 percent. Ending stocks for 2015/16 are currently projected to increase to 1.854 million STRV, representing an 119,000-STRV increase October's estimate. The stocks-to-use ratio is increased from 14.3 percent in October to its current 15.3 percent.

Mexico Sugar Production and Supply

Estimated sugar production in Mexico remains unchanged from October, totaling 5.985 million MT. For 2015/16, production is projected to total 6.056 million MT, a 56,000-MT increase from the previous month's estimate. The change reflects the projection released by Mexico's *Comité Nacional Para Desarrollo de la Caña de Azúcar's* (Conadesuca) since the last WASDE report. Conadesuca's projection is based on data from surveys of Mexican sugar mills. The agency is expecting the increase in production to come primarily from a 2.3-percent increase in harvested area, from 783,416 hectares in 2014/15 to 801,745 hectares in 2015/16. The agency is forecasting a 1.1-percent decline in sugarcane yields and an unchanged recovery rate from 2014/15. If realized, the sugar production total would be 1.2 percent above the 2014/15 production total.

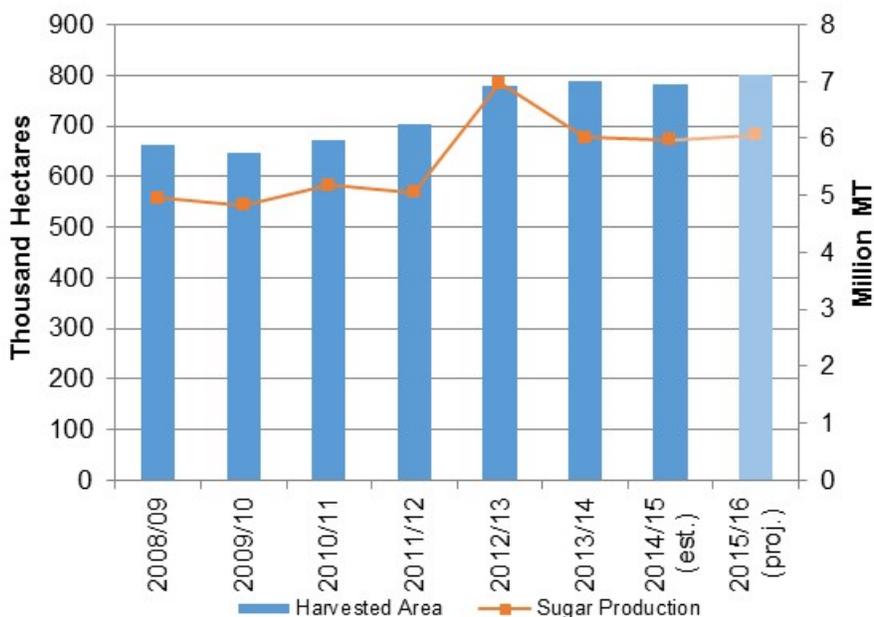
Table 2 -- Mexico sugar supply and use, 2012/13 - 2013/14 and projected 2014/15, November 2015

Items	2013/14	2014/15 (estimate)	2015/16 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	1,460	831	811
Production	6,021	5,985	6,056
Imports	131	152	155
Imports for consumption	9	8	10
Imports for sugar-containing product exports (IMMEX) 1/	123	144	145
Total supply	7,613	6,968	7,022
Disappearance			
Human consumption	4,098	4,408	4,388
For sugar-containing product exports (IMMEX)	324	324	324
Statistical adjustment	-151	-32	
Total	4,271	4,700	4,712
Exports	2,511	1,458	1,328
Exports to the United States & Puerto Rico	1,823	1,326	1,318
Exports to other countries	689	131	10
Total use	6,782	6,157	6,040
Ending stocks	831	811	982
	1,000 metric tons, raw value		
Beginning stocks	1,548	881	859
Production	6,383	6,344	6,419
Imports	139	161	165
Imports for consumption	9	8	11
Imports for sugar-containing product exports (IMMEX)	130	153	154
Total supply	8,069	7,386	7,444
Disappearance			
Human consumption	4,344	4,673	4,651
For sugar-containing product exports (IMMEX)	343	343	343
Statistical adjustment	-160	-34	0
Total	4,527	4,982	4,995
Exports	2,662	1,545	1,408
Exports to the United States & Puerto Rico	1,932	1,406	1,397
Exports to other countries	730	139	11
Total use	7,189	6,527	6,403
Ending stocks	881	859	1,041
Stocks-to-human consumption (percent)	20.3	18.4	22.4
Stocks-to-use (percent)	12.3	13.2	16.3
High fructose corn syrup (HFCS) consumption (dry weight)	1,372	1,444	1,497

1/ IMMEX = Industria Manufacturera, Maquiladora y de Servicios de Exportación.

