

Peer Review Plan

Preliminary Title: Forecasting World Raw Sugar Prices: The Influence of Brazilian Costs of Production and World Surplus/Deficit Measures

Type of Report (ERR,EIB,EB,SO) Special Outlook Report

Agency: Economic Research Service [X] Influential Scientific Information
USDA [] Highly Influential Scientific Assessment

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Subject of Review: There is increased interest in world sugar prices and their effect on the U.S. sugar market. In the past this interest, especially among policymakers, has been limited because world sugar prices have been below levels at which U.S. sugar program supports domestic prices. However, in the period August 2009 through July 2012, world prices for raw sugar have averaged 24.28 cents per pound, or more than 5 cents per pound above the U.S. raw sugar loan rate. There now increased likelihood that U.S. sugar prices will derive more support through world prices than through domestic, legislatively-set price support levels. Consistent with pricing relationships of the last three years, the margin between U.S. and world raw sugar prices is likely to be the policy-relevant indicator of internal U.S. supply-demand balance. Also, an important implication is U.S. federal budget expenditure on the sugar program is likely to be small, if not zero, for the foreseeable future. The goal of this report is to better understand the dynamics affecting the world price of raw sugar. The report focuses on a small set of factors important for explaining developments over the medium to long-term. Although world prices are higher now than they were in the past, this is not necessarily a sign that a structural change has taken place or that there exists some new dynamic not present in prior periods. The goal is to analytically separate out the various relationships underlying the pricing.

Purpose of Review: The purpose of the review is to ensure the high-quality of the economic analysis, transparent explanation of methods, objective interpretation of results, and effective communication to the intended audience.

Type of Review: [] Panel Review [X] Individual Reviewers
[] Alternative Process (Briefly Explain):

Timing of Review (Est.): Start: 08/13/12 End: 5/30/13 Completed: 5/30/13

Number of Reviewers: [] 3 or fewer [X] 4 to 10 [] More than 10

Primary Disciplines/Types of Expertise Needed for Review: Economists

