



Sugar and Sweeteners Outlook

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Slow Pace Reported, Lower Deliveries Forecast in 2017/18 and 2018/19

The sluggish pace of domestic deliveries for food and beverages through May results in a reduction in estimated deliveries for 2017/18 and projected deliveries in 2018/19—reduced 65,000 short tons, raw value (STRV) and 100,000 STRV, respectively. Production estimates for 2017/18 were revised up 55,000 STRV due to more beet sugar production. Projections for 2018/19 production are lowered 185,000 STRV due to less cane sugar production, based on the National Agricultural Statistics Service's *Acreage* report, released on June 29, 2018. Projected imports for 2018/19 are updated to reflect the July 2, 2018, announcement from the Secretary regarding the size of the 2018/19 fiscal year tariff-rate quotas for the raw, refined, and specialty sugar. Ending stocks for 2017/18 are raised 135,000 STRV, with an estimated stocks-to-use ratio of 16.0 percent. The stocks-to-use ratio in 2018/19 is projected to be 13.5 percent.

Mexico's 2017/18 sugarcane harvest season was completed in early July with 6.009 million metric tons, actual value (MT), of sugar production—a 39,000 MT increase from the previous estimate. The additional supplies will result in increased exports on the world sugar market and slightly more ending stocks, with the stocks-to-consumption ratio increasing slightly to 28.7 percent. Ending stocks for 2018/19 are projected to result in a relatively tighter 22.0-percent stocks-to-consumption ratio. Projected exports in 2018/19 are raised 9,000-MT based on increased shipments to the United States.

U.S. Domestic Outlook

U.S. Domestic Sugar Production Raised for 2017/18, but Lowered for 2018/19

U.S. sugar production estimates for 2017/18 are raised to 9.293 million short tons, raw value (STRV), in USDA's July *World Agricultural Supply and Demand Estimates* (WASDE), up 55,000 STRV from the previous month's estimate. Along with changes to estimated imports, total sugar supplies are raised 70,000 STRV to 14.571 million STRV. Total supplies for 2018/19 are projected to be 14.347 million STRV, 144,000 STRV higher than the June projection, all due to raised imports as domestic production projections are reduced.

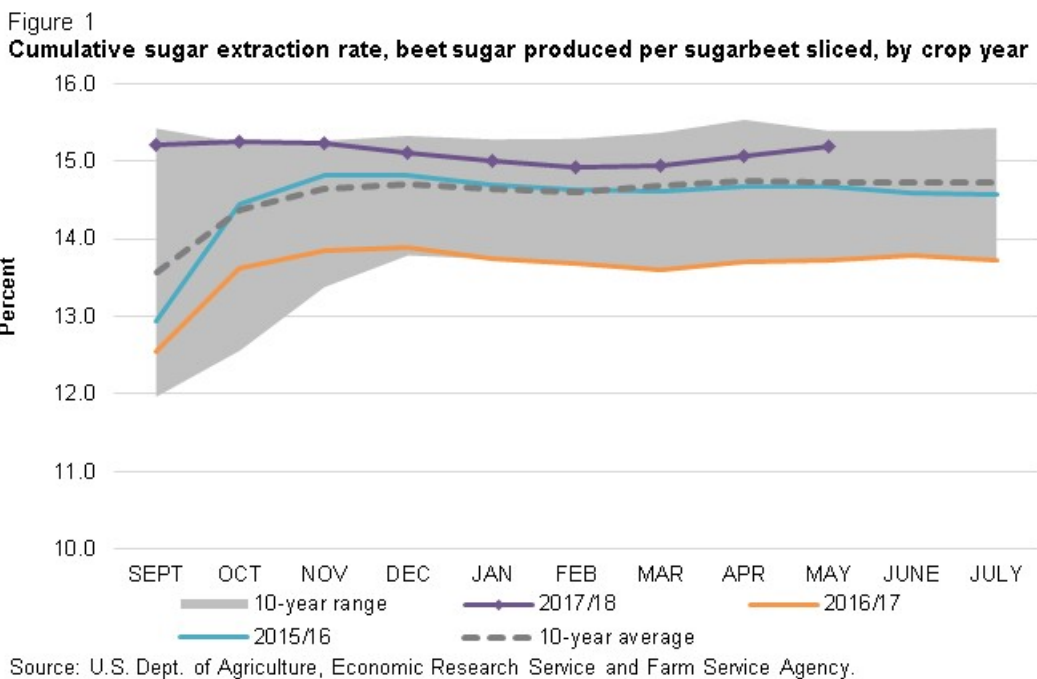
Table 1: U.S. sugar: supply and use, by fiscal year (Oct./Sept.), July 2018

Items	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
		(estimate)	(forecast)		(estimate)	(forecast)
	1,000 Short tons, raw value			1,000 Metric tons, raw value		
Beginning stocks	2,054	1,876	2,011	1,863	1,702	1,824
Total production	8,969	9,293	8,776	8,137	8,430	7,961
Beet sugar	5,103	5,276	5,036	4,629	4,786	4,569
Cane sugar	3,866	4,017	3,740	3,507	3,644	3,393
Florida	2,055	1,983	2,000	1,864	1,799	1,814
Louisiana	1,628	1,859	1,590	1,477	1,686	1,442
Texas	140	175	150	127	159	136
Hawaii	43	0	0	39	0	0
Total imports	3,244	3,402	3,560	2,943	3,087	3,230
Tariff-rate quota imports	1,611	1,788	1,540	1,462	1,622	1,397
Other program imports	419	300	350	380	272	318
Non-program imports	1,213	1,314	1,670	1,101	1,192	1,515
Mexico	1,201	1,269	1,655	1,090	1,152	1,502
Total supply	14,267	14,571	14,347	12,943	13,219	13,015
Total exports	95	170	85	86	154	77
Miscellaneous	38	0	0	35	0	0
Deliveries for domestic use	12,258	12,390	12,555	11,121	11,240	11,390
Transfer to sugar-containing products for exports under re-export program	127	120	120	115	109	109
Transfer to polyhydric alcohol, feed, other alcohol	29	35	35	27	32	32
Commodity Credit Corporation (CCC) sale for ethanol, other	0	0	0	0	0	0
Deliveries for domestic food and beverage use	12,102	12,235	12,400	10,979	11,099	11,249
Total use	12,391	12,560	12,640	11,241	11,394	11,467
Ending stocks	1,876	2,011	1,707	1,702	1,824	1,549
Private	1,876	2,011	1,707	1,702	1,824	1,549
Commodity Credit Corporation (CCC)	0	0	0	0	0	0
Stocks-to-use ratio	15.14	16.01	13.50	15.14	16.01	13.50

