



# Sugar and Sweeteners Outlook

Michael McConnell, coordinator  
[michael.mcconnell@ers.usda.gov](mailto:michael.mcconnell@ers.usda.gov)

## Reduced Cane Sugar Production, Fewer Quota Imports Projected for 2015/16 Result in Tighter Supplies

The next release is  
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Approved by the  
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U.S. sugar supplies for 2015/16 are projected at 13.802 million short tons, raw value (STRV), in the January *World Agricultural Supply and Demand Estimates* (WASDE), a 147,000 STRV-reduction from the previous month's projection. Projected domestic sugar production is reduced 57,000 STRV to 8.934 million STRV due to reductions in cane sugar production in Louisiana and Texas. Beet sugar production is unchanged from the December report. Projected 2015/16 imports are reduced 91,000 STRV from the December WASDE to 3.100 million STRV due to 15,000 STRV fewer imports under quota programs and 77,000 STRV fewer imports under the re-export program stemming from an announced change in the Mexican IMMEX program. Under this policy change, U.S. sugar exports benefiting from the U.S. Re-export Program will no longer qualify for duty-free status under IMMEX.

U.S. domestic sugar deliveries for 2015/16 are projected to be 12.090 million STRV, unchanged from the previous month's figure. Sugar exports are projected to be 123,000 STRV, a 77,000 STRV decline from the December WASDE due to the change in the IMMEX program by the Mexican Government. Projected ending stocks for 2015/16 are 1.588 million STRV, a 71,000 STRV reduction from the previous month. The stocks-to-use ratio is projected to be 13.0 percent for the year, compared with the December projection of 13.5 percent.

Mexican sugar production in 2015/16 is projected to be 6.056 million metric tons, actual value (MT), unchanged from the previous month. Early season production reports indicate that the harvest campaign is lagging behind both the previous year's pace and initial estimates for this year's crop. The main part of the sugarcane harvest still lies ahead, however, with the majority of the sugarcane harvest taking place after the New Year. Mexican imports for 2015/16 are reduced 65,000 MT to 90,000 MT due to the announcement in the changes to the IMMEX program that will take place beginning in February and will likely result in fewer imports from the United States. Domestic deliveries remain unchanged at 4.725 million MT, as fewer imports under the IMMEX program are projected to result in more domestic supplies delivered to the program. Deliveries for domestic consumption also remain unchanged at 4.388 million MT. Exports for 2015/16 are projected to total 1.150 million MT, including 1.140 million MT to be shipped to the United States; both projections are unchanged from the December report. Projected ending stocks for 2015/16 are 1.081 million MT, a 65,000 MT reduction from the previous month, lowering the stocks-to-consumption ratio from 26.1 percent to 24.6 percent.

## Louisiana Cane Sugar Production Reduced, Beet Sugar Production Unchanged from December

Minor revisions to the 2014/15 balance table were reported by the Farm Service Agency's (FSA) *Sweetener Market Data* (SMD). Production for the year is adjusted by slightly less than 1,000 short tons, raw value (STRV) for Louisiana, which currently totals 1.513 million STRV in the January *World Agricultural Supply and Demand Estimates* (WASDE). The rounded total sugar production figure remains at 8.649 million STRV, however. Domestic deliveries for 2014/15 are revised by fewer than 500 STRV due to a 16,000 STRV reduction in food and beverage deliveries, offset by a 16,000 STRV increase in the residual miscellaneous deliveries category. Ending stocks for the fiscal year are revised upward 1,000 STRV to 1.768 million STRV.

U.S. sugar production in 2015/16 is projected to total 8.934 million STRV, a 57,000-STRV decrease from the December projection. The entirety of the reduction is the result of less projected cane sugar, which is projected to total 3.776 million STRV. Production in Louisiana is reduced 42,000 STRV in January, totaling 1.423 million STRV, based on mill reports through the end of December and assuming the next crop's early season production in September 2016 is in line with historical averages. Wet weather in the State's cane producing region has hampered sugar production of the current crop. Sugar production in Texas is projected to total 115,000 STRV, a 15,000 STRV reduction from the previous month's estimate based on processor reports.

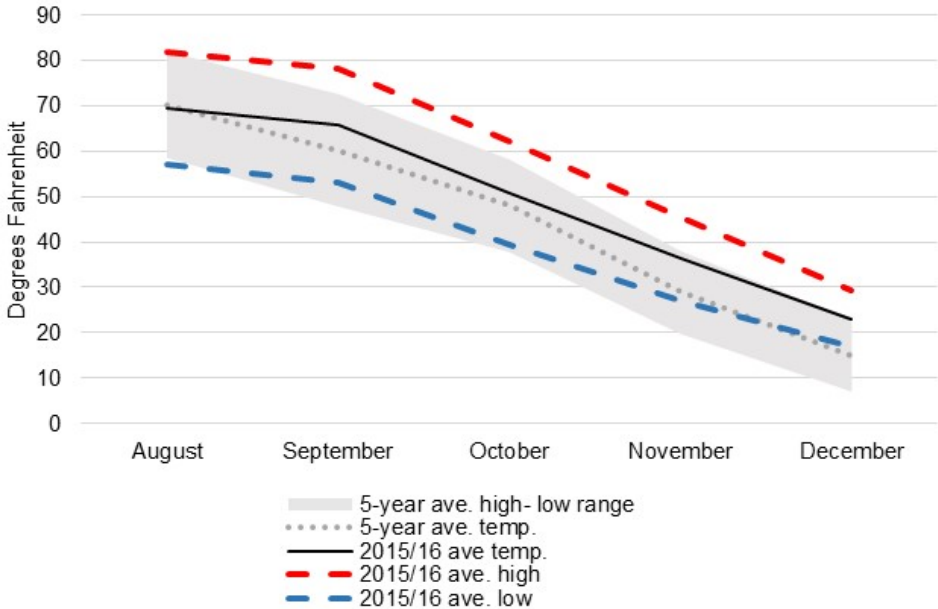
Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), January 2016.

