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Sugar and Sweeteners Outlook: February 2022

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In this report:

Larger Louisiana Cane Sugar Production Boosts U.S. Sugar Supply; Mexican Sugar Balance Minimally Changed

The February 2022 *World Agricultural Supply and Demand Estimates* (*WASDE*) report increased the 2021/22 U.S. sugar supply from last month by 45,434 short tons, raw value (STRV) to 14.158 million. Beet sugar production is unchanged at 5.401 million STRV while cane sugar production is raised, all because of Louisiana where production is increased 49,170 STRV to 1.906 million. If realized, total domestic sugar production would be a record high of 9.442 million STRV. Total U.S. projected imports for 2021/22 are marginally reduced by 3,736 STRV to 3.012 million, the lowest level since 2008/09. The pace of entry for imports between October and January has been strong particularly for World Trade Organization raw sugar tariff rate quota and high-tier raw sugar. With total sugar use unchanged at 12.340 million, ending stocks increased 45,434 STRV to 1.818 million STRV, reflecting a stocks-to-use ratio of 14.7 percent, up from last month's 14.4 percent.

The February 2022 *World Agricultural Supply and Demand Estimates* (*WASDE*) report had minor changes to the 2021/22 Mexican sugar supply and use. The net effect of these changes is a slightly higher ending stocks at 919,186 metric tons, which is roughly equivalent to the Mexican government's target of 2.5 months-worth of domestic consumption. Per the terms of the U.S.-Mexico Sugar Suspension Agreements, the U.S. Department of Commerce will set Mexico's final Export Limit next month based on the calculation of U.S. Needs from the March *WASDE*.

U.S. Outlook Summary

Sugar Supplies, Ending Stocks Raised

The February 2022 *World Agricultural Supply and Demand Estimates* (*WASDE*) report increased the 2021/22 U.S. sugar supply from last month by 45,434 short tons, raw value (STRV) to 14.158 million (table 1). Beet sugar production is unchanged at 5.401 million STRV while cane sugar production is raised, all because of Louisiana where production is increased 49,170 STRV to 1.906 million. If realized, total domestic sugar production would be a record high of 9.442 million STRV. Total U.S. projected imports for 2021/22 are marginally reduced by 3,736 STRV to 3.012 million. If realized, this would be the lowest since 2008/09. The pace of entry for imports between October through January has been strong particularly for World Trade Organization raw sugar tariff rate quota and high-tier raw sugar. With total sugar use unchanged at 12.340 million, ending stocks increased 45,434 STRV to 1.818 million STRV, reflecting a stocks-to-use ratio of 14.7 percent, up from last month's 14.4 percent.

Table 1: U.S. sugar: supply and use by fiscal year (October/September), February 2022

Items	2019/20	2020/21			2021/22		
		(estimate) January	(estimate) February	Monthly change	(forecast) January	(forecast) February	Monthly change
		1,000 short tons raw value					
Beginning stocks	1,783	1,618	1,618	0	1,705	1,705	0
Total production	8,149	9,234	9,234	0	9,393	9,442	49
Beet sugar	4,351	5,092	5,092	0	5,401	5,401	0
Cane sugar	3,798	4,142	4,142	0	3,992	4,041	49
Florida	2,106	2,090	2,090	0	2,005	2,005	0
Louisiana	1,566	1,918	1,918	0	1,857	1,906	49
Texas	126	134	134	0	130	130	0
Total imports	4,165	3,195	3,195	0	3,016	3,012	-4
Tariff-rate quota imports	2,152	1,749	1,749	0	1,551	1,547	-4
Other program imports	432	292	292	0	250	250	0
Non-program imports	1,581	1,154	1,154	0	1,215	1,215	0
Mexico	1,376	968	968	0	1,065	1,065	0
High-duty	206	186	186	0	150	150	0
Total supply	14,097	14,046	14,046	0	14,113	14,158	45
Total exports	61	49	49	0	35	35	0
Miscellaneous	74	40	40	0	0	0	0
Total deliveries	12,344	12,252	12,252	0	12,305	12,306	1
Domestic food and beverage use	12,246	12,135	12,135	0	12,200	12,200	0
To sugar-containing products re-export program	78	89	89	0	80	80	0
For polyhydric alcohol, feed, other alcohol	20	27	27	0	25	25	0
Commodity Credit Corporation (CCC) sale for ethanol	0	0	0	0	0	0	0
Total use	12,479	12,341	12,341	0	12,340	12,341	1
Ending stocks	1,618	1,705	1,705	0	1,773	1,817	44
Private	1,618	1,705	1,705	0	1,678	1,678	0
Commodity Credit Corporation (CCC)	0	0	0	0	0	0	0
Stocks-to-use ratio (percent)	13.0	13.8	13.8	0.0	14.4	14.7	0.4

Source: USDA, World Agriculural Outlook Board, *World Agricultural Supply and Demand Estimates (WASDE)* report.

Beet Sugar Production Unchanged; Cane Sugar Production Increased

Beet sugar production this month remains at 5.401 million STRV, which, if realized, will surpass the prior record high of 5.279 million in 2017/18 (table 2). USDA's National Agricultural Statistics Service (NASS) did not update sugar beet production data on its February *Crop Production* report. Data from the USDA Farm Service Agency's (FSA) *Sweetener Market Data* (SMD) report show that processors' sugar extraction from sliced beets through December is 14.91 percent, which is above the 10-year average (figure 1). Given the record-large 2021 sugar beet crop, the campaign is expected to run further into spring particularly in the Red River Valley (RRV) and Great Lakes regions, where record-high yields resulted in some unharvested

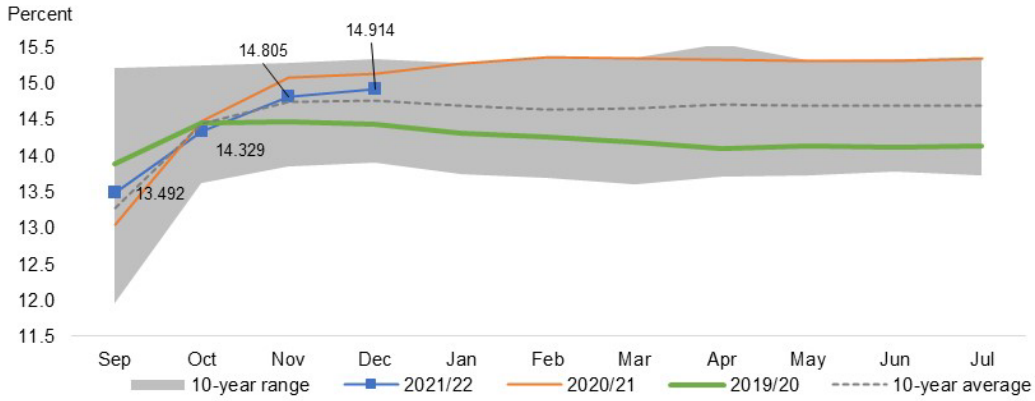
acreage. To date, the cold weather has been ideal in the RRV, but a downside risk is if temperatures warm quickly, then the quality of the outside beet piles can deteriorate.