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

Beet sugar production in 2017/18 is estimated to reach 5.276 million STRV—a 55,000-STRV increase from the June estimate. Late-season slicing campaign reports from sugarbeet

processors show strong sucrose extraction from sliced sugarbeets, raising the cumulative extraction rate to well-above the historical 10-year average. The national slicing campaign extended well into the spring and even into June in some regions, in large part due to the large sugarbeet crop harvested, along with favorable weather and storage conditions that maintained the quality of the sugarbeets. These factors increase the expected sugar produced from the 2017/18 sugarbeet crop. Expected early-season sugar production from the 2018/19 crop that is currently developing remains unchanged from the June estimate at 598,000 STRV. This estimate is based on the planting progress results from the spring after a slow start due to cold weather conditions in April, but with most of the crop planted by mid-May to allow for adequate crop development for an early harvest—particularly in the Eastern growing regions that rely on early-season harvest and production to manage processor through-put.



On June 29, 2018, the USDA’s National Agricultural Statistics Service (NASS) released its June *Acreage* report that included the first estimates for sugarbeet harvested area and updated estimates for planted area. Sugarbeet growers are forecast to harvest 1.094 million acres for the 2018/19 crop, which would be a 1.9-percent decrease from the previous year and the seventh-consecutive year of small annual declines. The report slightly increased the estimate of planted area compared with the March *Prospective Plantings* report on which previous forecasts were predicated, however. The report estimates planted area at 1.116 million acres compared

with 1.113 million acres initially forecast in March—but this still represents a 1.4-percent decline from 2017.

Table 2: Sugarbeet harvested area, 2015/16 to 2017/18, July 2018

State	2015/16	2016/17	2017/18	2018/19 (forecast)	Annual Change
	<i>1,000 acres</i>				<i>percent</i>
Minnesota	435.0	417.0	409.0	395.0	-3.4
North Dakota	206.0	203.0	212.0	208.0	-1.9
Idaho	172.0	170.0	166.0	162.0	-2.4
Michigan	151.0	149.0	143.0	148.0	3.5
Nebraska	46.8	47.2	45.2	44.5	-1.5
Montana	43.7	45.3	42.7	42.9	0.5
Wyoming	31.2	30.0	31.6	31.0	-1.9
Colorado	27.3	27.6	29.0	26.3	-9.3
California	24.7	25.0	24.7	24.1	-2.4
Oregon	7.7	10.2	9.1	9.7	6.6
Washington	N/A	1.9	1.8	1.9	5.6
U.S. Total	1,145.4	1,126.2	1,114.1	1,093.4	-1.9

Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Projected sugar production from the 2018/19 crop year is unchanged at 5.036 million STRV, given the relatively minor change to acreage expectations from the previous month and assuming that no substantial weather conditions will impact yield beyond normal planting progress trends and that sucrose extraction, shrink rates, and early-season production for 2019/20 will remain in line with historical averages. On a fiscal year basis, this would represent a 4.8-percent decline from the previous year, currently forecast to be a record.

Table 3: Beet sugar production projection calculation, 2017/18 and 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18 June	2017/18 July	2018/19 July
Sugarbeet production (1,000 short tons) 1/	35,224	32,789	31,285	35,371	36,881	35,325	35,325	34,561
Sugarbeet shrink 2/	4.8%	6.8%	5.4%	6.5%	8.3%	6.7%	6.7%	6.7%
Sugarbeet sliced (1,000 short tons)	33,532	30,545	29,595	33,066	33,834	32,958	32,958	32,245
Sugar extraction rate from slice	15.3%	14.3%	14.6%	14.6%	13.7%	15.0%	15.2%	14.5%
Sugar from beets slice (1,000 STRV)	5,142	4,325	4,325	4,820	4,643	4,955	5,010	4,668
Sugar from molasses (1,000 STRV) 2/	327	324	341	380	352	345	345	345
Crop-year sugar production (1,000 STRV) 3/	5,469	4,648	4,667	5,201	4,995	5,300	5,354	5,012
August-September sugar production (1,000 STRV)	708	315	461	688	606	715	715	598
August-September sugar production forecast (1,000 STRV)	315	461	688	606	715	598	598	582
Sugar from imported beets (1,000 STRV) 4/	--	--	--	--	--	38	38	40
Fiscal year sugar production (1,000 STRV)	5,076	4,794	4,893	5,119	5,103	5,221	5,276	5,036

Notes: 1/ National Agricultural Statistics Service, U.S. Dept. of Agriculture. 2/Projections based on processor forecasts published by U.S. Dept. of Agriculture, Farm Service Agency. 3/ August-July basis. 4/ Sugar from imported beets split out for projections only, included in total once full crop-year slice is recorded. They are incorporated into total production in historical data.