Source: USDA, *World Agricultural Supply and Demand Estimates* and Economic Research Service, *Sugar and Sweeteners Outlook*; Conadesuca.

Figure 5
Mexican sugarcane harvested area and sugar production, fiscal year



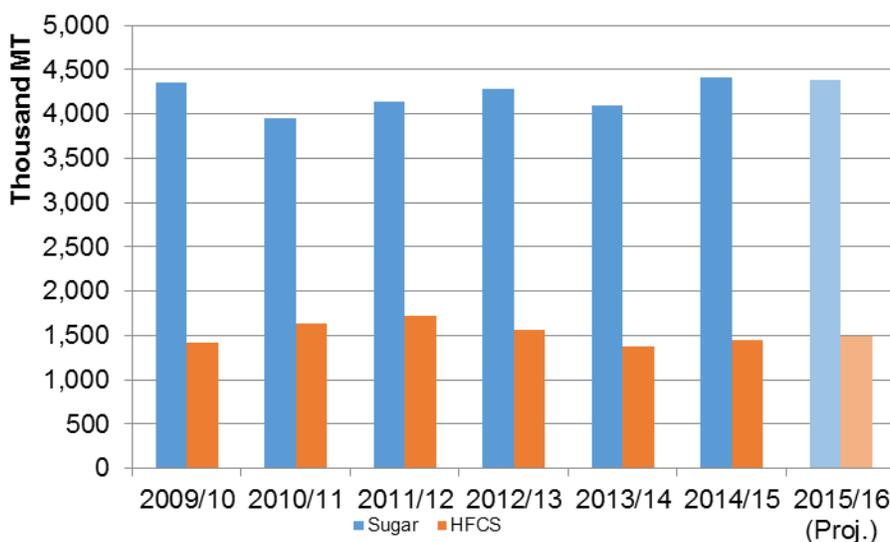
Source: Conadesuca.

Relatively minor adjustments to imports are made based on final data reported for 2014/15, which ended on September 30. Imports for consumption are estimated to total 8,000 MT, down from the previous month's estimate of 10,000 MT, as Conadesuca released its final figures for the year. Imports under the IMMEX program are raised 3,000 MT to 144,000 MT as a result of complete export data for the complete 2014/15 fiscal year released by the Farm Service Agency's *Sweetener Market Data* database. This estimate is likely to be revised next month when updated IMMEX reporting data becomes available from Mexican authorities. As most U.S. sugar exports are expected to be destined for the Mexican IMMEX program, the upward adjustment to U.S. sugar exports in November also results in higher imports in Mexico. No changes were made to 2015/16 imports, which remain at 155,000 MT, including 145,000 MT entering through the IMMEX program.

Mexico Sugar Deliveries and Use

Estimated 2014/15 domestic sugar deliveries for human consumption are 4.408 million MT, a 32,000-MT decrease from the previous month's estimate. The decline is based Conadesuca's first complete data for the 2014/15 fiscal year. Compared with 2013/14, Mexican deliveries for human consumption increased 7.6 percent. Deliveries for human consumption declined sharply in 2013/14, down 4.4 percent from the previous year. This coincided with the implementation of a tax on sugar-containing products, beverages in particular. Studies have been published in recent months measuring the impact of such public policies on sugar and beverage consumption. The data from 2014/15, however, show a reversal in that trend. Not only did sugar deliveries for human consumption in 2014/15 increase from the previous year's relatively low totals, but they also are higher by 2.8 percent than in 2012/13. Taking into account high-fructose corn syrup (HFCS) deliveries, total sweetener consumption in 2014/15 is nearly equal to 2012/13, despite the 6.6-percent decline that occurred in 2013/14. There does not yet appear to be a clear explanation for the variance in Mexican sweetener deliveries over the past few years. From a longer term standpoint, the decline in 2013/14 appears more likely to be a one-time statistical outlier than a structural change. Additional data is likely required, however, to conduct a more conclusive analysis.

Figure 4
Mexican sweetener consumption October to September, fiscal year



Source: Conadesuca.