Items	2013/14			2014/15			2015/16		
	2013/14	2014/15 (estimate)	2015/16 (forecast)	2013/14	2014/15 (estimate)	2015/16 (forecast)	2013/14	2014/15 (estimate)	2015/16 (forecast)
	1,000 Short tons, raw value			1,000 Metric tons, raw value					
Beginning stocks	2,158	1,810	1,768	1,958	1,642	1,604			
Total production	8,462	8,649	8,934	7,676	7,847	8,105			
Beet sugar	4,794	4,893	5,158	4,349	4,439	4,679			
Cane sugar	3,667	3,756	3,776	3,327	3,408	3,426			
Florida	1,763	1,975	2,073	1,599	1,791	1,881			
Louisiana	1,591	1,513	1,423	1,444	1,372	1,291			
Texas	145	123	115	132	112	104			
Hawaii	168	146	165	153	132	150			
Total imports	3,742	3,553	3,100	3,394	3,223	2,812			
Tariff-rate quota imports	1,302	1,536	1,514	1,181	1,393	1,374			
Other program imports	305	471	238	277	427	216			
Non-program imports	2,135	1,546	1,348	1,937	1,403	1,222			
Mexico	2,130	1,532	1,333	1,932	1,389	1,209			
Total supply	14,362	14,012	13,802	13,029	12,712	12,521			
Total exports	306	185	123	278	168	112			
Miscellaneous	0	0	0	0	0	0			
Deliveries for domestic use	12,246	12,060	12,090	11,109	10,941	10,968			
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	11,929	11,955	10,722	10,822	10,845			
Total Use	12,552	12,245	12,213	11,387	11,108	11,080			
Ending stocks	1,810	1,768	1,588	1,642	1,604	1,441			
Private	1,810	1,768	1,588	1,642	1,604	1,441			
Commodity Credit Corporation (CCC)	0	0	0	0	0	0			
Stocks-to-use ratio	14.42	14.44	13.01	14.42	14.44	13.01			

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

Beet sugar production is projected to be 5.158 million STRV, unchanged from the December projection. The *National Agricultural Statistics Service* (NASS) reported U.S. sugarbeet production at 35.278 million short tons, which is a 0.2 percent increase from the previous forecast due to a small increase in harvested area. Based on data processors report to FSA through November 2015, the current crop year’s pace for beets sliced for sugar extraction are well ahead of any previously recorded year, as expected due to the strong 2015/16 sugarbeet crop and early harvest. The sugar extraction rate of sliced beets, however, has lagged compared to recent years and is well behind the record-high pace anticipated from the reported sugar content levels of the current crop. Weather developments—particularly in Minnesota and North Dakota, which account for 51 percent of the forecast sugarbeet crop—have raised concerns about storage conditions for the crop during the 2015/16 campaign. Temperatures in the Red River Valley region remained above average in December after an unusually warm harvest season. Without a long, sustained period of cold temperatures, sugarbeets are more susceptible to spoilage and reduced sugar content, particularly for piles that are not stored in ventilated facilities. While beet sugar production is unchanged in the January WASDE, beet shrink levels and sugarbeet storage pile conditions will be important factors to monitor in the coming months.

Figure 1  
**Actual and average monthly temperatures, Fargo, ND**



Source: Office of the Chief Economist, USDA.

***Changes to Mexican IMMEX Program Alter U.S. Sugar Trade Flows***

U.S. sugar imports for 2015/16 are projected to be 3.100 million STRV, a 91,000-STRV decrease from the previous month’s projection. Imports under quota programs are reduced 15,000 STRV to 1.514 million STRV. The reduction is due to imports under the CAFTA/DR, Colombia, and Panama 2015 calendar year quotas that were not filled in the October-December 2015 time period. Projected imports under the re-export program are also reduced 77,000 STRV to 238,000 STRV. This reduction is due to changes in Mexico’s IMMEX program that were announced in January and are taking effect in February. These changes are expected to impact projected U.S. exports to Mexico, discussed in more detail in the Mexican outlook section. Projected imports from Mexico remain at 1.333 million STRV, which is the calculated U.S. Needs from the December WASDE, as described in the suspension agreements between the United States and Mexico in December 2014.

As a result of the small increase in beginning stocks and decreases in projected production and imports, total U.S. sugar supplies for 2015/16 are projected at 13.801 million STRV, a 147,000 STRV decrease from the previous month's projection.

