



Sugar and Sweeteners Outlook

Stephen Haley, coordinator
shaley@ers.usda.gov

U.S. Sugar August 2012

USDA's National Agricultural Statistics Service (NASS) forecasts a 2012/13 sugarbeet crop of 35.336 million tons, which, if realized, would be a record. Most producing regions in the United States have experienced excellent growing conditions through the summer months after earlier than normal planting in the spring. NASS forecasts sugarcane production for sugar and seed at 31.359 million tons, about 6.7 percent more than last year. Forecast harvested area is forecast 2.1 percent higher at 891,000 acres and yield is forecast 4.5 percent high at 35.2 tons per acre.

Due to the revisions made for fiscal year (FY) 2011 in the *Sweetener Market Data*, FY 2012 beginning stocks were lowered by 94,404 short tons, raw value (STRV) in the August 2012 *World Agricultural Supply and Demand Estimates*. The only other change was to reduce deliveries of re-export sugar to food manufacturers for sugar-containing product export by 15,000 STRV, based on pace to date, to 165,000 STRV. The only change for FY 2013 (apart from lower beginning stocks) was a reduction of sugar imports from Mexico by 172,500 STRV to 1.159 million STRV.

No changes were made to 2011/12 Mexico supply and use. Based on expected lower relative sugar prices relative to imported high fructose corn syrup (HFCS) from the United States, 2012/13 sugar deliveries are increased by 123,000 metric tons (mt) and HFCS deliveries are lowered by the same amount. These adjustments lead to reduced sugar exports, now projected at 1.002 million metric tons (mt).

Contents

[Summary](#)
[Sugar and Sweeteners in the North American Free Trade Area](#)
[Contacts and Links](#)

Websites

[WASDE](#)
[Sugar Topic Room](#)

The next release is
September 17, 2012.

Approved by the World
Agricultural Outlook Board.

Sweeteners in the North American Free Trade Area

In the first week of August 2012, the U.S. Department of Agriculture (USDA) released several reports concerning the supply and use of U.S. sugar for fiscal years (FY) 2011, 2012, and 2013. On August 7, 2012, USDA's Farm Service Agency (FSA) released revised *Sweetener Market Data* (SMD) for FY 2011. On August 10, 2012, USDA's National Agricultural Statistics Service (NASS) published its first forecasts of sugar crop yields and production for 2012/13. On August 10, 2012, the USDA published in the *World Agricultural Supply and Demand Estimates* (WASDE) its latest supply and use estimates/projections for U.S. and Mexican sugar.

Revised FY 2011 SMD

The revised SMD for FY 2011 corrected several important erroneous supply-and-use entries originally submitted by U.S. sugar refiners. The SMD increased refiners' sugar imports by 12,072 short tons, raw value (STRV). Because this sugar had been previously reported as imported by entities that do not report to the USDA, it had been counted as direct consumption imports. Thus, this SMD correction reduced FY 2011 sugar deliveries by the same amount. Also, according to SMD, the refiners had originally overestimated their level of sugar intra-sales less receipts by 11,946 STRV and understated refining losses by 34,044 STRV.

