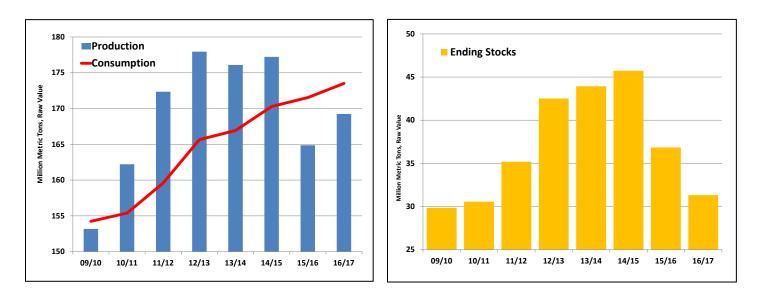


United States Department of Agriculture

Foreign Agricultural Service

May 2016

# Global Sugar Consumption To Again Outpace Production, Draw Inventories Lower in 2016/17



Global consumption for 2016/17 is forecast at a record 174 million metric tons (raw value), exceeding production and drawing stocks down to the lowest level since 2010/11. Production is up 4 million tons to 169 million as gains in Brazil and the European Union more than offset a decline in India. With growing demand, imports are forecast up 1.2 million tons.

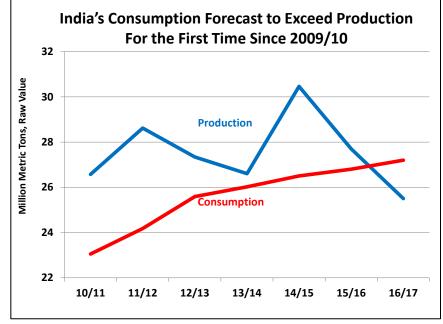
The rising pace of global consumption has been sustained by drawing down stock levels in recent years. Consequently, stocks are approaching what appear to be historically low levels. In fact, world raw sugar prices, after falling for over a year and bottoming at less than 11 cents per pound in August 2015, are trending higher to near 17 cents in May 2016. As prices react to high demand and as the Brazilian *real* struggles to find equilibrium against the dollar, market returns are needed to provide incentives for producers to catch up with demand.

# 2016/17 Sugar Overview

**United States** production is forecast down 200,000 tons from last year to 7.9 million on projected lower cane yields. Imports are expected to rebound 8 percent to 3.2 million tons with consumption growing slightly. Stocks are projected to dip 5 percent to 1.5 million tons.

**Brazil's** production is forecast to rise 2.4 million tons to 37.1 million on favorable weather and a lower percentage of sugarcane being converted to ethanol (forecast at 57 percent compared to 59 percent the year before). Brazil remains the largest producer and exporter of sugar with exports projected up 1.8 million tons to 26.1 million on steady higher demand and greater exportable supplies. Consumption is down slightly on lower consumer purchases of processed foods.

**India's** consumption is forecast to rise marginally to a record 27.2 million tons. Production is forecast to drop 2.2 million tons to 25.5 million due to lower area and yield. Drought conditions encouraged farmers to keep existing cane in production longer rather than planting new cane. With higher consumption and lower production, stocks are expected to be down 18 percent.



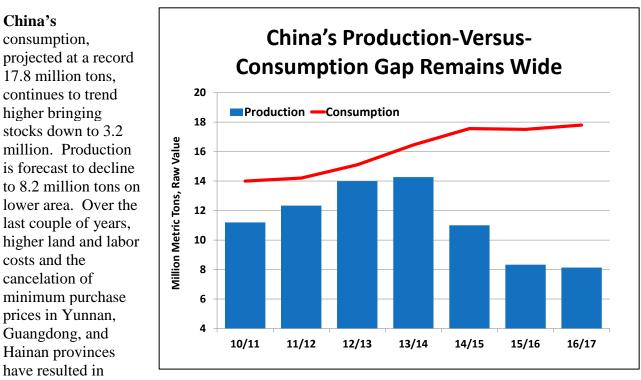
#### Thailand's production is

forecast to increase 360,000 tons to 10.1 million as an uptick in area offsets lower yields affected by drought. Higher demand is driving exports up 2 percent to a record 9.0 million tons while stocks are drawn down. Consumption continues to trend higher on growing household and industrial uses.