Source: U.S. Dept. of Agriculture, Economic Research Service and World Agricultural Outlook Board.

The NASS *Acreage* report included the first estimates for sugarcane harvested area, providing the survey-based market information for the 2018/19 sugarcane market. The forecast for the 2018/19 sugarcane crop showed a 2.1-percent drop in U.S. sugarcane area compared with the

previous year. The national decline is due to a 4.4-percent decline in Louisiana and a 4.1-percent decline in Texas, outweighing the 0.6-percent increase in Florida. With sugarcane yields and recovery rates expected to be in line with recent average levels, total cane sugar production in 2018/19 is projected to be 3.740 million STRV, which would be a 7.4-percent decline from the previous year. While still early in the crop development period, sugarcane growing conditions have been generally favorable. The production projections for each State assume normal weather conditions for the remainder of the growing season, as well as during the harvest season that begins in the fall and continues through spring in Florida and Texas. Based on the reported acreage forecasts, cane sugar production in Louisiana is projected to be 1.590 million STRV, a 90,000-STRV reduction from the June report. Florida production is projected to be 2.000 million STRV, an 85,000-STRV reduction. Texas production is projected to be 150,000 STRV, 10,000 STRV less than the previous month.

Table 4: Sugarcane harvested area, 2015/16 to 2018/19

State	2015/16	2016/17	2017/18	2018/19 (forecast)	Annual Change
	<i>1,000 acres</i>				<i>percent</i>
Florida	413.0	417.0	412.7	415.2	0.6
Louisiana	410.0	431.0	449.6	430.0	-4.4
Texas	36.6	39.6	41.8	40.1	-4.1
Hawaii	15.1	15.5	0.0	0.0	--
U.S. Total	874.7	903.1	904.1	885.3	-2.1

Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Imports in 2017/18 from TRQs and Mexico Remain on Pace

The outlook for sugar imports in 2017/18 is changed, but only by a relatively minor amount. Estimated U.S. imports for 2017/18 are 3.402 million STRV, up 15,000 STRV from the June estimate. The increase is due entirely to a 15,000-STRV increase in estimated high-tier tariff imports based on preliminary reporting from U.S. Customs. The increase appears to be from isolated transactions, and, thus far, does not appear to be part of a larger trend of sugar imported at the full duty rates.

Imports under quota programs in 2017/18 are unchanged from the previous month at 1.788 million STRV. This total includes sugar imported under the 2016/17 raw sugar TRQ—totaling 236,000 STRV- which had its entry deadline extended as part of a series of policy announcements by the Secretary in July 2017. It also includes an expected shortfall of 99,000

STRV in the raw sugar 2017/18 TRQ. Entries under refined and specialty TRQs and free-trade agreements (FTA) are also unchanged in the July WASDE.

Imports from Mexico in 2017/18 are estimated to be 1.269 million STRV, unchanged from the previous month. The estimate reflects the market access provided to Mexico through the 2017/18 Export Limit, announced by the U.S. Department of Commerce (USDOC) in March 2018, as specified in the agreements to suspend the anti-dumping and countervailing duty (AD/CVD) investigations signed by the USDOC and the Government of Mexico. Mexico has completed its harvest campaign for 2017/18, and the estimate assumes that Mexico fills the entirety of the allotted Export Limit, including the specific allocations for refined and other sugar, as defined in the agreement. Additional analysis of the Mexico sugar market is provided later in this report. Through June, entries of sugar from Mexico are estimated at 909,000 STRV, or 72 percent of the current estimate.

Tariff-Rate Quota Amounts for 2018/19 Set by Secretary

On July 2, 2018, the Secretary announced the import quota amounts for the 2018/19 fiscal year, including the TRQs for raw, refined, and specialty sugar. The TRQ for raw sugar (1.231 million STRV) and refined sugar (22,000 STRV) represent the minimum required WTO commitments. The TRQ for specialty sugars (189,000 STRV) includes the WTO minimum commitment, as well as an additional quantity of 187,000 STRV.

U.S. sugar imports under quota programs for 2018/19 are projected to be 1.543 million STRV, which incorporates the recent TRQ announcements. The total includes a 99,000-STRV projected shortfall in the raw sugar TRQ—in line with shortfall estimates for the previous year.

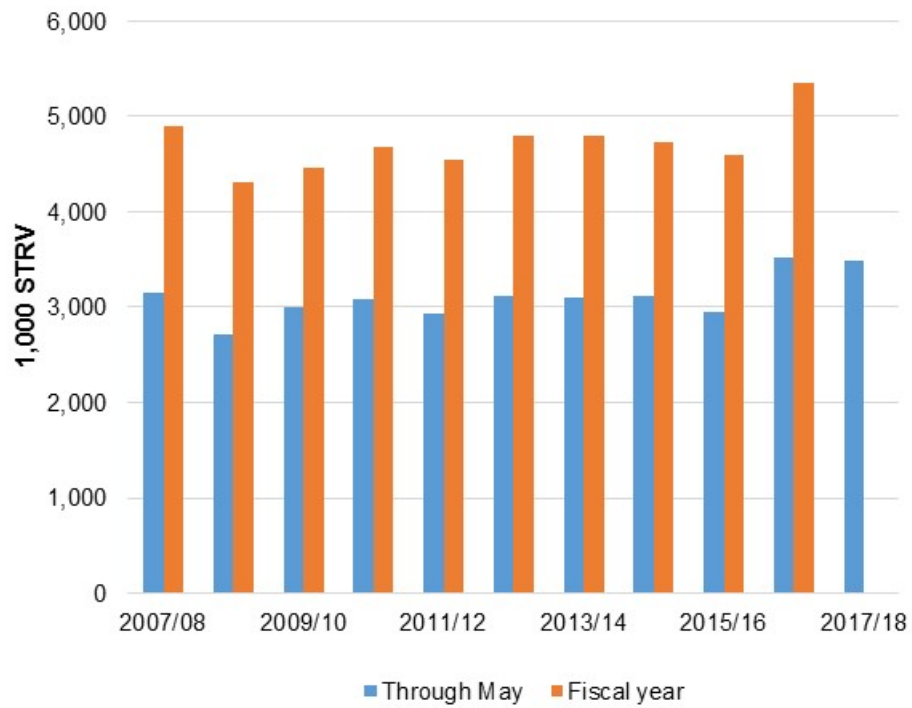
Imports from Mexico are projected to total 1.655 million STRV, a 10,000-STRV increase from the June projection based on changes to the anticipated U.S. Needs to be published by the USDOC in accordance to the terms of the suspension agreements. If fully realized, this would be a 30.4-percent increase in imports from the current 2017/18 estimate. Further, based on the terms of the suspension agreements, an initial Export Limit would be set by the USDOC of 50 percent of the calculated U.S. Needs from July, or 828,000 STRV. Additional calculations and Export Limit publications will be made by USDOC subsequent to the September 2018, December 2018, and March 2019 WASDE reports. Subsequent Export Limit calculations will be based on escalating proportions of U.S. Needs, but the Export Limit cannot be reduced from a previously published amount.