U.S. sugar exports are projected to total 123,000 STRV, down 77,000 STRV from the December projection. This reduction is also tied to the changes in the IMMEX program. With U.S. sugar from the re-export program no longer qualifying for duty-free provisions of the IMMEX program, fewer shipments of U.S. sugar to Mexico are expected, in line with the reduction to Mexican imports under the IMMEX program.

### ***Beet Sugar Deliveries for Human Consumption Down Through First 2 Months of 2015/16, Projected Deliveries Unchanged***

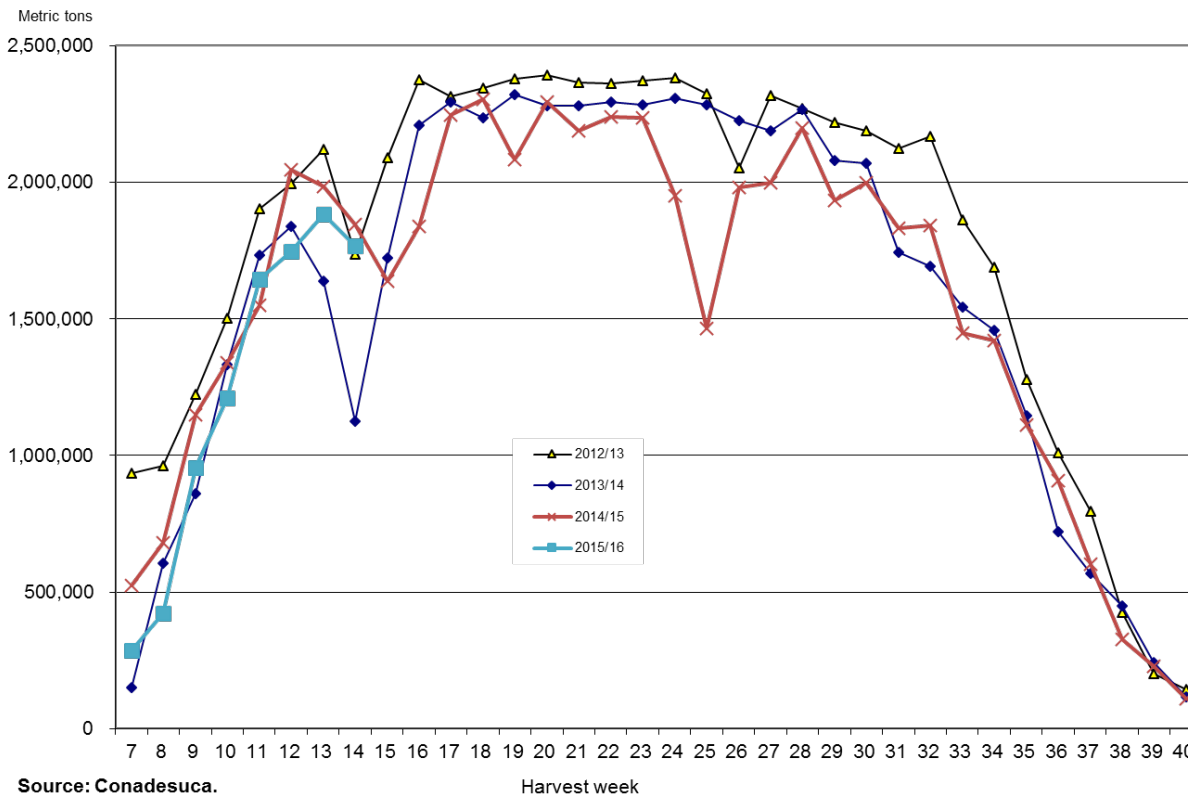
U.S. domestic sugar deliveries are projected to total 12.090 million STRV in 2015/16, unchanged from the previous month's projection. Deliveries for human consumption are also unchanged from the previous month's projection at 11.955 million STRV. These figures would suggest a slight 0.2-percent increase from the revised 2014/15 total. Cumulative delivery data for October and November of 2015/16 show total deliveries for human consumption down 5.7 percent compared with the same period the previous year. This is primarily due to a 14.3-percent decline in deliveries of beet sugar. Cane sugar deliveries are currently 0.9 percent higher, year over year, for the same period. A more detailed discussion of the dynamics between the cane and beet sugar is in a subsequent section of this report. The January WASDE does not make any changes to the projections for domestic deliveries, despite the slow pace witnessed in the first 2 months of the year, but trends and the pace of cane and beet sugar deliveries will continue to be monitored. Other sugar deliveries for 2015/16 are projected at 135,000 STRV, unchanged from the previous month's projection.

Ending stocks in 2015/16 are projected at 1.588 million STRV, compared with 1.659 projected the previous month. The relatively tighter stock situation is the result of projections of less production and fewer quota imports. Currently, changes to Mexico's IMMEX program are not projected to ultimately affect U.S. ending stocks, as fewer imports on the supply side are exactly offset by fewer projected exports on the use side. The stocks-to-use ratio is projected to be 13.0 percent, down from the December projection of 13.5 percent.