Production in the **European Union** is forecast to rebound 2.5 million tons to 16.5 million on higher sugar beet area and yield. Consumption and imports are projected flat at 18.8 million and 3.5 million tons, respectively. Exports are unchanged at 1.5 million tons, limited by the World Trade Organization sugar export ceiling.

**Mexico's** production is forecast slightly lower at 6.5 million tons while exports are forecast to increase over one-third to 1.6 million tons due to the projected Countervailing Duty Suspension Agreement Export Limit increase. With lower production and higher exports, stocks are expected down just slightly as consumption is little changed.

**Australia's** sugar production and consumption is projected to be flat at 5.0 million and 1.2 million tons, respectively. Exports are forecast higher at 3.9 million tons as trade agreements have increased access to markets such as South Korea.



growers switching to other crops such as tobacco and bananas. Imports are forecast at a record 7.9 million.

**Russia's** production is expected to climb 120,000 tons to 5.3 million on both higher area and yield. Consumption is expected to continue to rise due to expansion in homemade jams and preserves, as well as production of home-made alcohol. Imports are boosted 50,000 tons to 750,000 tons.

**Pakistan's** production is forecast up 280,000 tons to 5.4 million reflecting growth in area. Consumption and stocks both are expected to increase with higher demand and increased production.

**Guatemala's** production is forecast to reach a record 3.1 million tons on improved yields and a steady expansion in area. Guatemala continues to export over 70 percent of production with exports up 2 percent to 2.3 million tons. Stocks are expected to decline as consumption continues to climb.

Production in **Indonesia** is forecast at 2.2 million tons, 175,000 tons higher due to additional area. Imports and consumption are expected to rise in line with higher demand from the food and beverage industry.

#### Selected 2015/16 Revisions from November 2015 Forecast:

- World production revised 7.2 million tons lower to 164.9 million.
  - China falls 2.2 million tons to 8.4 million on lower area.
  - EU is down 2.1 million tons to 14.0 million on large 2014/15 carryover of unsold out-of-quota sugar.
- World imports are revised 2.1 million tons higher to 54.4 million.
  - China climbs 1.2 million tons to 6.7 million on higher demand and a drop in production.
- World Exports are adjusted slightly higher to 54.9 million tons.
  - o Brazil expands 600,000 tons to 24.4 million on higher world demand.
  - Mexico drops 220,000 tons on lower exports to the United States.
  - South Africa is down 170,000 tons on lower production.

# **Sugar Marketing Years**

Countries are on a May-April Marketing Year with exceptions noted below.

April-March – Brazil

July-June – Australia

**October-September** – Barbados, Belarus, Belize, Bolivia, China, Colombia, Costa Rica, Cuba, Dominican Republic, Egypt, El Salvador, European Union, French West Indies, Guatemala, Guyana, Honduras, India, Iran, Jamaica, Japan, Mexico, Morocco, Nicaragua, Pakistan, Panama, Russia, Serbia, Sudan, Turkey, Ukraine, United States, Venezuela, Vietnam

December-November - Philippines, Thailand

## FAS Reports from Overseas Offices

The *Sugar: World Markets and Trade* circular is based on post reports submitted since March 2016 and on available secondary information. The individual country reports can be obtained on FAS Online at: <u>http://gain.fas.usda.gov/Pages/Default.aspx</u>.

## **PSD Online**

The entire USDA PSD database is available online at http://www.fas.usda.gov/psdonline.

## **Additional Resources**

Please refer to the USDA-FAS Sugar website at: <u>http://www.fas.usda.gov/commodities/sugar</u> for additional data and analysis.

Situation and outlook information on U.S. sugar and sweeteners can be obtained from the USDA-Economic Research Service at: <u>http://www.ers.usda.gov/topics/crops/sugar-sweeteners.aspx</u>.

#### **Future Releases and Contact Information**

Please visit <u>http://www.fas.usda.gov/data/sugar-world-markets-and-trade</u> to view archived and future releases. The next release of this circular is scheduled for November 2016.

To receive the circular via email, go to: <u>https://public.govdelivery.com/accounts/USDAFAS/subscriber/new</u>.