Table 2: Beet sugar production projection calculations, 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22 Jan	2021/22 Feb	Monthly change
Sugarbeet production (1,000 short tons) 1/	35,325	33,282	28,650	33,618	36,751	36,751	0
Sugarbeet shrink (percent)	7.31	5.17	5.34	6.60	8.14	8.14	0
Sugarbeet sliced (1,000 short tons)	32,742	31,561	27,072	31,399	33,761	33,761	0
Sugar extraction rate from slice (percent)	15.18	14.77	14.14	15.34	14.81	14.81	0
Sugar from beets sliced (1,000 STRV) 2/	4,970	4,660	3,828	4,818	4,998	4,998	0
Sugar from molasses (1,000 STRV) 2/	368	352	341	362	360	360	0
Crop-year sugar production (1,000 STRV) 2/	5,338	5,012	4,169	5,181	5,358	5,358	0
August-September sugar production (1,000 STRV)	715	655	582	765	676	676	0
August-September sugar production of subsequent crop (1,000 STRV)	655	582	765	676	678	678	0
Sugar from imported beets (1,000 STRV) 3/	--	N/A	N/A	N/A	40	40	0
Fiscal year sugar production (1,000 STRV)	5,279	4,939	4,351	5,092	5,401	5,401	0

STRV = short tons, raw value.
1/ USDA, National Agricultural Statistics Service for historical data.
2/ August–July.
3/ Sugar from imported beets split out for projections only, included in total once full crop-year slice is recorded.
Sugar from imported beets is incorporated into total production in historical data.
Source: USDA, Economic Research Service; USDA, World Agricultural Outlook Board; USDA, Farm Service Agency.

Figure 1
Cumulative sugar extraction rate, beet sugar produced per sugarbeet sliced, by crop year, 2011/12 to 2021/22



Source: USDA, Economic Research Service; USDA, Farm Service Agency.

Cane sugar production for 2021/22 is increased to 4.041 million STRV solely on Louisiana where fiscal year cane sugar production is raised 49,170 STRV to 1.906 million (table 3). If realized, this would be the third-largest year of sugar production from Louisiana, behind 2020/21 and 2018/19. After a slow start due to Hurricane Ida in late August 2021, the sugarcane sector in Louisiana had a strong finish to its campaign which ended on the third week of January, later than usual. Preliminary industry reports indicate that the relatively high sugar recovery offset the lower sugarcane tonnage. Conducive weather after the hurricane season—no significant freeze nor rainfall—allowed the sugarcane to mature and accumulate sucrose.

Florida's cane sugar production remains at 2.005 million STRV. In its February *Crop Production* report, USDA, NASS raised Florida's 2021/22 sugarcane production estimate, with higher yields offsetting the reduction in harvested acreage. However, from January 28–30 during approximately the middle of the harvest season, temperatures dipped below freezing to as low as 27 degrees Fahrenheit for about 4 to 6 hours across most of the cane growing areas. Thus, the impacts from the freeze event are likely not yet reflected in the USDA NASS report. Processor correspondence indicates that cane deterioration assessments are still underway and preliminary tests show sugar content from field surveys is holding up. Plans are already in place to prioritize the harvesting and grinding of cane in a triage fashion. Given that freeze damage can be variety dependent, some processors are optimistic that areas planted with relatively cold-tolerant varieties have fared better and can be harvested later than areas with poor cold-tolerant varieties. Weather in the following days will also be a factor, that is, warm temperatures of over 90 degrees Fahrenheit can hasten deterioration of the sugarcane. The estimate will be reevaluated as more assessment information becomes available.

Cane sugar production in Texas is also unchanged at 130,000 STRV. Data from the SMD report reflects a slower pace of production through December, mainly due to the unusually wet season that has upended harvest schedule. Industry reporting suggests the campaign will likely be extended to make up for lost time.

Table 3: U.S. sugarcane and cane sugar production, by State, 2015/16 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22	2021/22	Change from January
					January	February	Percent
Florida							
Sugarcane harvested for sugar and seed (1,000 acres)	412.7	412.3	410.7	423.3	406.5	406.5	0.0
Sugarcane harvested for sugar (1,000 acres)	397.0	397.0	397.0	409.0	392.0	392.0	0.0
Sugarcane yield (short tons per acre)	40.9	41.7	42.8	44.4	42.0	42.0	0.0
Sugarcane production (1,000 short tons)	16,237	16,555	16,992	18,078.0	16,464	16,464	0.0
Recovery rate (percent)	12.2	12.1	12.4	11.6	12.2	12.2	0.0
Sugar production (1,000 STRV)	1,983	2,005	2,106	2,088.8	2,005	2,005	0.0
Louisiana							
Sugarcane harvested for sugar and seed (1,000 acres)	449.6	448.5	469.0	488.4	494.6	494.6	0.0
Sugarcane harvested for sugar (1,000 acres)	414.0	425.0	442.0	461.0	464.0	464.0	0.0
Sugarcane yield (short tons per acre)	32.5	35.3	27.7	32.9	29.5	29.5	0.0
Sugarcane production (1,000 short tons)	13,455	15,003	12,243	15,167	13,688	13,688	0.0
Recovery rate (percent)	13.86	12.51	12.73	13.02	13.33	13.68	2.7
Crop year sugar production (1,000 STRV) 1/	1,865	1,876	1,558	1,975	1,824	1,873	2.7
Fiscal year sugar production (1,000 STRV) 1/	1,862	1,907	1,566	1,916	1,857	1,906	2.6
Texas							
Sugarcane harvested for sugar and seed (1,000 acres)	41.8	38.9	33.5	35.9	36.4	36.4	0.0
Sugarcane harvested for sugar (1,000 acres)	40.5	37.6	31.3	33.5	33.9	33.9	0.0
Sugarcane yield (short tons per acre)	36.8	36.6	33.6	34.0	31.9	31.9	0.0
Sugarcane production (1,000 short tons)	1,490	1,376	1,052	1,139.0	1,081	1,081	0.0
Recovery rate (percent)	10.1	11.3	10.7	11.7	12.03	12.0	0.0
Sugar production (1,000 STRV)	169	147	126	133.5	130	130	0.0
United States							
Sugarcane harvested for sugar and seed (1,000 acres)	904.1	899.7	913.2	947.6	937.5	937.5	0.0
Sugarcane harvested for sugar (1,000 acres)	859.6	859.6	870.3	903.5	889.9	889.9	0.0
Sugarcane yield (short tons per acre)	36.6	38.3	34.8	38.1	35.1	35.1	0.0
Sugarcane production (1,000 short tons)	31,182	32,934	30,287	34,384	31,233	31,233	0.0
Recovery rate (percent)	12.9	12.3	12.5	12.2	11.9	11.9	0.0
Sugar production (1,000 STRV)	4,014	4,060	3,798	4,139	3,992	4,041	1.2

STRV = short tons, raw value.

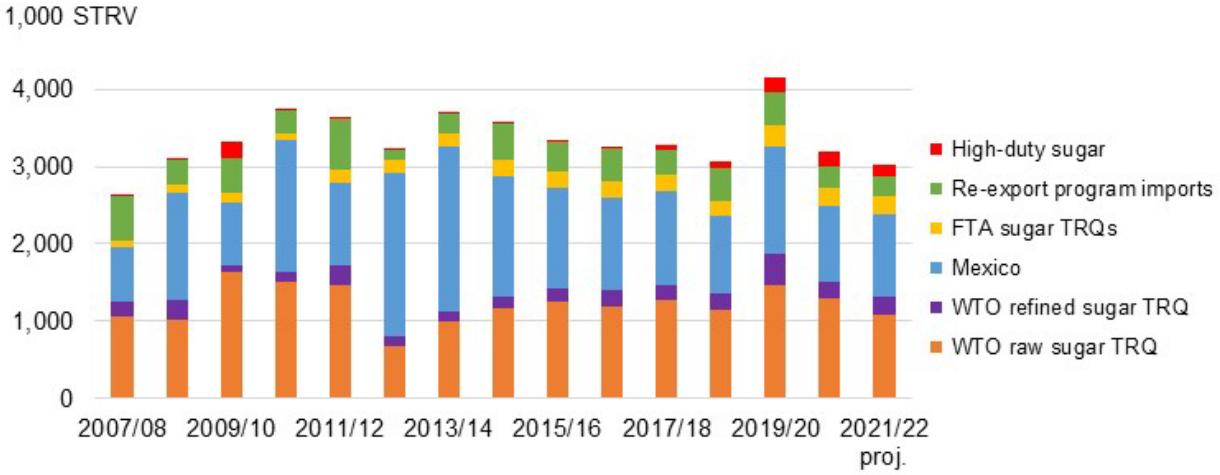
1/ Louisiana's harvest and processing of sugarcane begins typically in September, thus the crop year and fiscal year sugar production for this State tend to be slightly different. Fiscal year production is the final value used for official USDA estimates. For Florida and Texas, the crop year is the same as the fiscal year.