### ***Mexican Harvest Campaign Lagging Slightly in Early Part of Season, Projections Still Unchanged***

Mexico's sugar production in 2015/16 is projected to be 6.056 million metric tons, actual value (MT) in 2015/16, unchanged from the previous month's projection. Through January 2, 2016, Mexico's *Comité Nacional para el Desarrollo Sustentable de la Caña de Azúcar's* (Conadesuca) is reporting sugar production at 978,000 MT, which lags behind the previous year by about 152,000 MT due to fewer harvested hectares and lower recovery rates. The early part of the New Year typically is the most critical portion of the harvest season, however, accounting for about 80 percent of annual sugarcane production.

Figure 2  
**Mexican sugarcane production, by week of harvest, 2010/11-2014/15**



Total imports by Mexico for 2015/16 are projected to be 90,000 MT, a 65,000-MT decrease from the December projection. The reduction is due to the Mexican Government announcement that certain sugar imports would no longer qualify for benefits provided by the IMMEX program after February 4, 2016. As a result, projected imports under the IMMEX program are lowered to 80,000 MT from 145,000 MT the previous month. Overall, total supplies for 2015/16 are reduced 65,000 MT compared with December's projection to 6.957 million MT.

Table 2 -- Mexico sugar supply and use, 2012/13 - 2013/14 and projected 2014/15, January 2016

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	128	90
Imports for consumption	9	8	10
Imports for sugar-containing product exports (IMMEX) 1/	123	121	80
Total supply	7,613	6,944	6,957
Disappearance			
Human consumption	4,098	4,408	4,388
For sugar-containing product exports (IMMEX)	324	337	337
Statistical adjustment	-151	-54	
Total	4,271	4,691	4,725
Exports	2,511	1,442	1,150
Exports to the United States & Puerto Rico	1,823	1,311	1,140
Exports to other countries	689	131	10
Total use	6,782	6,134	5,875
Ending stocks	831	811	1,081
	1,000 metric tons, raw value		
Beginning stocks	1,548	881	859
Production	6,383	6,344	6,419
Imports	139	136	95
Imports for consumption	9	8	11
Imports for sugar-containing product exports (IMMEX)	130	128	85
Total supply	8,069	7,361	7,374
Disappearance			
Human consumption	4,344	4,673	4,651
For sugar-containing product exports (IMMEX)	343	357	357
Statistical adjustment	-160	-57	0
Total	4,527	4,973	5,008
Exports	2,662	1,529	1,219
Exports to the United States & Puerto Rico	1,932	1,389	1,209
Exports to other countries	730	139	11
Total use	7,189	6,502	6,228
Ending stocks	881	859	1,146
Stocks-to-human consumption (percent)	20.3	18.4	24.6
Stocks-to-use (percent)	12.3	13.2	18.4
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.

### ***Mexican Domestic Deliveries Remain Slightly Less than Previous Year***

Mexican domestic deliveries for 2015/16 are projected to be 4.725 million MT, unchanged from the previous month. Projected deliveries for human consumption also remain unchanged at 4.388 million MT. This would represent a 0.5 percent decline from the levels reported in 2014/15, which were significantly higher than 2013/14. Through the first 2 months of the current fiscal year, Conadesuca reports that sugar deliveries for 2015/16 are nearly unchanged from the same period the previous year.

Deliveries for the IMMEX program in 2015/16 are unchanged from the previous month's projection at 337,000 MT. Although program changes were announced with regard to imported sugar under the IMMEX program, it is expected that domestically sourced sugar will replace displaced imported sugar.

Mexico's sugar exports in 2015/16 are projected to total 1.150 million MT, unchanged from the previous month's projection. Exports to the United States are projected to total 1.140 million MT, unchanged from the calculated U.S. Needs based on the December WASDE. Exports to other countries remain unchanged from the previous month's projection at 10,000 MT.

Ending stocks in Mexico in 2015/16 are projected to total 1.081 million MT, declining 66,000 MT from the previous month's projection due primarily to the adjusted import projections. As a result, the stocks-to-consumption ratio is lowered from 26.1 percent in the December projection to 24.6 percent in the current projection, providing a more amply supplied market compared with the previous year, but still within historic levels.

## ***Increased Importance of Market Labeling and Potential Impacts on the U.S. Beet and Cane Sugar Markets***

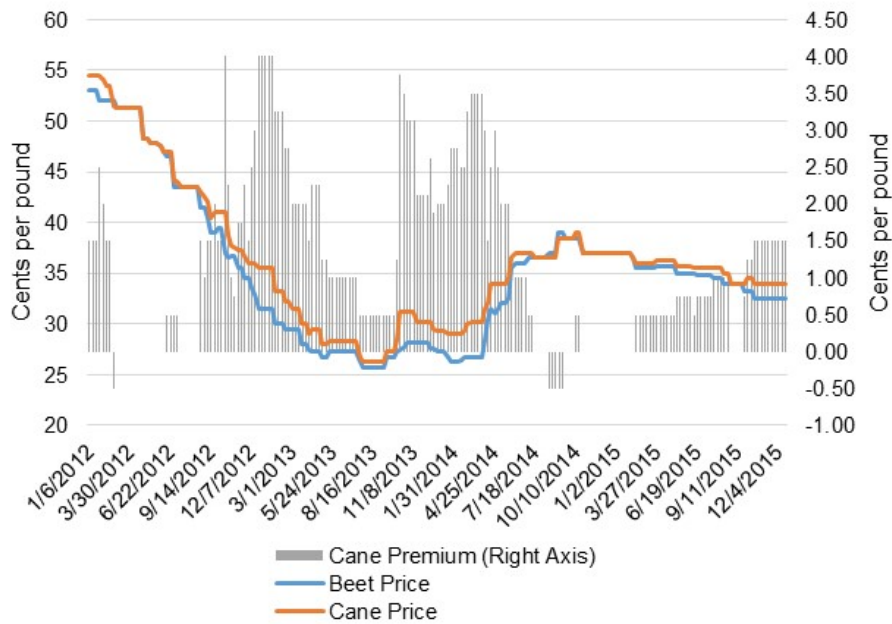
The distinction between the beet sugar market and the cane sugar market is an issue that has received renewed attention over the past several months. There has been recently increasing focus by some food companies on sourcing ingredients that comply with labeling requirements, either through external certification programs or internal sourcing standards. The use of varieties that do not utilize genetically modified (GM) technologies has the potential to impact U.S. sugar markets fundamentally. In recent weeks, media reports have indicated that several major food corporations intend to focus their sourcing of sugar on non-GM plant sources, either by eliminating such sugar from their supply chain or by setting up strategies that reduce the amount of sugar derived from GM plants. Sourcing strategies such as these are not new but previously have focused primarily on smaller, niche-type products and market categories.