Pace of Domestic Deliveries Through May 2018 Lead to Reduction in Forecasts for 2017/18 and 2018/19

A sluggish pace in 2017/18 sugar deliveries for food and beverages has continued through data reported in May. Total deliveries for food and beverage use in 2017/18 were 1.3-percent lower through May than they were the previous year. Food and beverage deliveries are projected to be 12.400 million STRV in 2018/19, a 100,000-STRV reduction from the previous month's figure. The reduction for 2018/19 puts the projection more in line with the updated estimate for the current year, forecasting a 1.3-percent annual increase. If realized, the current estimate for 2017/18 would be a 1.1-percent increase from 2016/17 deliveries.

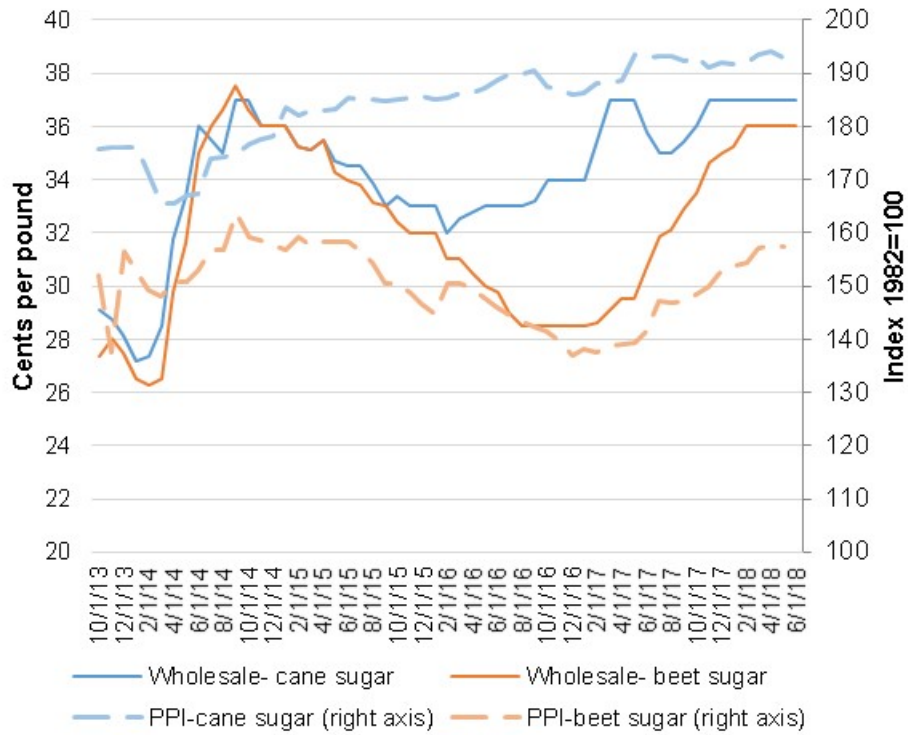
The U.S. sugarbeet processing and cane sugar refining sectors have demonstrated distinct trends toward the current pace. Food and beverage deliveries from the beet processing sector are 0.9-percent lower through May than the same period last year. The decline is coming after a record-breaking year for beet sugar deliveries in 2016/17—which had a 12.8-percent increase from the previous year and were 11.3 percent higher than the previous record in 2013/14. Contributing to the substantial increase in pace during 2016/17 were large supplies—due to high inventories beginning the year and large production during the year—and a discount in the wholesale refined beet sugar price compared with refined cane sugar, as indicated by *Milling and Baking News* and the Bureau of Labor Statistics (BLS) Producer Price Index (PPI). The pace of 2016/17 deliveries and market developments has alleviated both the high inventories and price differential between refined cane and beet sugar. As a result, the pace of beet sugar deliveries has begun to moderate compared with the previous year, but should still remain strong by historical standards.