For further information, please contact Reed Blauer at (202) 720-0898 or <u>Reed.Blauer@fas.usda.gov</u>

#### World Centrifugal Sugar: Production and Consumption

#### 1,000 Metric Tons, Raw Value

	2011/12	2012/13	2013/14	2014/15	2015/16	May 2016/17
Production						
Brazil	36,150	38,600	37,800	35,950	34,650	37,070
India	28,620	27,337	26,605	30,460	27,700	25,500
European Union	18,320	16,655	16,020	18,449	14,000	16,500
Thailand	10,235	10,024	11,333	10,793	9,740	10,100
China	12,341	14,001	14,263	11,000	8,430	8,230
United States	7,700	8,148	7,676	7,853	8,104	7,902
Mexico	5,351	7,393	6,382	6,344	6,555	6,466
Pakistan	4,520	5,000	5,630	5,164	5,085	5,365
Russia	5,545	5,000	4,400	4,350	5,200	5,320
Australia	3,683	4,250	4,380	4,700	5,000	5,000
Guatemala	2,499	2,778	2,862	2,975	2,975	3,050
Turkey	2,262	2,130	2,300	2,055	2,000	2,500
Colombia	2,270	1,950	2,300	2,350	2,250	2,320
Indonesia	1,830	2,300	2,300	2,100	2,025	2,200
Philippines	2,400	2,400	2,500	2,150	2,100	2,200
Egypt	1,980	2,000	2,013	2,067	2,125	2,185
Argentina	2,150	2,300	1,780	2,150	2,060	2,100
Cuba	1,400	1,600	1,650	1,850	1,625	1,800
Ukraine	2,300	2,400	1,196	1,728	1,550	1,680
South Africa	1,897	2,020	2,435	2,192	1,684	1,660
Vietnam	1,400	1,650	1,725	1,545	1,650	1,650
Peru	1,072	1,080	1,150	1,480	1,350	1,500
Iran	1,370	1,300	1,300	1,350	1,350	1,350
Japan	750	760	750	800	800	800
Nicaragua	615	712	745	695	662	760
Other	13,689	14,170	14,606	14,674	14,253	14,123
Total	172,349	177,958	176,101	177,224	164,923	169,331
Human Dom. Consumption						
India	24,180	25,588	26,023	26,500	26,800	27,200
European Union	18,200	18,250	18,500	18,700	18,800	18,800
China	14,200	15,100	16,445	17,558	17,500	17,800
United States	10,106	10,421	10,722	10,785	10,887	10,959
Brazil	11,500	11,200	11,260	11,400	10,900	10,800
Russia	5,700	5,700	5,400	5,700	5,800	5,880
Indonesia	5,050	5,400	5,450	5,500	5,600	5,700
Pakistan	4,300	4,400	4,500	4,600	4,700	4,800
Mexico	4,384	4,544	4,184	4,638	4,591	4,661
Egypt	2,850	2,840	2,870	2,900	2,930	2,950
Iran	2,333	2,793	2,897	1,979	2,540	2,675
Thailand	2,510	2,525	2,495	2,532	2,600	2,650
Bangladesh	1,765	1,637	2,170	2,123	2,439	2,479
Philippines	2,150	2,150	2,250	2,155	2,200	2,200
Turkey	2,300	2,300	2,300	2,254	2,160	2,200
Japan	2,036	1,996	2,099	2,134	2,059	2,065
United Arab Emirates	1,144	1,864	1,444	1,936	2,005	2,035
Vietnam	1,784	1,806	1,888	1,818	1,974	1,999
South Africa	1,810	1,850	1,890	1,952	1,957	1,957
Sudan	1,175	1,555	1,201	1,703	1,775	1,805
Argentina	1,800	1,820	1,839	1,840	1,750	1,780
Colombia	1,766	1,950	1,510	1,610	1,630	1,714
Malaysia	1,403	1,629	1,636	1,808	1,735	1,700
Peru	1,243	1,249	1,244	1,580	1,580	1,600
Korea, South	1,162	1,268	1,421	1,451	1,450	1,580
Other	32,746	33,827	33,323	33,283	33,437	33,648
 Total	159,597	165,662	166,961	170,439	171,799	173,637