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

Total Imports Slightly Reduced; At Lowest Projected Level Since 2008/09

Total U.S. imports for 2021/22 are marginally reduced 3,736 STRV to 3.012 million, the lowest since 2008/09 (figure 2). The reduction follows U.S. Customs and Border Protection's downward revision to the raw sugar imports under the fiscal year 2020/21 World Trade Organization (WTO) raw sugar tariff rate quota (TRQ) which were granted late entry through December 31, 2021. There are no changes to the rest of the import categories. Next month, the U.S. Department of Commerce will calculate the U.S. Needs from the March *WASDE*, which will determine Mexico's final Export Limit for 2021/22.

Figure 2
U.S. sugar imports, 2007/08 to 2021/22



STRV = short tons, raw value; FTA = free trade agreement; WTO = World Trade Organization; TRQ = tariff rate quota; proj..= projected.
Source: USDA, Foreign Agricultural Service.

Based on the USDA, Foreign Agricultural Service (FAS) *Sugar Monthly Import and Re-Export Data* report, while the expected volume of total imports is on the low side, the pace of entry has been strong. Total 2021/22 accumulated imports (October 1 through January 31) are 195,630 STRV higher than at the same time last year. Particulalry, the share of actual entries to the the total forecast volume in two categories—WTO raw sugar TRQ imports and high-tier tariff imports—has been the strongest since 2007/08. As seen in table 4, 56 percent of 1.547 million STRV, which is the projected 2021/22 total WTO raw sugar TRQ imports, has already entered through January. Note that one of the contributing factors is the larger expected TRQ raw sugar shortfall as supplying countries, particularly the Philippines, will not fill any of its allocation.

High-tier imports through January amount to 113,336 STRV—76 percent of the projected 150,000 STRV total for 2021/22. The USDA, FAS data, which breaks down high-tier tariff imports through December by port and country of origin, indicate the lion's share (68 percent) entered in Savannah, GA (table 5). This suggests that the bulk of high-tier imports to date are raw sugar that requires further processing. The last time there was a significant quantity of high-tier raw sugar imported was in fiscal year 2010. The majority of 2021/22 high-tier sugar imports to date has come from Brazil.

Table 4: U.S. sugar imports, October to January, 2016/17 to 2021/22

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 projected	5-year average
October to January			Short tons, raw value				
Mexico	275,568	127,965	86,049	85,154	81,342	176,445	131,216
WTO raw sugar TRQ	481,437	700,488	522,238	587,280	644,191	598,218	587,127
WTO refined sugar TRQ	103,679	120,271	124,265	131,444	101,152	144,912	116,162
FTA sugar TRQ	66,077	40,944	44,755	68,085	44,064	56,562	52,785
Re-export program	109,358	95,560	191,243	206,569	49,738	97,417	130,494
High-duty sugar	3,427	5,126	32,846	28,795	70,773	113,336	28,193
Total	1,039,546	1,090,355	1,001,395	1,107,327	991,260	1,186,890	1,045,977
Share of fiscal year total				Percent			
Mexico	23	10	9	6	8	17	11
WTO raw sugar TRQ	41	55	46	40	50	56	46
WTO refined sugar TRQ	47	63	60	32	47	60	50
FTA sugar TRQ	31	20	24	25	19	24	24
Re-export program	26	29	44	48	17	39	33
High-duty sugar	28	8	36	16	38	76	25
Total	32	33	33	27	31	39	31

WTO = World Trade Organization; TRQ = tariff rate quota; FTA = free trade agreement.
Source: USDA, Foreign Agricultural Service.

Table 5: U.S. high duty sugar imports, October to December 2021

	October	November	December	Total	Share of total
Top five ports:			Short tons, raw value		Percent
Cleveland, OH	1,476	0	843	2,319	3
Los Angeles, CA	778	1,068	1,255	3,102	3
Philadelphia, PA	1,198	1,143	2,718	5,060	6
Savannah, GA	29,078	5,698	27,973	62,749	69
Seattle, WA	2,651	3,452	2,728	8,832	10
Rest of ports	2,874	2,713	3,275	8,863	10
Total	38,057	14,075	38,793	90,925	100
Top five origins:					
Brazil	32,350	7,671	32,013	72,033	79
Colombia	29	2,004	3,711	5,744	6
Costa Rica	1,599	315	114	2,028	2
El Salvador	0	613	918	1,531	2
Guatemala	1,808	2,166	604	4,578	5
Rest of countries	2,270	1,307	1,433	5,010	6
Total	38,057	14,075	38,793	90,925	100

Source: USDA, Foreign Agricultural Service.

Sugar Deliveries Unchanged

The 2021/22 total deliveries of 12.305 million STRV, including the projected 12.200 million STRV for domestic deliveries for food and beverage use, is unchanged from last month. The latest release of the USDA, FSA *Sweetener and Market Data* (SMD) report shows that food and beverage deliveries during the first quarter of the fiscal year are 3.197 million STRV. This represents a 9.6-percent increase during the same period in 2020/21 (table 6) and would be a

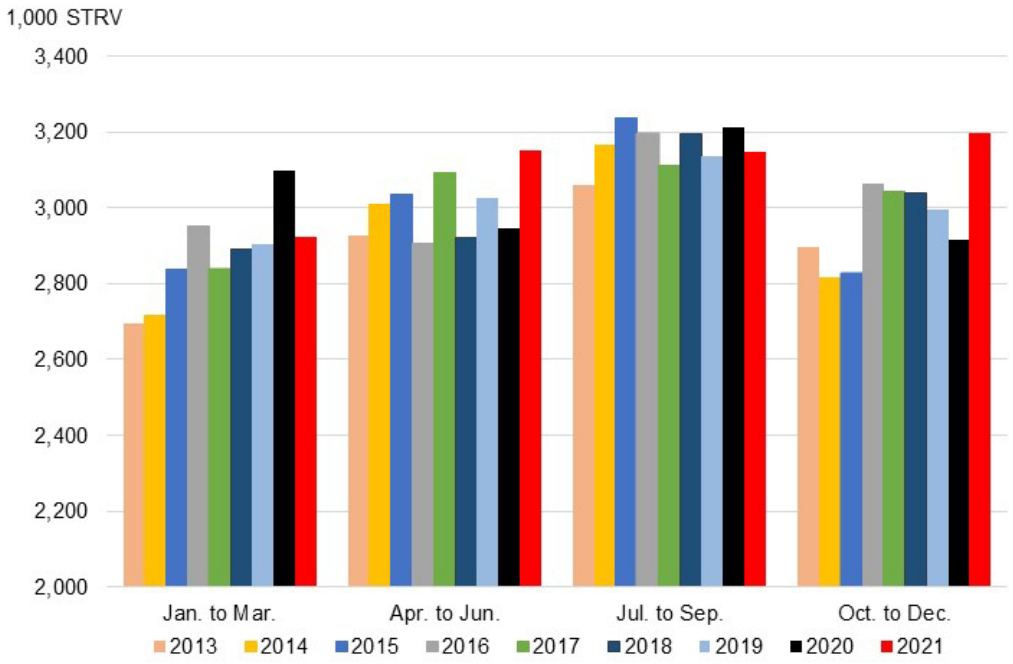
new record high, surpassing the 3.062 million STRV previously set in 2015/16 (figure 3). Deliveries of reporting beet processors are 6.8 percent higher than the same period last year and more than offset the cane refiners' deliveries, which are down 1.9 percent. While the *SMD* report is only through December, industry sources, *including the Sosland Sweetener Report*, suggest strong sales by beet processors, cane refiners, and distributors in January and February but that persistent logistical issues—labor force unavailability, packing material shortage, and unreliable, expensive freight—have complicated delivery schedules and increased prices. Non-reporter, direct consumption imports through December are 319,000 STRV, just behind the record-high 339,000 STRV set in 2007/08.