The stated commitments of large food companies to make these strategies company-wide could have significant implications for the structure of sugar demand in the United States. This could create distinct markets between the U.S. beet sugar and cane sugar market, although sugar derived from cane versus beet is indistinguishable on a chemical basis. As an illustration of the potential distinction, the Sugar Users Association (SUA) requested in a letter addressed to the USDA and dated December 14, 2015, that the USDA specifically take into account the availability of cane sugar in the current year's policy decisions regarding raw sugar imports. Since the commercial introduction of GM varieties of herbicide-resistant sugarbeets in 2008/09, adoption of these varieties has been widespread in the United States. Currently, nearly all beet sugar production in the United States is derived from GM varieties. Alternatively, there are no GM varieties of sugarcane commercially available in the world. Thus, all sugar derived from cane can be classified as coming from non-GM sources.

Differences in cane sugar and beet sugar prices would indicate a bifurcation of the market. Quoted prices of cane and beet refined sugar from *Milling and Baking News* would be one data source that could highlight such a change. The publication quotes high and low spot prices on a weekly basis for both beet sugar in the Midwest and cane sugar. The following analysis uses the midpoint of this range to compare the spread between the two prices. A great deal of sugar marketing takes place through longer term contracts that provide prices for the future delivery of product, rather than being traded at quoted spot market rates. The terms of these contracts are not publicly available, however. In 2014/15, the premium for cane sugar ranged between 0 cents to 1 cent per pound over the course of the year. The premium continued through the beginning of 2015/16, expanding to 1.5 cents per pound by the end of the 2015 calendar year. Over the past 18 months, the trend shows a growing premium for cane sugar. Taken in context with prices going back to 2012, however, the premium is still relatively small. From January 2012 to December 2015, the spread between cane and beet refined sugar averaged 1.2 cents per pound, reaching as high as 4.0 cents per pound in some periods. Given the present data, it still is undetermined whether a change has taken place in the pricing structure for cane versus beet refined sugar or if the spreads simply reflect market forces similar to those that have been present in the past.



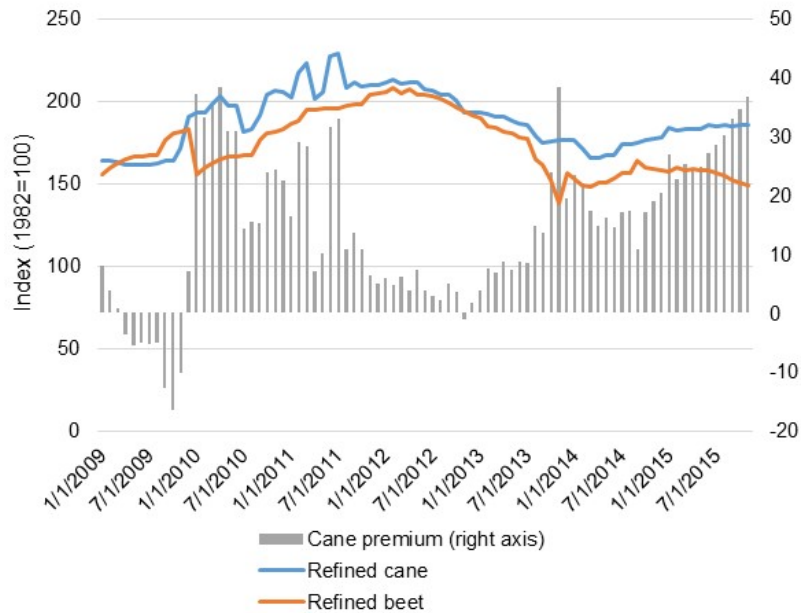
Figure 3  
**Refined Beet Sugar and Cane Sugar Prices, Weekly, January 2012 to December 2015**



Note: Prices are the midpoint of weekly quoted prices.  
 Source: Milling and Baking News, Economic Research Service, USDA.