Figure 2
Total U.S. beet sugar deliveries, fiscal year, 2007/08 to 2017/18



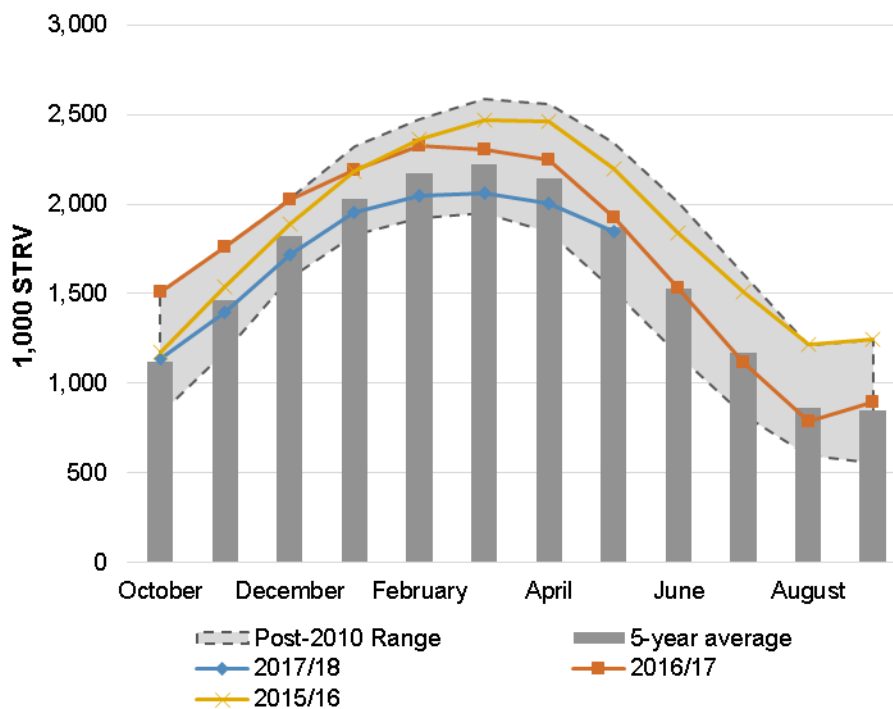
Source: U.S. Department of Agriculture, Farm Service Agency.

Figure 3
Refined sugar prices, wholesale and Producer Price Indices, monthly



Source: U.S. Department of Agriculture, Economic Research Service.

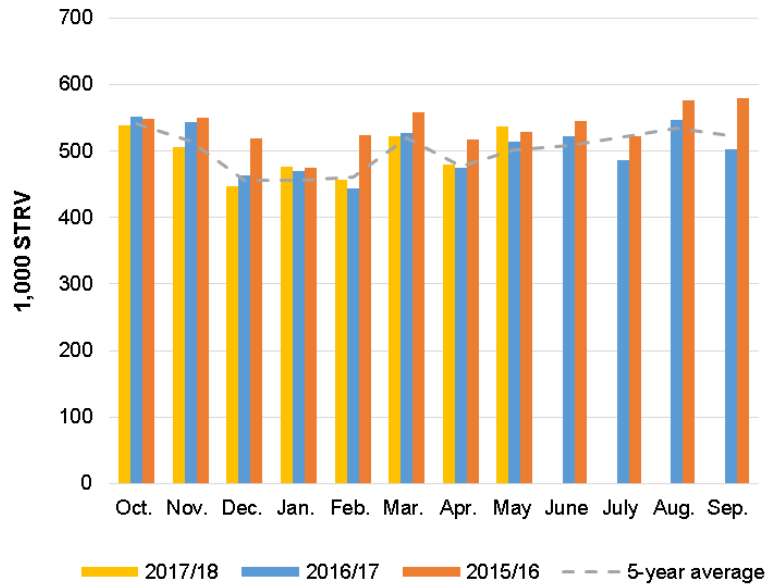
Figure 4
Sugarbeet processors' total sugar inventories, monthly, 2015/16 to 2017/18



Source: U.S. Department of Agriculture, Farm Service Agency.

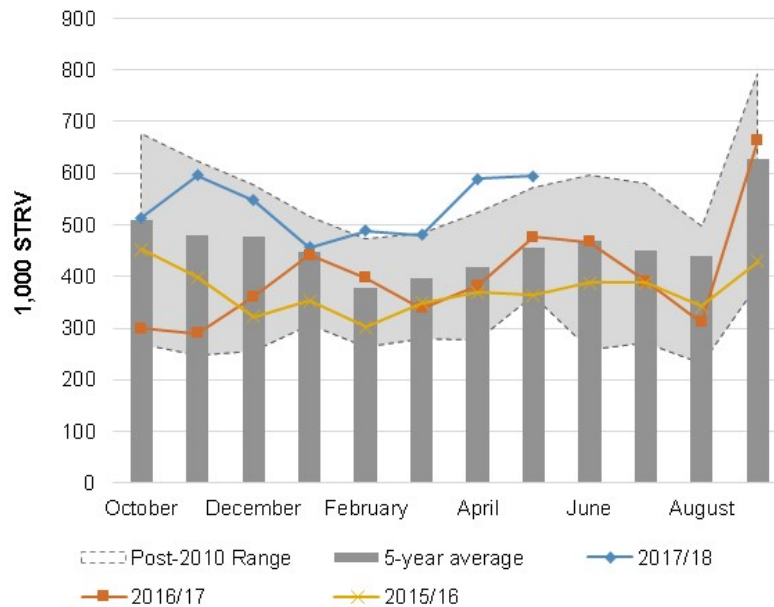
The U.S. cane sugar refining sector's food and beverage deliveries through May were 0.6-percent lower than the previous year. The relatively sluggish pace of monthly deliveries began in late 2016/17 when raw sugar supplies in the sector were tight. Policy actions by the USDA in July 2017 increased the raw sugar TRQ and extended the entry period, which led to higher raw sugar inventories carried by cane refiners in September 2017. Raw sugar inventories have remained high through the latest reporting in May. Refiners' melt rates have remained relatively flat, leading to sluggish deliveries, with refined sugar inventories in the sector remaining low while raw sugar inventories remain high. Nearby futures prices for raw sugar and spot prices for refined cane sugar suggest greater margins for the remainder of 2017/18, compared with levels over the last 5 years. Price levels in 2018/19 based on futures contracts and reported refined sugar offers indicate that margins will be tighter in the upcoming year, but still at a level comparable to recent years. Whether the cane refining sector will increase its melt rate and deliveries at current price and margin levels or maintain high raw sugar inventories will be an important determinant of the outlook for domestic deliveries for 2017/18 and 2018/19.