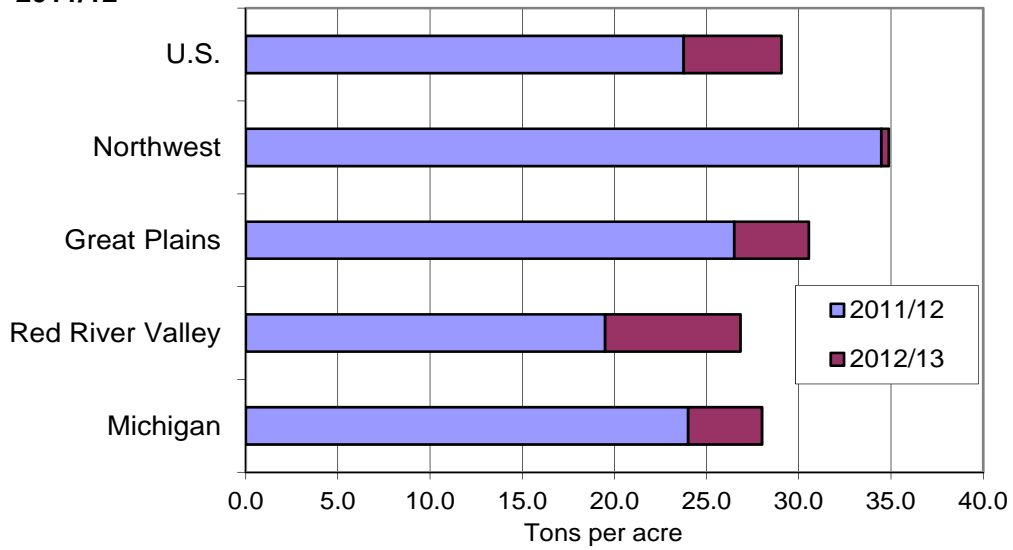
Refiners had originally misreported deliveries for human consumption and refined sugar stocks. The SMD correction increased refiners' deliveries by 65,900 STRV. This correction, along with that for direct consumption, increased total deliveries for human consumption (sum of deliveries by beet and cane processors, refiners, and direct consumption imports) by 53,827 STRV to 11,192,762 STRV for FY 2011. Based on refiners' revised stock submissions, their FY 2011 ending stocks of sugar were 723,610 STRV, a reduction of 94,405 STRV. Total ending-year stocks are lower by 94,405 STRV as well—the revised estimate is 1.378 million STRV. The ending FY 2011 stocks level is the beginning stocks level for FY 2012.

Sugar Crop Production for 2012/13

NASS forecasts a 2012/13 sugarbeet crop of 35.336 million tons, which, if realized, would be a record. Most producing regions have experienced excellent growing conditions through the summer months after earlier than normal planting in the spring. Adequate irrigation in western producing areas and sufficient rainfall in the Midwest (Michigan, Minnesota, and North Dakota) have boosted the potential for the record crop.

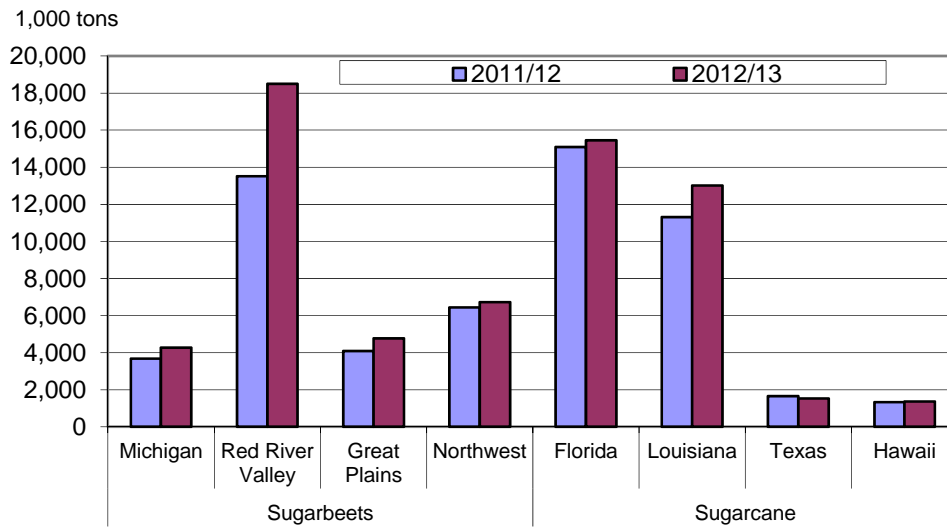
Although projected harvested area is about the same as last year, all major producing areas show improvements over last year's disappointing crop yields (fig. 1). The national yield is forecast at 29.07 tons per acre, more than 5 tons per acre compared with last year. Of particular importance is the Red River Valley (Minnesota and North Dakota), which accounts for more than 50 percent of the U.S. sugarbeet crop. (Figure 2 shows regional sugarbeet production forecasts compared with last year, and also makes the same comparison for sugarcane producing areas.) Yield is forecast at 26.84 tons per acre, up from 19.49 tons per acre last year and likely to be a record. The forecast yield for the Great Plains region (Colorado, Montana, Nebraska, and Wyoming) at 30.54 tons is 4 tons above last year and is likely to be a record as well. Forecast yields in Michigan and the Pacific Northwest (Idaho and Oregon) are high as well.