Table 6: Food and beverage deliveries, 2016/17 to 2021/22, October-December

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Annual change
	1,000 short tons, raw value							Percent
Beet sugar processors	1,084	1,295	1,372	1,222	1,277	1,242	1,319	6.2
Cane sugar refiners	1,617	1,558	1,491	1,597	1,612	1,590	1,559	-1.9
Total reporters	2,700	2,854	2,863	2,818	2,889	2,832	2,878	1.6
Non-reporter, direct consumption	127	208	180	221	107	85	319	275.6
Total	2,827	3,062	3,043	3,039	2,995	2,917	3,197	9.6

Source: USDA, Farm Service Agency.

Figure 3
Total U.S. sugar deliveries, quarterly, calendar years 2013–21

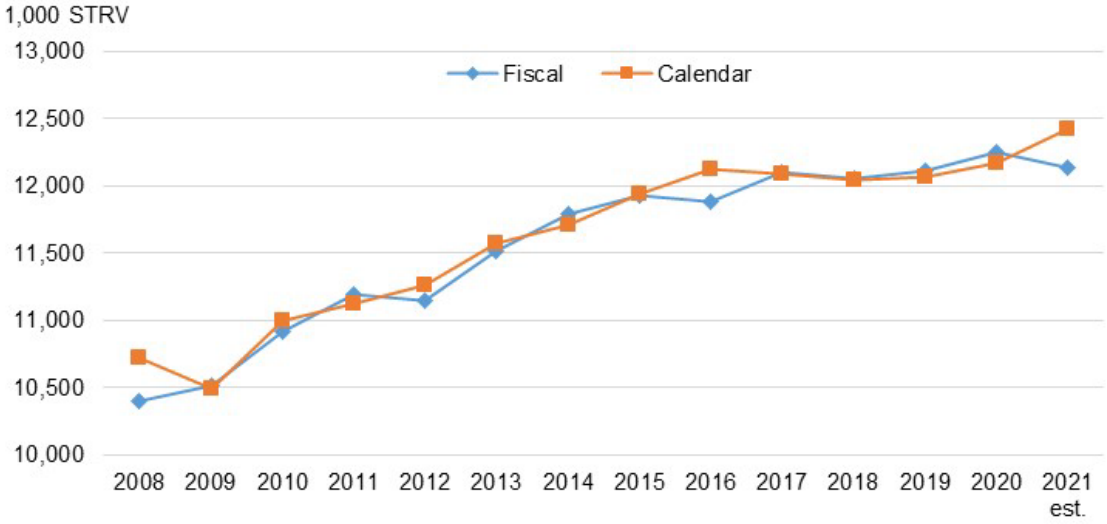


STRV = short tons, raw value.
Source: USDA, Farm Service Agency.

With the availability of October-December data from the USDA, FSA *SMD*, calendar year 2021 deliveries totaled 12.416 million STRV, up 2 percent compared with the 2020 level of 12.168 million STRV. This is one of the few instances where fiscal year and calendar year deliveries

diverge (figure 4). Since the non-reporter component is a contributing factor, there are at least two caveats to consider. First, non-reporter, direct consumption imports are residually calculated using different data sources. Each month, this value is computed by subtracting the cane refiner imports reported on the USDA, FSA, *SMD* from the total U.S. imports reported in the USDA, FAS' *Sugar Monthly Import and Re-Export Data*. The difference in the timing of when the import was recorded by the different entities tend to introduce volatility to these numbers on a monthly basis. Second, imports by non-reporting companies are counted as immediately delivered based on the assumption that no company intends to import refined sugar for a future delivery due to high storage costs. If some of the fourth-quarter imports were held as stocks, then there is a possibility that the calendar year 2021 deliveries are overestimated. That said, the influence of direct consumption imports on total deliveries will be closely monitored as more data becomes available.

Figure 4
Total U.S. sugar deliveries, fiscal and calendar years, 2008–21



STRV = short tons, raw value; est = estimated.
Source: USDA, Farm Service Agency.

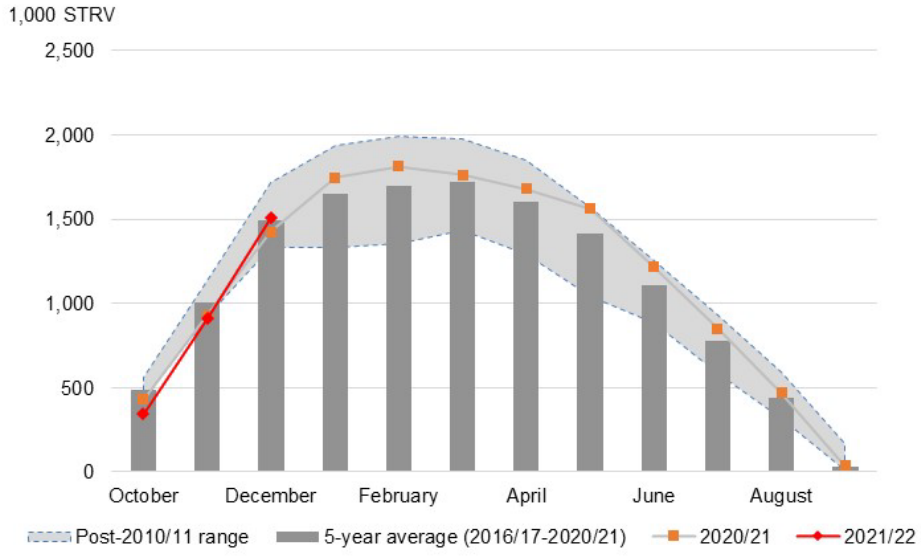
Ending Stocks Projected Higher; Inventory-to-Date Tight

With total sugar use unchanged at 12.340 million STRV, ending stocks increased 45,434 STRV to 1.818 million STRV, reflecting a stocks-to-use ratio of 14.7 percent, up from last month's 14.4 percent.