Figure 5
Cane sugar deliveries, monthly, 2015/16 through 2017/18



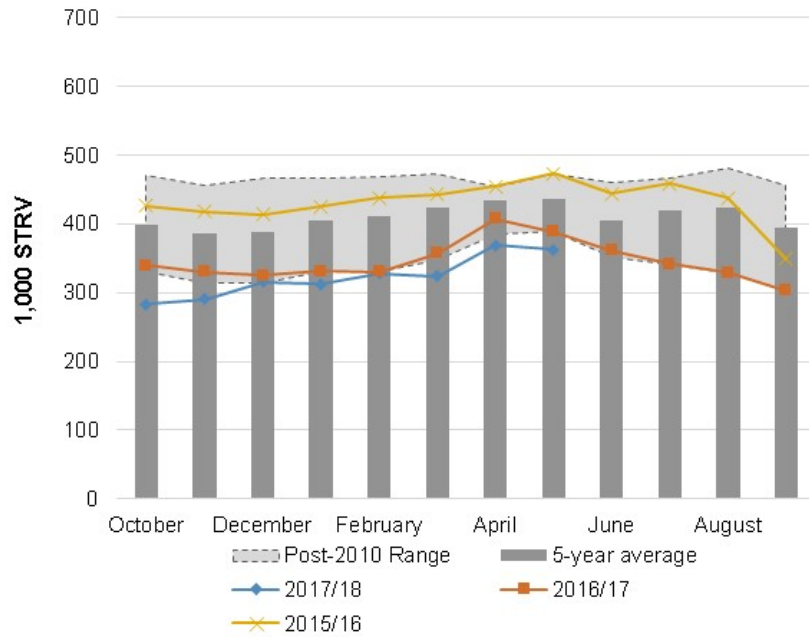
Source: U.S. Department of Agriculture, Farm Service Agency.

Figure 6
Sugarcane refiners raw sugar inventories, monthly, 2010/11 to 2017/18



Source: U.S. Department of Agriculture, Farm Service Agency.

Figure 7
Sugarcane refiners' refined sugar inventories, monthly, 2010/11 to 2017/18



Source: U.S. Department of Agriculture, Farm Service Agency.

Figure 8
U.S. refiner margins, monthly, January 2008 to September 2019



Source: U.S. Department of Agriculture, Economic Research Service.

Ending Stocks for 2017/18 Raised

Raised supply estimates and lowered use estimates result in ending stock estimates for 2017/18 being raised 135,000 STRV to 2.011 million STRV. This would result in a 16.0-percent stocks-to-use ratio, which would be the highest since 2015/16. Projected ending stocks for 2018/19 are 1.707 million STRV, with a projected stocks-to-use ratio of 13.5 percent.

Mexico Outlook

Mexico Harvest Concludes, Increases from 2016/17

The Mexico sugarcane harvest has concluded by early July according to reporting by the *Comité Nacional para el Desarrollo Sustentable de la Cana de Azúcar* (Conadesuca). Initial totals for the full harvest show that Mexico sugarcane processors produced 6.009 million metric tons, actual value (MT), in 2017/18. Harvested sugarcane area in 2018/19 was 0.8 percent higher than the previous year, with lower sugarcane yields but higher recovery rates. This year's sugar production figure would represent a 0.9 percent increase from 2016/17 production and a 39,000-MT increase from the June estimate. The increased production is forecast to contribute to larger exports and slightly higher ending stocks.

Projected production for 2018/19 remains unchanged from the previous month, totaling 6.025 million MT—which would be a 0.3 percent increase from the 2017/18 total. Conadesuca has not released any official estimates for the 2018/19 sugarcane crop and likely will not until the fall, if they are consistent with past years. The projection is based on harvested area comparable to 2017/18 and sugarcane yields and recovery rates in line with historical averages.

Domestic deliveries of sugar in Mexico continue to lag compared with the previous year. Through May, sugar deliveries are 7.4 percent behind the previous year. This is partially offset by a 6.1-percent increase in high-fructose corn syrup (HFCS) deliveries, but overall sweetener deliveries remain 4.2 percent lower than 2016/17. Relatively high sugar prices are likely one of the main reasons for this, as domestic prices experienced a sharp increase in May 2017. Prices have moderated a bit in peso terms—particularly the *estandar* price—but still remain high by historical standards.