Refined sugar prices for cane and beet refiners are also provided by the Bureau of Labor Statistics' (BLS) in the form of a Producer Price Index (PPI), showing an index for wholesale refined sugar prices. Since the beginning of the 2014/15 fiscal year, the premium for cane sugar has increased relative to beet sugar. Similar to the comparison on the quoted prices, however, the premium remains within the range of recent historical trends.

Figure 4  
**Producer Price Index- Beet and Cane Refined Sugar, Monthly, January 2009 to November 2015**

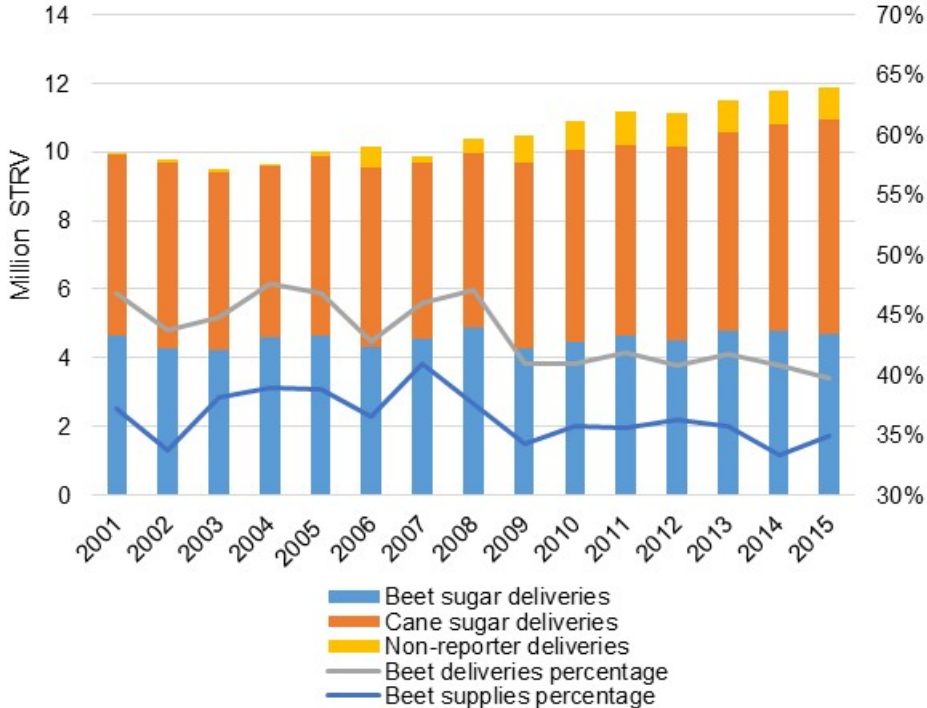


Source: Economic Research Service, USDA.

Trends and patterns for deliveries of cane and beet sugar would also indicate key differences in demand for the two sources of sugar. Deliveries of sugar from beet refiners represent sugar almost entirely sourced from domestically grown sugarbeets. As mentioned, since the commercial introduction of GM varieties of sugarbeets in 2008/09, beet sugar has increasingly represented sugar derived from GM sources. Deliveries from cane refiners includes sugar that has been sourced from domestically grown sugarcane and imported raw sugar, all of which would qualify as non-GM sources. Additionally, deliveries from nonreporting import sources represent sugar that does not require additional refining imported directly into the United States. Deliveries from this segment remain a relatively small proportion of total deliveries, although it has grown since the implementation of NAFTA terms between the United States and Mexico for sweetener markets in 2008. A significant proportion of these nonreporter imports would likely be from sugarcane sources and could also satisfy the needs for users seeking non-GM-produced sugar.

Beet sugar deliveries in 2014/15 represented 39.6 percent of total domestic deliveries for human consumption. This was the lowest proportion on record. Since 2008/09, when a significant shift in deliveries occurred due to the NAFTA implementation, beet sugar deliveries have averaged 40.9 percent of total deliveries. Deliveries in 2014/15 represent a second consecutive year of decline and a significantly lower proportion of total deliveries since 2008/09, but these proportions remain within a relatively narrow range. Additionally, proportions in deliveries track closely with the proportion of total sugar supplies that is made up of domestic beet sugar. Similar to deliveries, beet sugar's proportion of domestic supplies shifted after 2008/09 and has remained within a relatively constant range since.

Figure 5  
Deliveries by Type, Fiscal Year, 2000/01 to 2014/15



Source: Economic Research Service, USDA.

For 2015/16, projected supplies of domestic sugar production are 3.2 percent higher than in 2014/15, due to a 5.1-percent increase in beet sugar production and a 0.5-percent increase in cane sugar production. Total imports are projected to decrease 14.6 percent, however. The result of higher domestic production is a lower Export Limit volume projected for imports from Mexico. Consequentially, a large proportion of the total sugar supplies in 2015/16 is projected to be from beet sugar. At 37.4 percent of total supplies, this represents the highest level since 2007/08. Likewise, the amount of projected cane sugar supplies relative to domestic deliveries for human

consumption are projected to fall to 57.5 percent in 2015/16, down from 61.3 percent the previous year and from nearly 70 percent in 2010/11. Ultimately, while cane sugar supplies have accounted for a larger amount of domestic deliveries in recent years, the 2015/16 sugar market is projected to feature a larger share of beet sugar.