For 2015/16, domestic deliveries in Mexico are projected at 4.712 million MT, down 113,000 MT from the previous month's projection. Deliveries for human consumption are projected at 4.388 million MT and account for the entirety of that decline. This number reflects the latest Conadesuca projection. Deliveries for the IMMEX program remain unchanged at 324,000 MT. Projected deliveries of HFCS are increased 51,000 MT from the previous month's estimate at 1.491 million MT, offsetting some of the declines in sugar deliveries. Compared with 2014/15, projections of domestic sweetener deliveries for human consumption for 2015/16 show a 0.6-percent increase. This translates to a relatively minor per capita decline, from 48.1 kg per person in 2014/15 to 47.8 in 2015/16.

Mexican sugar exports for 2014/15 are estimated at 1.458 million MT, a 17,000-MT increase compared with the previous month. Exports to the United States are estimated at 1.326 million MT and account for the 17,000-MT increase due to higher reported sugar imports in the United States. Mexican exports are set to equal reported U.S. imports by the U.S. Census Bureau. As a result, once complete-year data are reported, a miscellaneous statistical adjustment is made to domestic Mexican deliveries to ensure that the estimates between the U.S. and Mexican markets balance. Exports to other countries remain unchanged at 131,000 MT.

Exports for Mexico in 2015/16 are projected at 1.328 million MT, unchanged from the previous month. Exports to the United States are also unchanged, projected at 1.318 million MT, and reflect the calculation of U.S. Needs from the September WASDE. Exports to other countries remain unchanged at 10,000 MT. World prices remain relatively low, and Mexican domestic prices continue to increase dramatically in peso terms—at least partially driven by exchange rate fluctuations. As a result, Mexican sugar does not have strong prospects in the international market at this time, with relatively small expected shipments for 2015/16.

Ending stocks in Mexico for 2014/15 are reported at slightly less than 811,000 MT by Conadesuca, 49,000 MT less than the previous month's estimate. The resulting stocks-to-consumption ratio is raised from 17.2 percent in October to 18.4 percent in the current WASDE, as ending stocks increased and consumption fell from the previous month's estimate.

Projected ending stocks for 2015/16 total 982,000 MT, a 218,000-MT increase from the October projection, due to relatively higher beginning inventories and production as well as the reduction in domestic deliveries. The stocks-to-consumption ratio is increased from the previous month's projection from 17.0 to 22.4 percent. This implies a relatively well-supplied market in Mexico, particularly compared to Conadesuca's current market outlook—which

projects a stocks-to-consumption ratio at a relatively tight 17.3 percent. While the USDA outlook aligns with Conadesuca on many areas of the prospects for 2015/16, the differences in stocks is primarily due to a difference in exports to countries outside the United States. The relative availability of sugar may have implications for deliveries for both sugar and HFCS in Mexico.

Table 3 -- Mexico sugar supply and use projections, 2015/16, metric tons, actual value

	USDA 1/	Conadesuca 2/
Beginning stocks	811	811
Production	6,056	6,056
Imports	155	10
Imports for consumption	10	10
Imports for IMMEX 3/	145	--
 Total Supply	 7,022	 6,877
 Domestic deliveries	 4,712	 4,556
Domestic consumption	4,388	4,388
IMMEX deliveries 3/	324	168
Exports	1,328	1,562
Exports to the United States	1,318	1,325
Exports to the Rest of World	10	236
 Total use	 6,040	 6,117
 Ending Stocks	 982	 759
 Stocks-to-consumption ratio (percent)	 22.4	 17.3
Stocks-to-use ratio (percent)	16.3	12.4
HFCS Deliveries	1,497	1,497

1/ Released November 10, 2015.

2/ Released November 4, 2015.

3/ Differences between USDA and Conadesuca values due to differences in accounting for IMMEX sugar moving through the sweetener market. Conadesuca does not count sugar imported under the IMMEX program as imports or deliveries if the sugar is re-exported in sugar-containing products.

Source: U.S. Dept. of Agriculture; Conadesuca

U.S. International Trade Commission Finds Injury in Imports of Sugar from Mexico

On October 20, 2015, the U.S. International Trade Commission (USITC) determined that the U.S. sugar industry was materially injured by imports from Mexico. This determination was subsequent to the USDOC ruling in September that sugar from Mexico had been subsidized and sold at less than fair value in the United States. The commission's decision keeps in place the terms outlined in the agreements to suspend the antidumping and countervailing duty investigations. While additional judicial appeals may be taken by parties, the USITC determination was the final administrative step in the antidumping and countervailing duty investigations that were initiated in March 2014.

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Michael McConnell, (202) 694-5184, michael.mcconnell@ers.usda.gov (coordinator)
Verna Daniels, (202) 694-5301, vblake@ers.usda.gov (web publishing)

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Sugar and Sweeteners Outlook <http://www.ers.usda.gov/Publications/SSS/WASDE> <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documented=1194>
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