Raw and refined sugar inventories are shown in figures 5-7. Between May 2020 to December 2021, raw cane sugar inventories held by cane refiners have been consistently below the 5-year average (figure 6). This situation reflects the tight raw cane supply and partly explains the influx

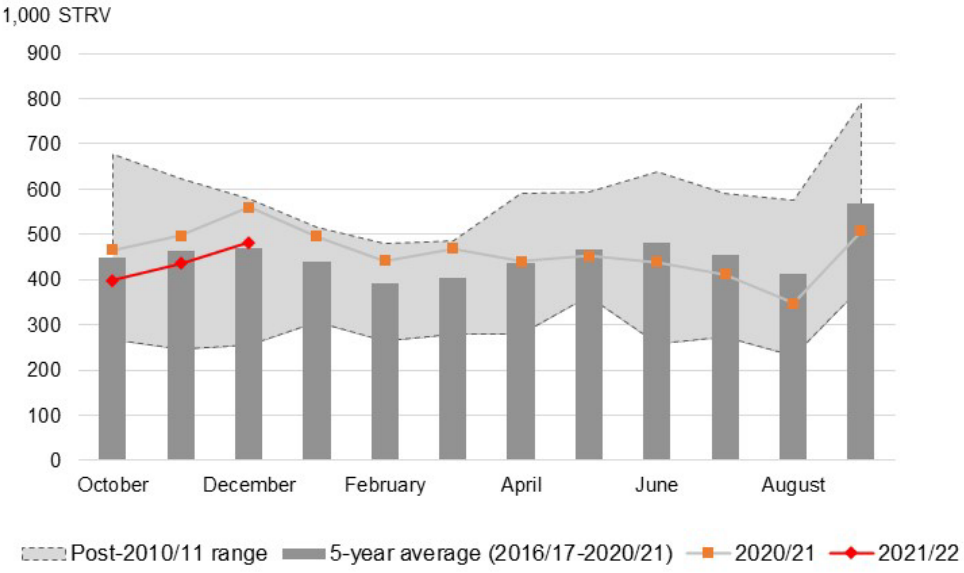
of high-tier raw cane sugar. Cane refiners' refined sugar inventories have also been just below average since April 2020 (figure 7). Both sugarcane processors and sugarbeet processors are building up inventories in line with the five-year average and in accordance with seasonal trends (figures 5 and 8).

Figure 5
Sugarcane processors' raw sugar inventories, monthly, 2015/16 to 2021/22



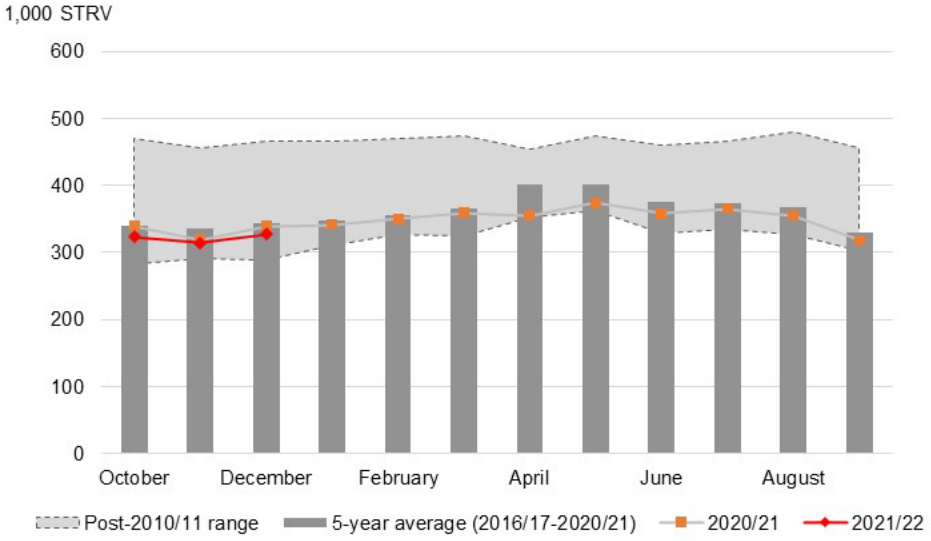
Note: STRV = short tons, raw value.
Source: USDA, Farm Service Agency.

Figure 6
Sugarcane refiners' raw sugar inventories, monthly, 2015/16 to 2021/22



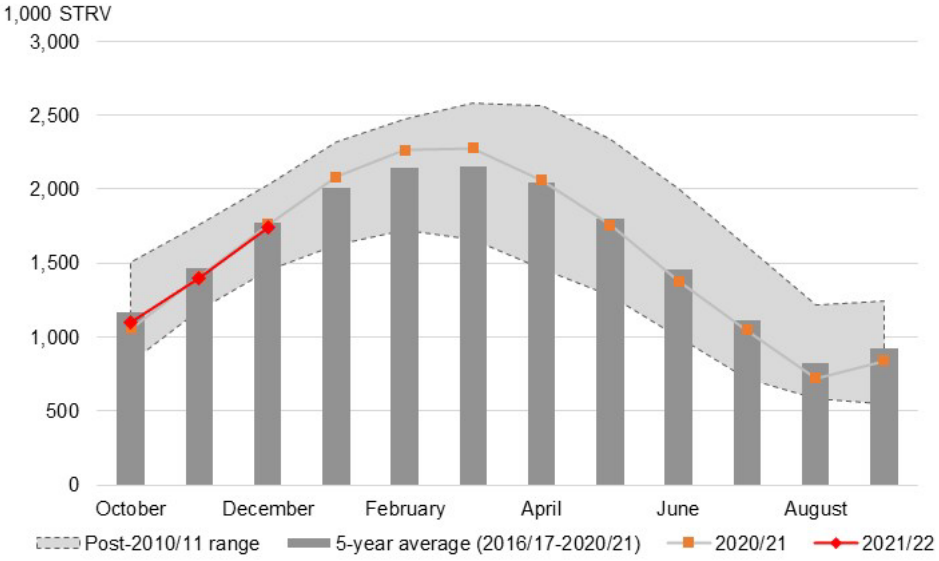
Note: STRV = short tons, raw value.
Source: USDA, Farm Service Agency.

Figure 7
Sugarcane refiners' refined sugar inventories, monthly, 2015/16 to 2021/22



Note: STRV = short tons, raw value.
Source: USDA, Farm Service Agency.

Figure 8
Sugarbeet processors' total sugar inventories, monthly, 2015/16 to 2021/22



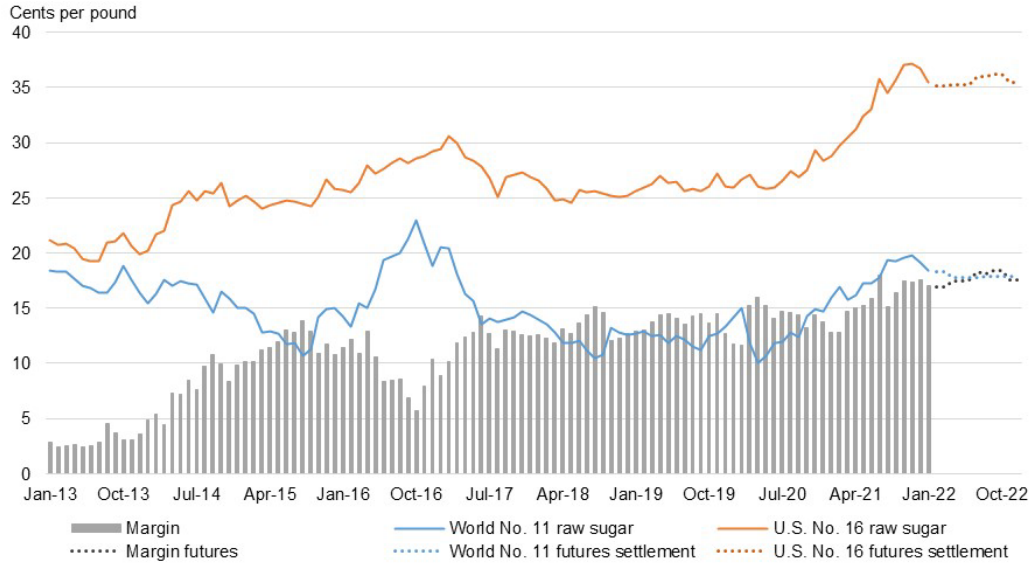
Note: STRV = short tons, raw value.
Source: USDA, Farm Service Agency.