Figure 1
Sugarbeet yields, by region, 2012/13 compared with 2011/12



Source: USDA, NASS, *Crop Production*.

Figure 2
Sugar crop production, by region, 2012/13 forecast compared with 2011/12 estimates



Source: USDA, NASS, *Crop Production*.

NASS forecasts sugarcane production for sugar and seed at 31.359 million tons, about 6.7 percent more than last year. Forecast harvested area is forecast 2.1 percent higher at 891,000 acres and yield is forecast 4.5 percent high at 35.2 tons per acre.

Growing conditions in both Florida and Louisiana have been favorable in the spring and summer months so far this year. In Florida, forecast harvested area is up by 10,000 acres to 410,000 acres and yield is forecast at only 0.3 tons per acre less than last year at 37.7 tons per acre. Florida production is forecast at 15.457 million tons, 2.5 percent higher than last year. In Louisiana, forecast harvested area is forecast up by 10,000 acres to 420,000 acres. Yield growth in Louisiana is projected to rise 12.3 percent to 31.0 tons per acre, resulting in a crop of 13.020 million tons, 15 percent higher than last year.

U.S. Sugar Supply and Use for FY 2012 and FY 2013

Due to the SMD revisions made for FY 2011, FY 2012 beginning stocks were lowered by 94,404 STRV in the August 2012 WASDE. The only other change was to reduce deliveries of re-export sugar to food manufacturers for sugar-containing product export by 15,000 STRV, based on pace to date, to 165,000 STRV. Although FY 2012 beet sugar production is only 4.145 million STRV through June, an early mid-August start to the 2012/13 harvest could make it possible for production to reach the 4.750 million STRV estimate in the WASDE. This situation would resemble that of two years ago when the 2010/11 harvest started early and about 623,000 STRV of beet sugar was produced in August and September. FY 2012 ending stocks are estimated at 1.729 million STRV. The ending stocks-to-use ratio is estimated at 14.7 percent, 0.7 percentage points lower than last month.

The only change for FY 2013 (apart from lower beginning stocks) was a reduction of sugar imports from Mexico by 172,500 STRV to 1.159 million STRV. The increases in the sugar crop forecasts made by NASS were largely anticipated by the Interagency Commodity Estimates Committee (ICEC) for sugar. Additionally, the growth potential for beet sugar production in FY 2013 may be limited by processing capacity constraints in the Red River Valley. Processor reports indicate that a significant portion of huge crop may not be harvested. FY 2013 ending stocks are projected at 1.497 million STRV, implying an ending stocks-to-use ratio of 12.6 percent.¹

¹The FY 2013 sugar tariff-rate quota (TRQ) has not yet been announced by the Secretary of Agriculture. Until then, the USDA makes no projection for additional specialty refined sugar, mainly organic sugar, above the minimum level to which the United States is committed under World Trade Organization bindings. The additional specialty sugar TRQ amounted to 100,000 STRV in FY 2012.

