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Sugar and Sweeteners Outlook

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Increased U.S. Production and Imports Lead to Higher Supplies and Ending Stocks for 2014/15 and 2015/16

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The USDA increased estimated 2014/15 beet sugar production by 45,000 short tons, raw value (STRV) to 4.825 million STRV based on increased production from the 2015 sugarbeet crop and a higher amount of that crop being harvested early. Cane sugar production was increased by 9,000 STRV to 3.789 million STRV, with an increase in Texas production offsetting a decrease in Hawaii. Estimated 2014/15 imports were increased 38,000 STRV to 3.482 million STRV due to a combination of increases for imports under quota programs, the re-export program, and high-tier tariff imports. Estimates for 2014/15 use remain unchanged from the previous month, with use totaling 12.085 million STRV and deliveries for food and beverage use remaining at 11.750 million STRV. Ending stocks for 2014/15 are estimated at 1.821 million STRV, up 91,000 STRV from the previous month. The estimated stocks-to-use ratio is raised from 14.3 to 15.1 percent.

Projected U.S. sugar production for 2015/16 is 8.800 million STRV, an increase of 35,000 STRV from the previous month due to higher expected production of cane sugar from Florida. Total imports were increased slightly to 3.369 million STRV based on 5,000 STRV of additional sugar from high-tier tariff imports. Domestic food and beverage deliveries remain unchanged at 11.875 million STRV, and total use remains at 12.210 million STRV. Projected ending stocks are 1.780 million STRV, with the stocks-to-use ratio increasing from 13.5 percent to 14.6 percent.

Estimated Mexican sugar supplies for 2014/15 remain essentially unchanged from the previous month at 6.972 million metric tons, actual weight (MT). Production for 2014/15 is estimated at 5.985 million MT, adjusted fractionally to represent latest Mexican production reports. Mexican deliveries for human consumption for 2014/15 are increased 191,000 MT to 4.441 million MT due to continued strong monthly consumption figures reported by the *Comité Nacional Para Desarrollo de la Caña de Azúcar* (Conadesuca). Exports remain unchanged at 1.370 million MT. Ending stocks for 2014/15 are 191,000 MT lower than the previous month's estimate at 837,000 MT. Total supplies for 2015/16 are lowered 191,000 MT based on fewer beginning stocks. Projected 2015/16 production and imports remain unchanged from the previous month. Domestic consumption for 2015/16 is projected at 4.501 million MT, a 192,000 MT increase from the previous month to reflect changes to 2014/15 consumption. Projected exports remain unchanged at 1.335 million MT. Ending stocks are reduced 383,000 MT to 833,000 MT due to the lower supplies and increased consumption. The stocks-to-consumption ratio for 2015/16 is projected at 18.5 percent, down from 28.2 percent the previous month.

United States Sugar Supply and Use for FY2015

Projected sugar beginning stocks for 2014/15 are estimated to be 1.810 million short tons, raw value (STRV), unchanged from the previous month's estimate. Domestic sugar production is estimated at 8.614 million STRV, a 54,000 STRV increase from the July estimate, due to adjustments made for both beet and cane sugar production.

Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), August 2015.

Items	2013/14 (estimate)	2014/15 (estimate)	2015/16 (forecast)	2013/14 (estimate)	2014/15 (estimate)	2015/16 (forecast)
	1,000 Short tons, raw value			1,000 Metric tons, raw value		
Beginning stocks	2,158	1,810	1,821	1,958	1,642	1,652
Total production	8,462	8,614	8,800	7,676	7,814	7,983
Beet sugar	4,794	4,825	4,980	4,349	4,377	4,518
Cane sugar	3,667	3,789	3,820	3,327	3,437	3,465
Florida	1,763	1,975	1,910	1,599	1,792	1,733
Louisiana	1,591	1,520	1,590	1,444	1,379	1,442
Texas	145	119	130	132	108	118
Hawaii	168	175	190	153	159	172
Total imports	3,742	3,482	3,369	3,394	3,159	3,056
Tariff-rate quota imports	1,302	1,616	1,491	1,181	1,466	1,352
Other program imports	305	425	315	277	386	286
Non-program imports	2,135	1,441	1,563	1,937	1,307	1,418
Mexico	2,130	1,426	1,548	1,932	1,294	1,405
Total supply	14,362	13,906	13,990	13,029	12,615	12,691
Total exports	306	200	200	278	181	181
Miscellaneous	0	0	0	0	0	0
Deliveries for domestic use	12,246	11,885	12,010	11,109	10,782	10,895
Transfer to sugar-containing products for exports under re-export program	82	100	100	74	91	91
Transfer to polyhydric alcohol, feed, other alcohol	29	35	35	27	32	32
Commodity Credit Corporation (CCC) sale for ethanol, other	316	0	0	287	0	0
Deliveries for domestic food and beverage use	11,819	11,750	11,875	10,722	10,659	10,773
Total Use	12,552	12,085	12,210	11,387	10,963	11,077
Ending stocks	1,810	1,821	1,780	1,642	1,652	1,614
Private	1,810	1,821	1,780	1,642	1,652	1,614
Commodity Credit Corporation (CCC)	0	0	0	0	0	0
Stocks-to-use ratio	14.42	15.06	14.58	14.42	15.06	14.58

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

Cane sugar production for 2014/15 is projected to be 3.789 million STRV, a 9,000 STRV increase from the previous month's estimate. Estimates for Florida remain unchanged at 1.975 million STRV, as the production season for the 2014 crop is complete. Cane sugar production for Louisiana is also unchanged at 1.520 million STRV, with processing of the 2014 crop complete and the assumption that the early harvest processing for the 2015 crop is in line with historical averages. Production in Texas is estimated at 119,000 STRV, a 14,000 STRV increase from the July estimate, as wet weather conditions throughout winter and spring kept producers in the field until the beginning of August—which is unprecedented for that region. Estimated cane sugar production from Hawaii is 175,000 STRV, down 5,000 STRV from the July estimate, based on processor reports.