#### World Centrifugal Sugar: Imports and Exports

#### 1,000 Metric Tons, Raw Value

	2011/12	2012/13	2013/14	2014/15	2015/16	May 2016/17
Exports						
Brazil	24,650	27,650	26,200	23,950	24,350	26,100
Thailand	7,898	6,693	7,200	8,252	8,800	9,000
Australia	2,800	3,100	3,242	3,561	3,650	3,900
Guatemala	1,619	1,911	2,100	2,340	2,255	2,310
Mexico	985	2,091	2,661	1,545	1,188	1,606
European Union	2,343	1,662	1,552	1,663	1,500	1,500
Cuba	830	775	937	895	950	1,000
India	3,764	1,261	2,806	2,580	2,900	1,000
Colombia	876	542	900	810	790	700
Argentina	194	258	234	113	230	550
Swaziland	315	353	412	641	663	500
Algeria	343	522	478	480	450	475
Mauritius	370	384	443	456	450	455
United Arab Emirates	935	569	739	350	435	435
Nicaragua	343	375	375	398	398	425
El Salvador	386	480	404	481	380	385
Belarus	490	517	465	371	376	380
Korea, South	396	383	361	305	335	340
South Africa	271	356	868	772	320	320
Serbia	201	195	244	271	275	280
Mozambique	87	261	233	237	240	240
Azerbaijan	200	254	240	230	235	235
Costa Rica	126	166	199	210	215	225
Malaysia	313	317	246	215	225	225
Sudan	42	92	187	202	205	210
Other	4,217	4,523	4,150	3,704	3,056	2,836
Total	54,994	55,690	57,876	55,032	54,871	55,632
Imports						
China	4,430	3,802	4,275	5,058	6,700	7,900
European Union	3,552	3,790	3,262	2,916	3,500	3,500
Indonesia	3,027	3,570	3,570	3,050	3,270	3,400
United States	3,294	2,925	3,395	3,223	2,931	3,156
United Arab Emirates	2,154	2,583	2,108	2,366	2,460	2,480
Bangladesh	1,700	1,547	2,080	1,980	2,350	2,350
Korea, South	1,668	1,806	1,909	1,881	1,910	1,940
Malaysia	1,721	1,966	1,897	2,063	1,925	1,915
Algeria	1,594	2,014	1,854	1,844	1,850	1,850
Iran	1,079	1,553	1,629	264	1,425	1,450
Nigeria Saudi Arabia	1,399 1,454	1,450 1,403	1,470 1,320	1,465 1,431	1,470 1,310	1,430 1,335
Sudan	467	997	623			
Japan	1,301	1,244	1,360	1,330 1,359	1,300 1,256	1,320 1,265
Canada	1,103	1,244	1,031	1,359	1,256	1,205
India	1,105	1,722	1,078	1,000	1,190	1,210
Morocco	932	985	762	857	875	890
Venezuela	800	840	840	870	850	850
Egypt	1,480	1,050	1,208	1,330	880	830
Russia	510	735	1,020	1,100	700	750
Yemen	754	563	749	679	700	680
Sri Lanka	606	598	542	620	620	635
Taiwan	499	603	577	543	580	600
Chile	441	595	499	568	540	550
Tunisia	539	491	377	517	510	525
Other	11,871	11,891	11,919	11,407	12,215	11,805
Total	48,563	51,879	51,354	50,883	54,437	55,616

#### World Centrifugal Sugar: Ending Stocks

#### 1,000 Metric Tons, Raw Value

						Мау
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Ending Stocks						
India	7,163	9,373	8,227	10,607	9,707	8,007
China	4,140	6,793	8,832	7,287	4,872	3,157
Thailand	2,810	3,616	5,254	5,263	3,603	2,053
Pakistan	1,350	859	1,270	1,270	1,395	1,975
United States	1,795	1,958	1,642	1,647	1,581	1,503
Mexico	1,024	1,548	881	860	1,440	1,379
European Union	3,303	3,836	3,066	4,068	1,268	968
Philippines	932	942	1,032	997	947	897
Iran	640	700	700	300	500	590
Japan	543	550	560	584	580	580
Indonesia	409	879	1,299	949	644	544
Brazil	260	10	350	950	350	520
Sudan	230	340	275	400	420	425
Bangladesh	340	365	394	380	420	420
Korea, South	358	388	390	390	390	410
United Arab Emirates	225	375	300	380	400	410
Chile	385	380	380	400	400	400
Ecuador	263	328	363	398	397	390
Malaysia	320	350	375	425	400	390
Australia	64	83	111	140	380	370
Russia	390	395	370	100	180	350
Costa Rica	210	262	298	312	297	280
Saudi Arabia	285	275	275	300	280	280
Turkey	355	157	103	0	0	275
Colombia	335	120	150	205	180	266
Other	7,061	7,639	7,031	7,150	6,732	5,989
Total	35,190	42,521	43,928	45,762	37,763	32,828