Mexico Sugar and High Fructose Corn Syrup Supply and Use for FY 2012 and FY 2013

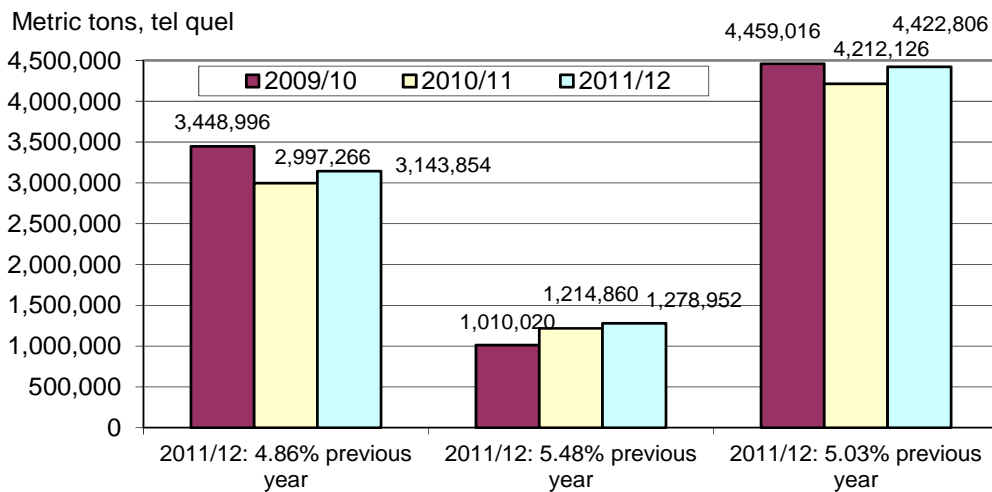
No changes were made to 2011/12 supply and use. Production is set at 5.048 million metric tons and there has been no announcement of increased imports under tariff-rate quota authority. Sweetener deliveries are on track to meet or exceed WASDE forecasts of 4.1 million mt for sugar and 1.72 million mt, dry weight, for high fructose corn syrup (HFCS). The USDA has been predicting a recovery of 4.2 percent in sweetener (sugar and HFCS) deliveries above last year's low levels. As seen in figure 3, sweetener deliveries through June at 4.423 million mt are 5.0 percent higher than the same time period last month. HFCS deliveries (the sum of domestic production plus imports less exports) are 5.5 percent higher and sugar deliveries have recovered 4.9 percent relative to last year. Although monthly sweetener deliveries can be volatile, only three more months remain with the trends well established.

Projections for 2012/13 are less certain. The USDA increased its projection of sugar deliveries by 123,000 mt from 4.077 million mt (less than the 2011/12 estimate of 4.1 million mt) to 4.2 million mt. Estandar sugar prices in Mexico City in July averaged about 16 percent lower than their values at the beginning of the year. It is true that world sugar prices have shown some strength through the summer (fig. 4) because of possible production shortfalls in Brazil (wet conditions hindering the harvest and lowering total reducing-sugar levels) and in India (weak monsoon). However, most observers expect strong surplus conditions to eventually prevail and for world sugar prices to decline relative to current levels. Although the world price pass-through to Mexico is complex, there is probably more room for further price declines within Mexico that would favor more domestic consumption. Because the USDA retains its projection of overall sweetener deliveries at 50.62 kilograms per capita, any projected change in sugar implies an exact offset in HFCS deliveries. Therefore, the projection of HFCS deliveries is reduced to 1.683 million mt, dry weight.

Implications from the drought-affected U.S. corn crop could have additional impacts. Net corn costs of producing U.S. HFCS could increase as much as 38 percent from its June 2012 value to \$345 per metric ton. Based on historical relationships, the unit export value of HFCS to Mexico would be forecast to increase 8 percent to an average of \$452 per metric ton for 2012/13. Even if the 2012/13 Mexican price of estandar sugar were to assumed to stay at about the same level as early August 2012, that price of \$695 would still be about 18.5 percent higher than the possible unit import value of HFCS 55 imported from the United States. Although this ratio is far below the 148-percent ratio average for 2010/11, it still may not be low enough to detract significantly from the trend of using HFCS 55 in place of sugar as the sweetener of choice in Mexican-produced carbonated beverages. Even so, a slowdown in HFCS use remains a real possibility.