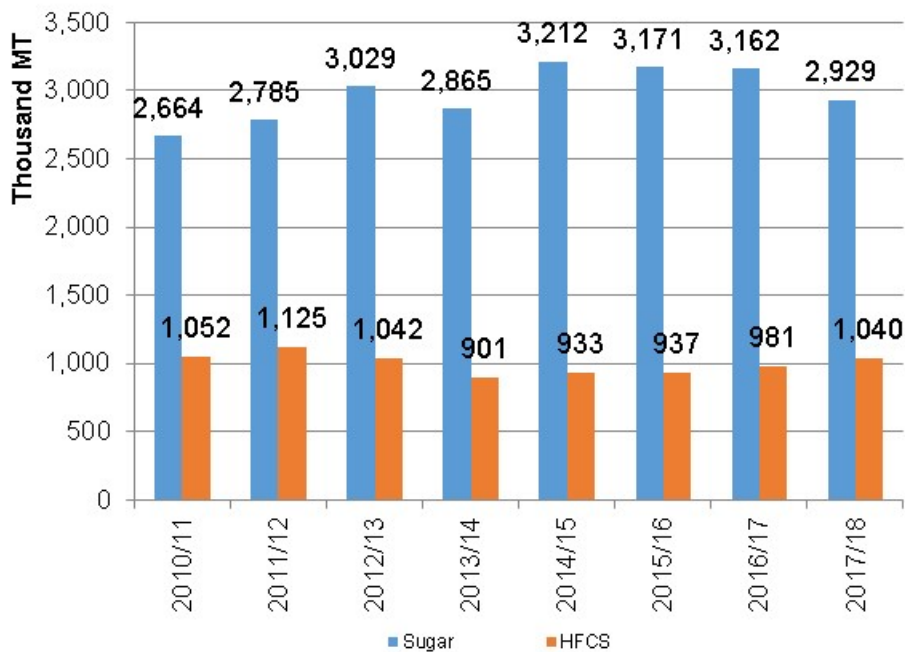
Table 3: Mexico sugar supply and use, 2016/17 - 2017/18 and projected 2018/19, July 2018

Items	2016/17	2017/18 (estimate)	2018/19 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	1,037	1,002	1,246
Production	5,957	6,009	6,025
Imports	93	190	115
Imports for consumption	48	140	65
Imports for sugar-containing product exports, IMMEX ^{1/} , other	45	50	50
Total supply	7,087	7,201	7,386
Disappearance			
Human consumption	4,515	4,337	4,562
For sugar-containing product exports (IMMEX)	397	390	390
Other deliveries and end-of-year statistical adjustment	-61	0	0
Total	4,851	4,727	4,952
Exports	1,234	1,228	1,427
Exports to the United States & Puerto Rico	1,028	1,086	1,417
Exports to other countries	205	142	10
Total use	6,085	5,955	6,378
Ending stocks	1,002	1,246	1,008
	1,000 metric tons, raw value		
Beginning stocks	1,099	1,062	1,321
Production	6,315	6,370	6,367
Imports	98	201	122
Imports for consumption	51	148	69
Imports for sugar-containing product exports (IMMEX)	47	53	53
Total supply	7,512	7,633	7,829
Disappearance			
Human consumption	4,786	4,597	4,835
For sugar-containing product exports (IMMEX)	420	413	413
Other deliveries and end-of-year statistical adjustment	-64	0	0
Total	5,142	5,010	5,249
Exports	1,308	1,302	1,512
Exports to the United States & Puerto Rico	1,090	1,152	1,502
Exports to other countries	218	150	11
Total use	6,450	6,313	6,761
Ending stocks	1,062	1,321	1,068
Stocks-to-human consumption (percent)	22.2	28.7	22.1
Stocks-to-use (percent)	16.5	20.9	15.8
High fructose corn syrup (HFCS) consumption (dry weight)	1,522	1,608	1,608

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

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

Figure 9
Mexican sweetener consumption October to May



Source: Conadesuca.

Figure 10
Mexico Estandar and Refinado sugar prices, monthly, January 2013 to June 2018



Source: U.S. Department of Agriculture, Economic Research Service.

Sugar deliveries for 2018/19 are projected to be 4.562 million MT, which would be 5.2 percent higher than from the current 2017/18 estimate. The projection assumes that deliveries fall back in line with longer-term trends, with per capita sweetener consumption in line with recent historical levels.

Mexico exports in 2017/18 are estimated to be 1.228 million MT, a 36,000-MT increase from the previous month. The increase is due to raised exports to non-U.S. destinations, primarily due to the higher production estimate in the July WASDE. The WASDE estimates Mexico ending stocks as being a function of expected domestic deliveries and shipments to the United States in 2018/19. Supplies exceeding 18 percent of 2018/19 deliveries, to satisfy domestic demand prior to the beginning of the 2018/19 sugarcane harvest, and 30 percent of the 2018/19 shipments to the United States, in line with the terms of the suspension agreement—are assumed to be exported on the world market.

Exports to the United States are estimated to be 1.086 million MT, unchanged from the previous month and in line with the published Export Limit by USDOC subsequent to the March WASDE. According to Conadesuca's latest weekly report, Mexico's processors have produced 813,000 MT of sugar with a polarity lower than 99.2, which would qualify it for the "Other Sugar" portion of the Export Limit that totals 760,000 MT. This would suggest that there are sufficient supplies to fulfill this year's Export Limit and additional supplies that can be stored for the 2018/19 Export Limit or exported into the world market.

Exports for 2018/19 are projected to total 1.427 million MT. Shipments to the United States are projected to account for 1.417 million MT, based on the forecast of U.S. Needs from the July WASDE's U.S. sugar supply and use projections. If realized, this would mean that the "Other Sugar" portion would total 992,000 MT, or 22.0 percent more than the current production figure for 2017/18. Exports to non-U.S. destinations are projected to be just 10,000 MT, as the increase in shipments to the United States and volume growth in domestic markets should constrict the availability of supplies, and low world market raw sugar prices limit the returns for such exports.