U.S. Sugar Prices Remain Elevated

U.S. sugar prices for raw and refined sugar have eased in recent weeks but remain elevated relative to recent years, despite the forecast for a record-large domestic production (figures 9 and 10). While the U.S. raw sugar price (No. 16 futures) has weakened, it remains above 35 cents per pound through the November 2022 futures. Early this month, *Milling and Baking News* reported that spot market prices quoted at the mill for wholesale refined Northeast cane sugar is 52 cents per pound and 41-42 cents per pound for refined Midwestern beet sugar, compared with 42 and 36.5 cents a year ago, respectively. Note, though, that while spot prices are high, the bulk of the sugar sold is usually priced through longer-term contracts. Nonetheless, the sugar Producer Price Indices from the U.S. Department of Labor, Bureau of Labor Statistics confirm that the tight sugar supply situation and logistic issues have increased the delivered costs of refined sugar for users (figure 11). In particular, the PPI for refined cane sugar in December is nearing the peak level previously reached in July 2011.

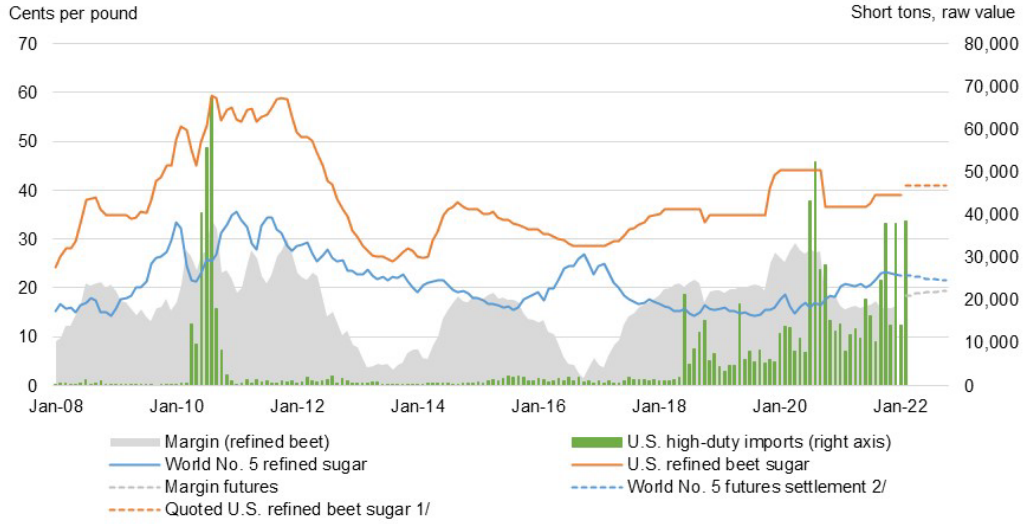
The 2021/22 high-tier tariff imports forecast is unchanged this month at 150,000 STRV (table 1). The margins between the U.S. and world sugar prices are just below the levels where paying the high-tier duty for raw and refined sugar imports would be economical (figures 9 and 10). But given the accelerated entry pace, this import category merits close attention as more data becomes available. Additional factors, such as the prohibitive cost of freight to move the excess Louisiana raw sugar to coastal refineries, may lead to tight supplies later in the year and may prompt commercial sugar users and import dependent cane refiners to turn to high-tier sugar.

Figure 9
U.S. and world raw sugar prices and margin, monthly, January 2013 to December 2022



Note: No. 11 and No. 16 contract futures settlement prices, Intercontinental Exchange Inc., on 2/11/2022 out to December 2022.
Source: USDA, Economic Research Service; Intercontinental Exchange, Inc.

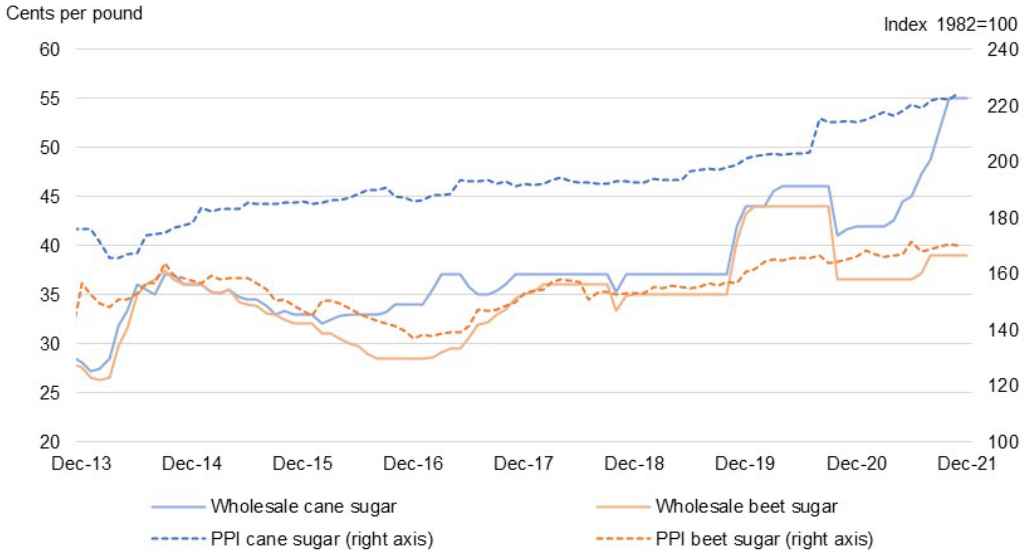
Figure 10
U.S. and world refined sugar prices, and high-tier duty imports, monthly, January 2008 to October 2022



1/ Midwest bulk refined beet sugar price as quoted in Sosland *Milling and Baking News*.
2/ No. 5 contract futures settlement prices, Intercontinental Exchange Inc., on 2/11/2022 out to October 2022.
Source: USDA, Economic Research Service; Intercontinental Exchange, Inc.; *Sosland Milling and Baking News*.

Figure 11

Wholesale prices and producer price index for refined cane sugar and beet sugar, monthly, December 2013 to December 2021



PPI = Producer Price Index.
Source: USDA, Economic Research Service.

Mexico Outlook

Mexican Supply and Use Changed Slightly

The February 2022 *World Agricultural Supply and Demand Estimates* (*WASDE*) report had minor changes to the 2021/22 Mexican sugar supply and use (table 7). Imports for consumption are reduced 9,000 metric tons from last month to 19,000 as the lower domestic prices serve to disincentivize imports. Deliveries for the Mexican *Industria Manufacturera, Maquiladora y de Servicios de Exportación* (IMMEX) program are increased by 11,057 metric tons to 497,000 on pace to date. The net effect of these changes is a slightly higher ending stocks at 919,186 metric tons, which is roughly equivalent to the Mexican government's target of 2.5 months-worth of domestic consumption. Residually determined exports bound for countries other than the United States are reduced by 22,360 metric tons to 843,616. Exports to the United States are unchanged at 911,218 metric tons. Per the terms of the U.S.-Mexico Sugar Suspension Agreements, the U.S. Department of Commerce will set Mexico's final Export Limit next month based on the calculation of U.S. Needs from the March *WASDE*.