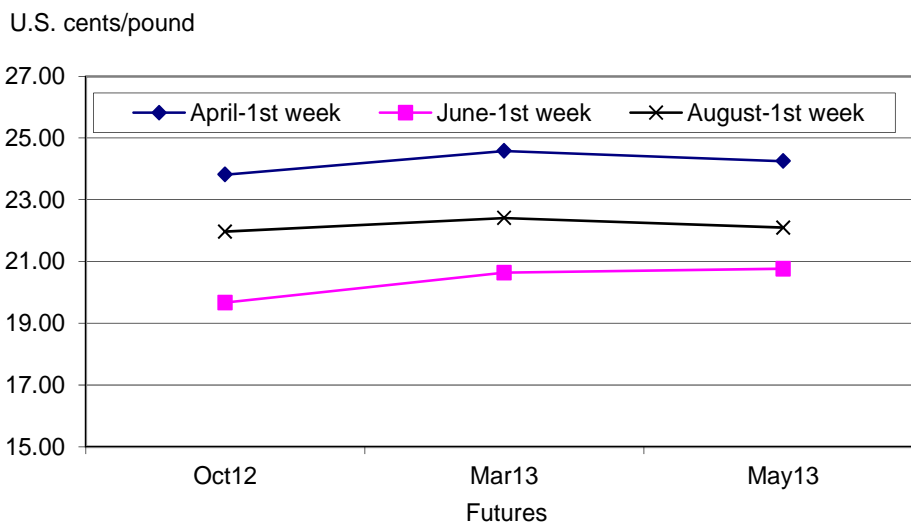
The USDA assumes that ending sugar stocks in Mexico will equal 19.5 percent of sugar deliveries for human consumption, or 819,000 mt. Exports are projected as the residual that balances supply and use. That value is 1.002 million mt. All but 10,000 mt is assumed to be exported to the United States.

Figure 3
Cumulative sweetener consumption in Mexico, October through June, 2009/10-2011/12



Source: *Comite Nacional Para El Desarrollo Sustentable de la Cena de Azucar (CNDSCA)*.

Figure 4
Raw sugar futures prices



Source: Intercontinental Exchange, No. 11 raw sugar contract.

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

Items	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	1,000 short tons, raw value												
Beginning stocks	2,216	2,180	1,528	1,670	1,897	1,332	1,698	1,799	1,664	1,534	1,498	1,378	1,730
Total production	8,769	7,900	8,426	8,649	7,876	7,399	8,445	8,152	7,531	7,963	7,831	8,298	8,750
Beet sugar	4,680	3,915	4,462	4,692	4,611	4,444	5,008	4,721	4,214	4,575	4,659	4,750	5,105
Cane sugar	4,089	3,985	3,964	3,957	3,265	2,955	3,438	3,431	3,317	3,387	3,172	3,548	3,645
Florida	2,057	1,980	2,129	2,154	1,693	1,367	1,719	1,645	1,577	1,646	1,433	1,828	1,890
Louisiana	1,585	1,580	1,367	1,377	1,157	1,190	1,320	1,446	1,397	1,469	1,411	1,400	1,425
Texas	206	174	191	175	158	175	177	158	152	112	146	150	150
Hawaii	241	251	276	251	258	223	222	182	192	161	182	170	180
Puerto Rico	0	0	0	0	0	0	0	0	0	0			
Total imports	1,590	1,535	1,730	1,750	2,100	3,443	2,080	2,620	3,082	3,320	3,738	3,799	2,902
Tariff-rate quota imports	1,277	1,158	1,210	1,226	1,408	2,588	1,624	1,354	1,370	1,854	1,721	2,100	1,283
Other Program Imports	238	296	488	464	500	349	390	565	308	448	291	550	450
Non-program imports	76	81	32	60	192	506	66	701	1,404	1,017	1,726	1,149	1,169
Mexico							60	694	1,402	807	1,708	1,139	1,159
Total supply	12,575	11,615	11,684	12,070	11,873	12,174	12,223	12,571	12,277	12,817	13,067	13,475	13,382
Total exports	141	137	142	288	259	203	422	203	136	211	248	250	250
Miscellaneous	123	-24	161	23	94	-67	-132	0	0	-45	19	0	0
Deliveries for domestic use	10,132	9,974	9,711	9,862	10,188	10,340	10,135	10,704	10,607	11,152	11,422	11,495	11,635
Transfer to sugar-containing products for exports under reexport program	98	156	183	142	121	106	169	141	120	201	196	165	180
Transfer to polyhydric alcohol, feed	33	33	24	41	48	51	53	61	46	35	33	30	30
Deliveries for domestic food and beverage use 1/	10,000	9,785	9,504	9,678	10,019	10,184	9,913	10,501	10,441	10,917	11,193	11,300	11,425
Total use	10,395	10,087	10,014	10,172	10,542	10,476	10,424	10,907	10,743	11,319	11,689	11,745	11,885
Ending stocks	2,180	1,528	1,670	1,897	1,332	1,698	1,799	1,664	1,534	1,498	1,378	1,730	1,497
Privately owned	1,395	1,316											
CCC	784	212											
Stocks-to-use ratio	20.97	15.15	16.68	18.65	12.63	16.21	17.25	15.26	14.28	13.24	11.79	14.73	12.59