Table 3: Beet and cane sugar supply and use, by fiscal year (Oct./Sept.), January 2016.

	2010/11	2011/12	2012/13	2013/14	2014/15 (est.)	2015/16 (proj.)
<i>1,000 short tons, raw value</i>						
<b>Beet sugar</b>						
Beginning stocks	621	559	840	874	553	746
Domestic production	4,659	4,900	5,076	4,794	4,893	5,158
Imports 1/	0	0	0	0	0	0
Total supply	5,280	5,460	5,916	5,669	5,446	5,904
Domestic deliveries for consumption	4,681	4,544	4,801	4,802	4,730	N/A
<b>Cane sugar</b>						
Beginning stocks	877	819	1,140	1,284	1,257	1,021
Domestic production	3,172	3,588	3,905	3,667	3,756	3,776
Imports 1/	3,738	3,632	3,224	3,742	3,553	3,100
Total supply	7,787	7,220	7,130	7,409	7,309	6,876
Domestic deliveries for consumption	5,528	5,609	5,782	6,012	6,241	N/A
<b>Total sugar</b>						
Beginning stocks	1,498	1,378	1,979	2,158	1,810	1,768
Domestic production	7,831	8,488	8,981	8,462	8,649	8,934
Imports	3,738	3,632	3,224	3,742	3,553	3,100
Total supply	13,067	13,498	14,185	14,362	14,012	13,802
Domestic deliveries for consumption	11,193	11,141	11,511	11,819	11,929	11,955
Other deliveries	496	378	516	733	315	258
Total deliveries	11,689	11,519	12,027	12,552	12,245	12,213
Ending stocks	1,378	1,979	2,158	1,810	1,768	1,588

1/ All imports are counted as cane sugar. It is possible that refined sugar imports may be from sugarbeet crops, although this proportion is likely minor.

N/A Not available.

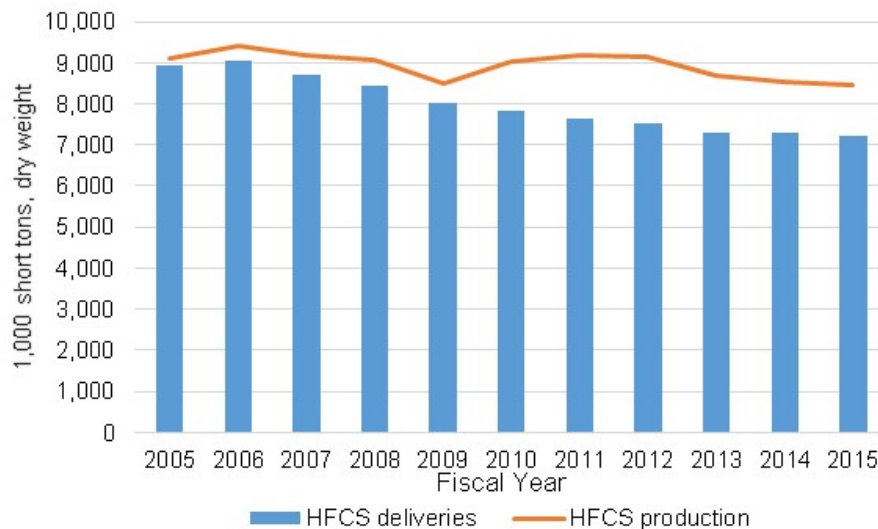
Source: U.S. Dept. of Agriculture, Economic Research Service, Sugar and Sweetener Outlook.

If the U.S. refined sugar market does witness a structural bifurcation between beet sugar and cane sugar, it would result in a more complex market outlook than an integrated bulk sugar market. Beet sugar supplies are fairly ample in 2015/16, primarily due to the strong sugarbeet crop and projected beet sugar production for the year. Cane sugar supplies, conversely, are relatively tight due to fewer projected imports, particularly from Mexico. The continuation, or the magnitude, of the trend for increased demand for cane sugar deliveries could further affect the relative market situations in a segmented refined-sugar market. Results of this situation could be a widening premium for cane sugar, tighter marketing of cane sugar, an increased pace of beet sugar deliveries, or a combination of these outcomes.

## High-Fructose Corn Syrup Domestic Deliveries Fall in 2014/15 After Slight Increase in 2013/14

Domestic deliveries of high-fructose corn syrup (HFCS) totaled 7.234 million short tons, dry weight (tons) in the 2014/15 fiscal year, according to ERS data updated in December 2015. This was a 0.8 percent decline from the fiscal year total of 7.295 tons in 2014/15. Domestic deliveries of HFCS have consistently trended down over the past 10 years, however, with deliveries falling 19.1 percent compared with 2004/05 levels and 21.8 percent since deliveries peaked in 2001/02. Several factors have contributed to the declining trend in HFCS deliveries and consumption, including relatively higher costs for corn in the wet milling process; the relative price competitiveness of HFCS compared with refined sugar and other caloric sweeteners; and changing preferences of customers and food manufactures.