Ending stocks in 2017/18 are estimated to be 1.246 million MT, or 28.7 percent of deliveries for human consumption. As noted, this estimate is based on inventory levels being sufficient to meet domestic needs for the first few months of the 2018/19 fiscal year and on having supplies on hand to satisfy early entries under the 2018/19 Export Limit. Ending stocks for 2018/19 are projected to be a relatively tighter 1.008 million MT, or 22.1 percent of deliveries for human

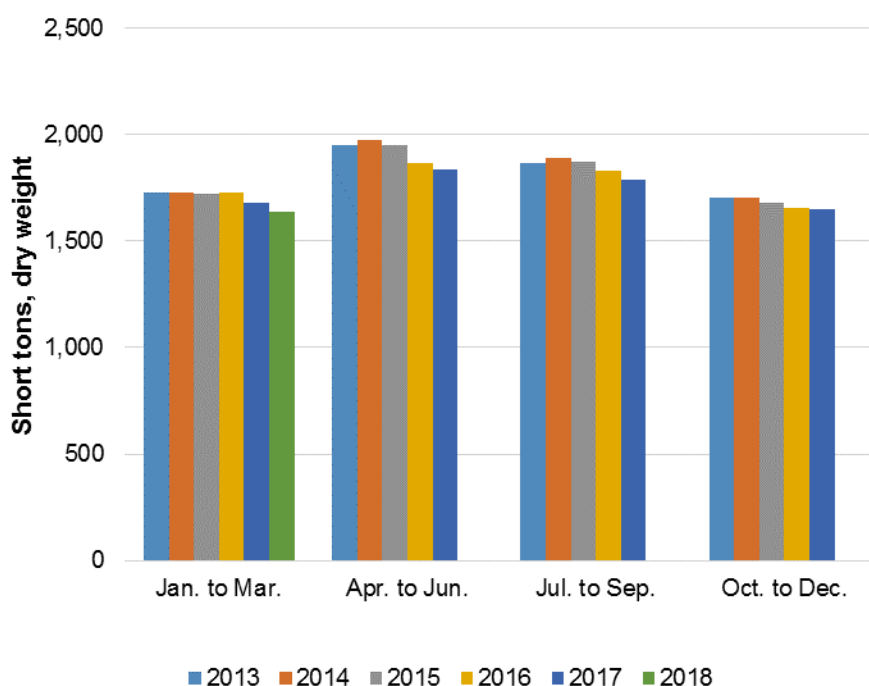
consumption; as domestic and export growth draw down available supplies from beginning stocks and projected production.

U.S. Corn Sweetener Markets

U.S. High Fructose Corn Sweetener Production and Deliveries Decline in First 3 Months of 2018

High fructose corn syrup (HFCS) production during the first quarter (January to March) of 2018 totaled 1.923 million short tons, dry weight (tons) a 3.9- percent decline from 2.000 million tons in 2018. This marks the second-consecutive yearly decline for the first quarter and continues a longer-term trend of gradual decline since 1999, when production of HFCS peaked. Domestic deliveries also continue their downward trend, with first-quarter 2018 deliveries of 1.638 million tons, down 2.6 percent from the same period in 2017.

Figure 11
United States high fructose corn syrup deliveries, quarterly, 2013 to 2018



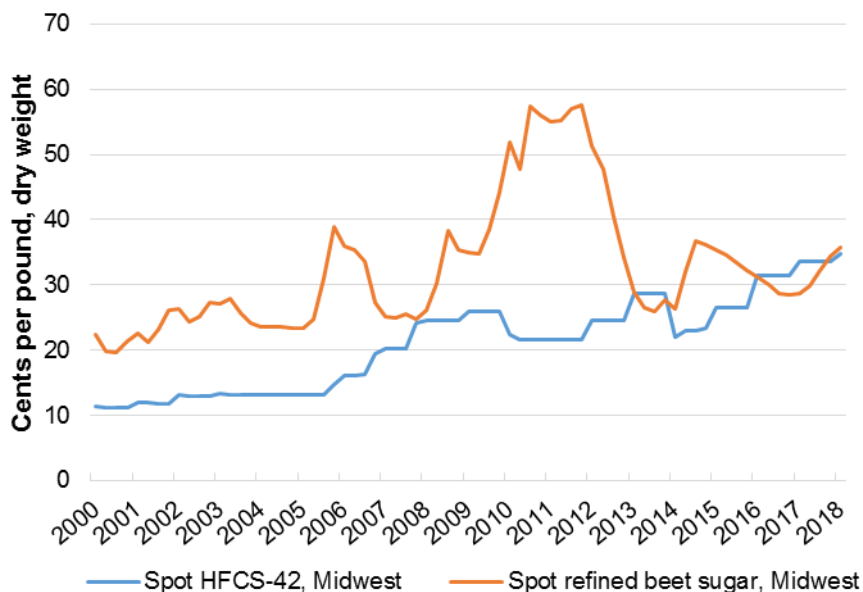
Source: U.S. Department of Agriculture, Economic Research Service.

Exports of HFCS during the first quarter of 2018 were down 9.3 percent, totaling 248,000 metric tons, dry value (MT) (273,000 tons) to all countries, according to Census. Mexico remains the top export market for HFCS by far, although exports through the first 3 months of 2018 still declined. In the first quarter, exports of HFCS-55 to Mexico were 205,000 MT, down from last

year's figure of 220,000 MT. The great majority of exports from the United States to Mexico come in the form of HFCS-55—which has a higher proportion of fructose and typically is used in beverage applications. Shipments of HFCS-55 to Mexico fell 9.8 percent during the first quarter of 2018, however. Exports of the less-sweet HFCS-42 nearly doubled from the previous year, although only accounting for about 2 percent of total trade.

According to Sosland Publishing, spot prices for HFCS in the United States remain higher than for both HFCS-42 and HFCS-55, with the Midwest price increasing 3.7 percent on a dry weight basis for both products from the previous year. The average spot price for HFCS-42 during the first quarter of 2018 was 34.86 cents per pound. The spot price for HFCS-55 was 39.29 cents per pound over the same period. Prices for HFCS have been steadily increasing since 2014, coinciding with a series of developments in the U.S. wet mill corn milling industry that reduced the HFCS production capacity and increased industry utilization rates.

Figure 12
United States high fructose corn syrup and refined sugar prices,
 quarterly, 2000 to 2018



Source: U.S. Department of Agriculture, Economic Research Service.

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