Table 7: Mexico sugar: supply and use by fiscal year (October/September), February 2022

Items	2019/20	2020/21 (estimate) January	2020/21 (estimate) February	2020/21 Monthly change	2021/22 (forecast) January	2021/22 (forecast) February	2021/22 Monthly change
		1,000 metric tons, actual weight					
Beginning stocks	1,169	858	858	0	1,053	1,053	0
Production	5,278	5,715	5,715	0	5,979	5,979	0
Imports	77	65	65	0	63	54	-9
Imports for consumption	55	32	32	0	28	19	-9
Imports for sugar-containing product exports, IMMEX 1/	23	33	33	0	35	35	0
Total supply	6,524	6,638	6,638	0	7,095	7,086	-9
Disappearance							
Human consumption	4,101	3,935	3,935	0	3,915	3,915	0
For sugar-containing product exports (IMMEX)	352	485	485	0	486	497	11
Other deliveries and end-of-year statistical adjustment	1						
Total	4,455	4,420	4,420	0	4,401	4,412	11
Exports	1,212	1,165	1,165	0	1,777	1,755	-22
Exports to the United States and Puerto Rico	1,177	828	828	0	911	911	0
Exports to other countries	35	337	337	0	866	844	-22
Total use	5,667	5,585	5,585	0	6,178	6,167	-11
Ending stocks	858	1,053	1,053	0	917	919	2
Stocks-to-human consumption (percent)	20.9	26.8	26.8	0.0	23.4	23.5	0.1
Stocks-to-use (percent)	15.1	18.9	18.9	0.0	14.8	14.9	0.1
High-fructose corn syrup (HFCS) consumption (dry weight)	1,388	1,320	1,320	0	1,310	1,310	0

1/ IMMEX = Industria Manufacturera, Maquiladora y de Servicios de Exportación.
Sources: USDA, World Agricultural Outlook Board; USDA, Economic Research Service; Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Sugar Production Unchanged

The 2021/22 *WASDE* forecast for domestic sugar production remains at 5.979 million metric tons (table 7), 133,000 metric tons below the second estimate (6.112 million metric tons) that the National Committee for the Sustainable Development of Sugar Cane (CONADESUCA) released early this month. Based on a survey of mills, the updated estimate is marginally changed from the initial estimate of 6.116 million metric tons. Expectations for all the elements are lowered except for sugarcane yield. CONADESUCA also updated its sugar production estimate by type as follows: estándar up 30,194 metric tons to 3.738 million; less than 99.2 polarity up by 37,001 metric tons to 813,610; refinada down by 38,848 metric tons to 1.421 million; blanco especial down by 31,292 metric tons to 138,075; and mascabado down by 1,700 metric tons to 1,000.

Through February 5, which is the 19th week of the campaign, all 49 Mexican mills are in operation (table 8). While accumulated harvested acres and sucrose recovery lag last year's pace, strong sugarcane yields provide some offset (figure 12). The net result is a cumulative sugar production of 2.274 million metric tons, which is comparable with 2.297 million metric tons at the same time last year.

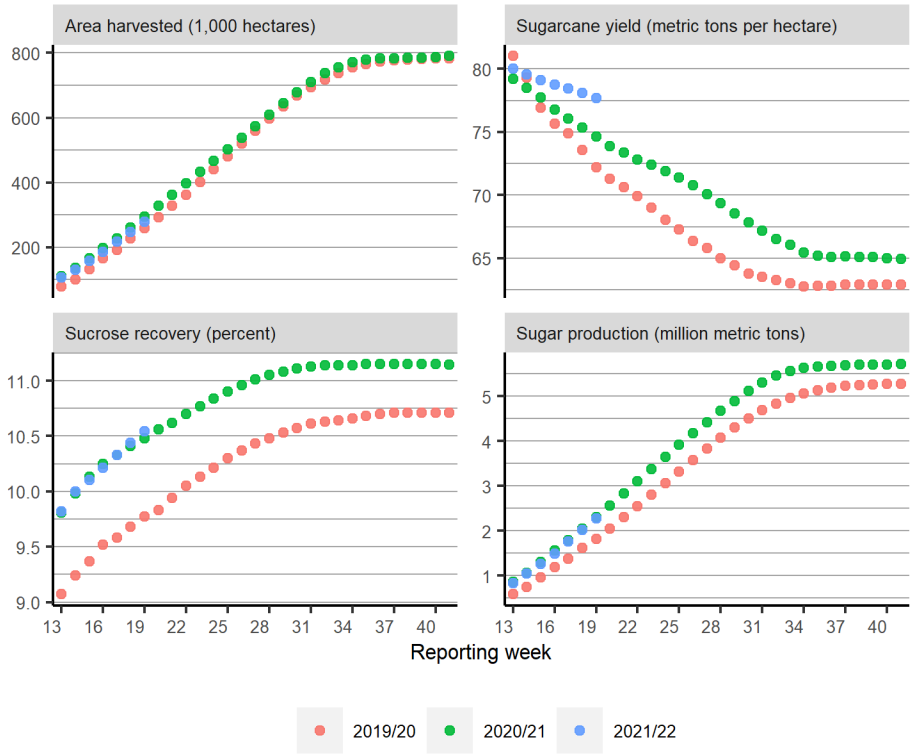
Table 8: Mexico sugar production as of week 19

	As of week 19		Difference	
	2020/21	2021/22	Level	Percent
Area harvested (hectares)	293,592	277,823	-15,769	-5
Sugarcane processed (metric tons)	21,920,069	21,588,105	-331,964	-2
Sugarcane yield (metric tons per hectare)	74.66	77.70	3.04	4
Number of mills in operation	49	49	0	0
Extraction rate (percent)	10.48	10.54	0.06	1
Total factory yield (metric tons sugar per hectare)	7.82	8.19	0.37	5
Sugar production (metric tons)	2,296,522	2,274,491	-22,031	-1

Sources: USDA, Economic Research Service calculations using data from Mexico's National for the Committee Sustainable Development of Sugarcane (CONADESUCA).

Figure 12

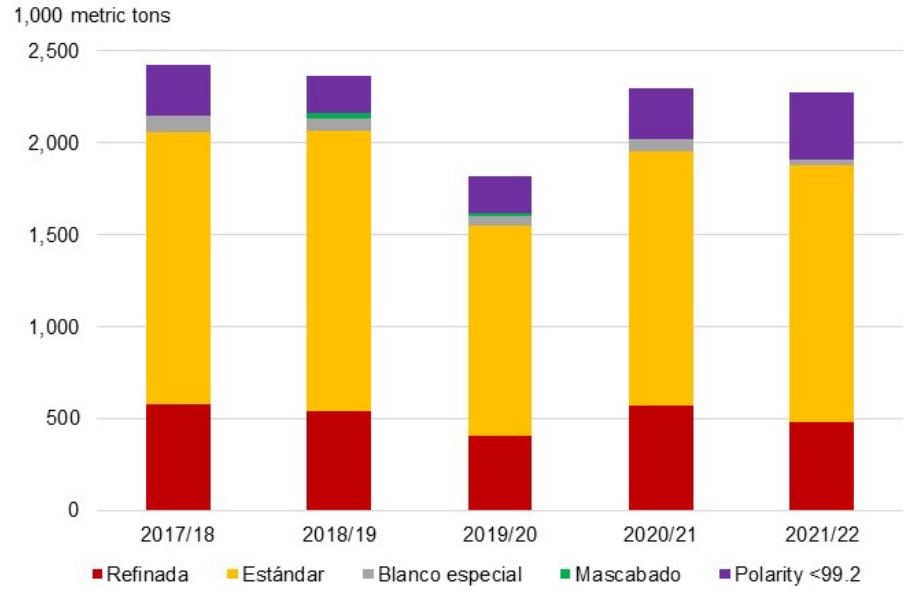
Mexican sugarcane cumulative harvest progress, 2019/20 to 2021/22



Source: Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Production of less than 99.2 polarity sugar to date is 369,911 metric tons, the largest in the last five years and up 33 percent from last year (figure 13). Production pace for the rest of the sugar types is relatively slower than last year. Priority is likely being given to meet the requirement that the additional 150,000-short ton, raw value of 99.2 polarity sugar announced by the U.S. Department of Commerce on November 23 be exported to the U.S. no later than March 31.