Figure 6  
U.S. HFCS production and domestic deliveries, fiscal year

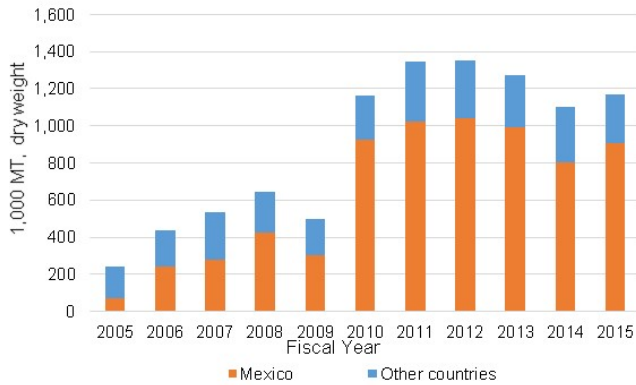


Source: Economic Research Service, USDA

Production of HFCS in 2014/15 totaled 8.475 million tons, declining by 0.6 percent compared with the previous year. This marks the fourth consecutive year of declining production. Production has been declining over the past 10 years, but not to the same extent as deliveries. Production in 2014/15 was 7.1 percent below 2004/05 levels and 10.6 percent lower than the peak production year in 1999/2000. Industry production capacity has been changing over the past several years, particularly with a wet corn mill in Memphis closing earlier in 2015 and reports of the subsequent reorganizing of production capacities throughout the industry.

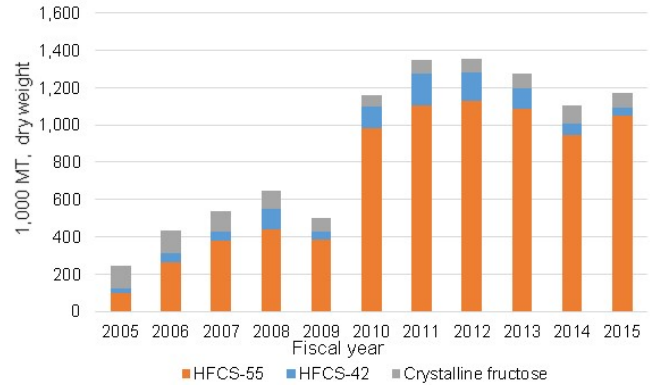
As domestic deliveries have fallen, HFCS exports have become an increasingly important segment of the market. In particular, exports to Mexico increased substantially beginning in 2009/10, shortly after the integration of U.S. and Mexican sweetener markets under NAFTA. After reaching over 1.0 million MT of exports in both 2010/11 and 2011/12, exports to Mexico have fallen in recent years as the Mexican sweetener market experienced large production levels. Exports to Mexico in 2014/15 did improve in 2014/15, however, increasing 13.3 percent. This still represents the second lowest total since exports to Mexico became a prominent feature of the U.S. HFCS market.

Figure 7  
U.S. HFCS total exports, fiscal year



Source: Economic Research Service, USDA

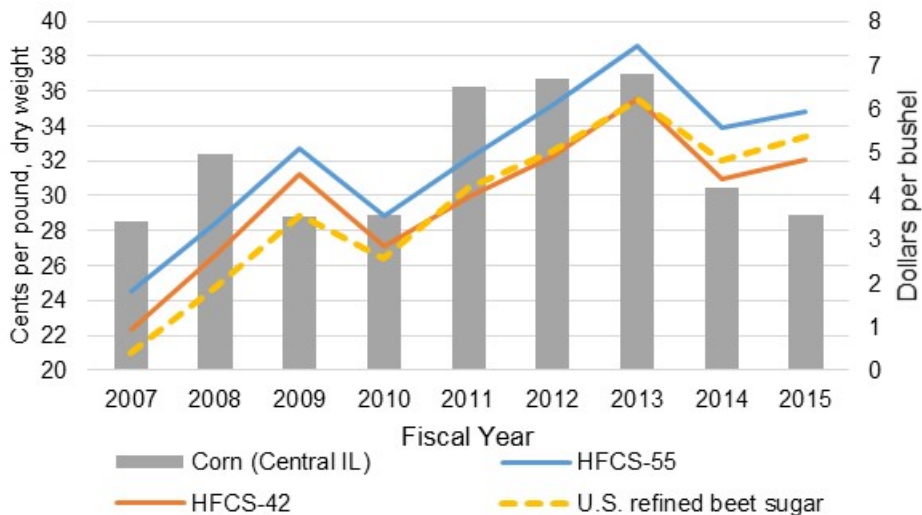
Figure 8  
U.S. HFCS total exports, fiscal year



Source: Economic Research Service, USDA

HFCS prices increased in 2014/15 compared with the previous year, with the HFCS-55 wholesale price increasing from 33.90 cents to 34.79 cents per pound. This increase in HFCS prices tracked the increase in refined sugar prices, although the magnitude was not as strong. While refined sugar prices increased 13.6 percent compared with the 2013/14 fiscal year, HFCS-55 prices increased only 2.6 percent, improving the relative price-competitiveness of the corn sweetener to refined sugar. Additionally, lower corn prices in 2014/15, especially in comparison to the high prices occurring between 2010/11 and 2012/13, would likely help the margins for corn sweetener production. Nonetheless, HFCS pricing continued to track closely the price movements of the U.S. sugar market rather than corn prices.

Figure 9  
High-fructose corn syrup wholesale list price, fiscal year



Source: Economic Research Service, USDA.

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

### **Uwduetlvkqp'Kphqto cvkqp''**

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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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