1/ For FY 2008-09, combines SMD deliveries for domestic human use, SMD miscellaneous uses, and the difference between SMD imports and WASDE imports.

Source: USDA, WASDE.

NOTE: Numbers may not add due to rounding.

Table 2 -- U.S. sugar: supply and use (including Puerto Rico), fiscal years (Oct./Sept.), metric tons

Items	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
1,000 metric tons, raw value													
Beginning stocks	2,010	1,977	1,386	1,515	1,721	1,208	1,540	1,632	1,510	1,392	1,359	1,250	1,569
Total production	7,955	7,167	7,644	7,846	7,145	6,712	7,662	7,396	6,832	7,224	7,104	7,527	7,938
Beet sugar	4,245	3,552	4,048	4,257	4,183	4,032	4,543	4,283	3,822	4,151	4,227	4,309	4,631
Cane sugar	3,710	3,615	3,596	3,590	2,962	2,681	3,119	3,113	3,009	3,073	2,877	3,218	3,307
Florida	1,866	1,796	1,932	1,954	1,536	1,240	1,559	1,492	1,431	1,493	1,300	1,658	1,715
Louisiana	1,438	1,433	1,240	1,249	1,049	1,079	1,198	1,312	1,267	1,332	1,280	1,270	1,293
Texas	187	158	173	159	143	159	161	143	138	101	132	136	136
Hawaii	219	227	251	228	234	202	201	165	174	146	165	154	163
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0
Total imports	1,443	1,393	1,570	1,588	1,905	3,124	1,887	2,377	2,796	3,012	3,391	3,446	2,632
Tariff-rate quota imports	1,158	1,051	1,098	1,113	1,277	2,348	1,473	1,228	1,243	1,682	1,561	1,905	1,164
Other Program Imports	216	269	443	421	454	317	354	513	279	407	264	499	408
Non-program imports	69	73	29	54	174	459	60	636	1,274	923	1,566	1,042	1,060
Mexico	0	0	0	0	0	0	54	630	1,272	732	1,549	1,033	1,051
Total supply	11,408	10,537	10,599	10,949	10,771	11,044	11,088	11,404	11,138	11,627	11,854	12,223	12,140
Total exports	128	125	129	261	235	184	383	184	123	191	225	227	227
Miscellaneous	112	-22	146	20	85	-61	-120	0	0	-41	17	0	0
Deliveries for domestic use	9,191	9,048	8,810	8,946	9,243	9,381	9,194	9,710	9,623	10,117	10,362	10,428	10,555
Transfer to sugar-containing products for exports under reexport program	89	141	166	129	110	96	153	128	109	183	178	150	163
Transfer to polyhydric alcohol, feed	30	30	22	38	44	46	48	56	42	31	30	27	27
Deliveries for domestic food and beverage use 1/	9,072	8,877	8,622	8,780	9,089	9,239	8,993	9,527	9,472	9,903	10,154	10,251	10,365
Total use	9,431	9,151	9,084	9,228	9,563	9,504	9,457	9,895	9,746	10,268	10,604	10,655	10,782
Ending stocks	1,977	1,386	1,515	1,721	1,208	1,540	1,632	1,510	1,392	1,359	1,250	1,568	1,358
Privately owned	1,266	1,194	0	0	0	0	0	0	0	0	0	0	0
CCC	711	192	0	0	0	0	0	0	0	0	0	0	0
Stocks-to-use ratio	20.97	15.15	16.68	18.65	12.63	16.21	17.25	15.26	14.28	13.24	11.79	14.72	12.59