Figure 13
Mexico sugar production, by type of sugar, as of week 19



Source: Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Deliveries Marginally Up; Imports Slightly Down

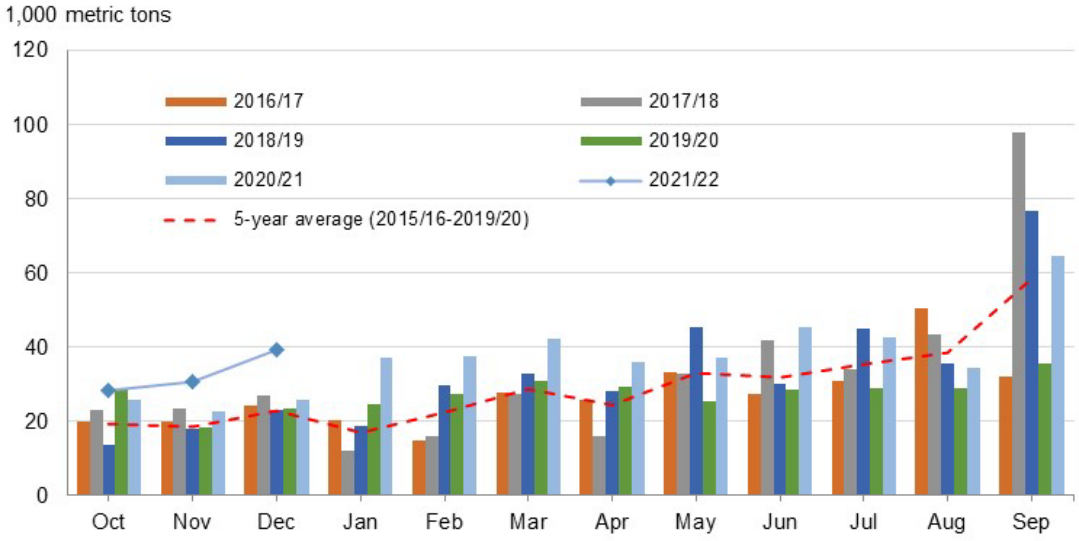
Mexico's 2020/21 total deliveries are slightly up from last month's estimate, all on the account of *Industria Manufacturera, Maquiladora y de Servicios de Exportación* (IMMEX) program, which allows the use of imported and domestically produced sugar as inputs to manufacture products for export. Deliveries to IMMEX are raised 11,057 metric tons to 497,000 based on the elevated monthly pace driven by the program's higher returns and logistical advantages over shipping to non-U.S. export destinations (figure 14).

Deliveries of sugar and high-fructose corn syrup (HFCS) are unchanged at 3.915 million metric tons and 1.310 million, dry basis, respectively (figure 15). Both are projected to continue the downward trend in place since 2016/17.

Imports for consumption are reduced 9,000 metric tons from last month to 19,000 as lower domestic prices serve to disincentivize imports. Estándar and refined sugar prices in Mexico City have declined steadily in recent weeks, partly due to ample supplies and anticipation of a strong sugar campaign (figure 16).

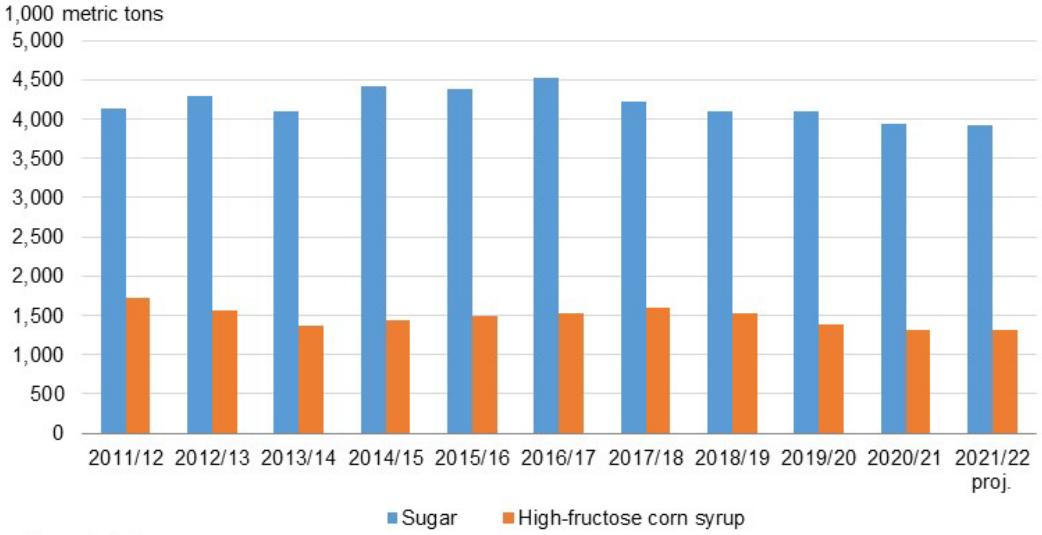
Taking all the changes to supply and use into account, ending stocks are up slightly at 919,186 metric tons, which is roughly equivalent to the Mexican government's target of 2.5 months-worth of domestic consumption.

Figure 14
Mexican domestic IMMEX deliveries, monthly, 2016/17 to 2021/22



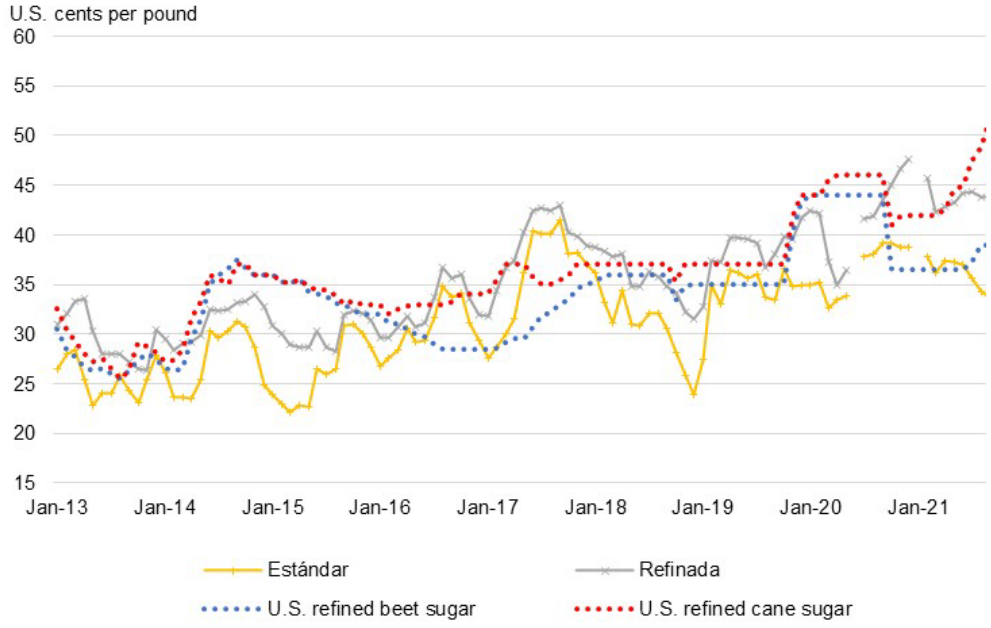
IMMEX = Industria Manufacturera, Maquiladora y de Servicios de Exportación.
Source: Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Figure 15
Mexican sweetener consumption, October to September, 2011/12 to 2021/22



proj. = projected.
Source: Mexico's National Committee for the Sustainable Development of Sugarcane (CONADESUCA).

Figure 16
Mexican and U.S. sugar prices, monthly, January 2013 to December 2021



Source: USDA, Economic Research Service.

Suggested Citation

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