1/ For FY 2008-09, combines SMD deliveries for domestic human use, SMD miscellaneous uses, and the difference between SMD imports and WASDE imports.

Source: USDA, WASDE.

NOTE: Numbers may not add due to rounding.

Table 3 -- Mexico: sugar production and supply, and sugar and HFCS utilization

Fiscal year (Oct/Sept)	2010/11	2011/12 1/	2012/13 1/
	1,000 metric tons, raw value		
Beginning stocks	973	806	872
Production	5,495	5,351	5,618
Imports	307	405	192
Imports for consumption	114	224	0
Imports for other uses (includes IMMEX)	193	181	192
Total supply	6,774	6,562	6,682
Disappearance			
Human consumption	4,187	4,346	4,452
Other deliveries (IMMEX)	310	300	300
Miscellaneous	-86		
Total	4,411	4,646	4,752
Exports	1,558	1,043	1,062
Exports to the United States & Puerto Rico	1,518	1,032	1,052
Exports to other countries	40	11	11
Total use	5,969	5,689	5,814
Ending stocks	806	872	868
	1,000 metric tons, actual weight		
Beginning stocks	918	760	823
Production	5,184	5,048	5,300
Imports	289	383	181
Imports for consumption	107	211	0
Imports for other uses (includes IMMEX)	182	171	181
Total supply	6,391	6,191	6,304
Disappearance			
Human consumption	3,950	4,100	4,200
Other deliveries (IMMEX)	293	283	283
Miscellaneous	-81		
Total	4,161	4,383	4,483
Exports	1,469	984	1,002
Exports to the United States & Puerto Rico	1,432	974	992
Exports to other countries	38	10	10
Total use	5,631	5,368	5,485
Ending stocks	760	823	819
Stocks-to-human cons. (percent)	19.2	20.1	19.5
Stocks-to-use (percent)	13.5	15.3	14.9
HFCS cons. (dry weight)	1,635	1,720	1,683

1/ Forecast

Source: USDA, WASDE and ERS, *Sugar and Sweeteners Outlook*.

Contacts and Links

Contact Information

Stephen Haley, (202) 694-5247, shaley@ers.usda.gov (coordinator)
Erma J. McCray, (202) 694-5306, ejmccray@ers.usda.gov (web publishing)
Andy Jerardo, (202) 694-6266, ajerardo@ers.usda.gov

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Data

Tables from the *Sugar and Sweeteners Yearbook* are available in the Sugar and Sweeteners Data at <http://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables.aspx>. They contain the latest data information and historical information on the production, use, prices, imports, and exports of sugar and sweeteners.

Related Websites

Sugar and Sweeteners Outlook <http://www.ers.usda.gov/publications/sssm-sugar-and-sweeteners-outlook.aspx>
WASDE <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documented=1194>
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