Beet sugar production for 2014/15 is estimated at 4.825 million STRV, up 45,000 STRV from the previous month. With processing from the 2014 crop complete, the increase is attributed to the increased production expectation for the 2015 crop and the potential for larger than average shares of that production to take place before the October 1

beginning of FY2016. (Additional commentary on the outlook for the 2015 crop is provided in the subsequent section.)

Total sugar imports for 2014/15 are estimated at 3.482 million STRV, a 38,000 increase from the previous month. Estimated imports under quota programs total 1.616 million STRV, up 8,000 STRV, based on slightly higher shipments expected from quota-holding countries, the Philippines in particular. Exports for the re-export program are estimated at 425,000 STRV, a 25,000 STRV increase from the previous month based on the increased pace of exports thus far in the year from license holders. Estimated high-tier tariff imports of sugar is also increased 5,000 STRV to 15,000 STRV for 2014/15, based on increased pace of imports, most likely from high-value specialty sugars. Imports from Mexico remain unchanged from the previous month at 1.426 million STRV. This is less than the amount established by the Department of Commerce's Export Limit, as defined by the terms of suspension agreement for the countervailing duty investigation against Mexican sugar using the March 2015 WASDE's sugar market estimates. Current U.S. raw sugar price levels and logistical considerations result in the current estimate remaining below the Export Limit.

Estimated domestic sugar deliveries for 2014/15 remain unchanged from the previous month at 11.885 million STRV. Estimated deliveries for food and beverages are also unchanged at 11.750 million STRV, which is a 341,000 STRV decrease from 2013/14 deliveries. Deliveries from domestic beet and cane refineries remain above last year's levels through June. Direct consumption imports (DCI), however, remain well behind the pace set last year. This is primarily due to the impact of the suspension agreements for the anti-dumping and countervailing duty investigations against sugar from Mexico that was signed in December 2014. Due to the continued lag in the pace of DCI, estimated deliveries for 2014/15 remain lower than the previous year.

Ending stocks for 2014/15 are estimated at 1.821 million STRV, a 91,000 STRV increase from the previous month due to the increased supply estimates. As a result, the estimated stocks-to-use ratio is 15.1 percent, up from the previous month's estimate of 14.3 percent.

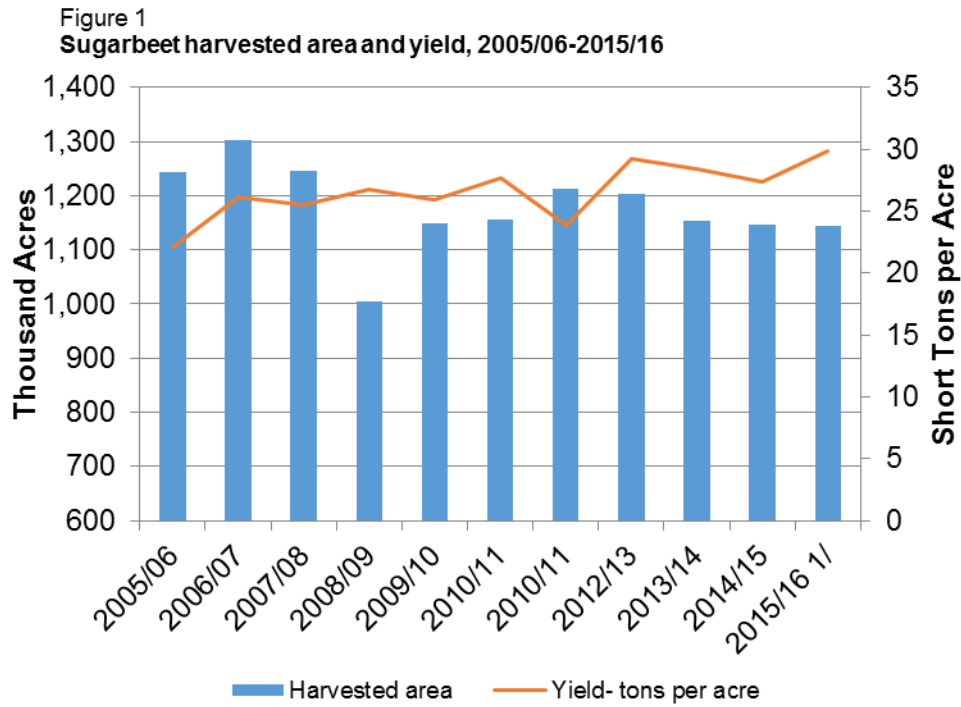
United States Sugar Supply and Use for FY2016

Changes in the 2014/15 balance sheet result in projected 2015/16 beginning stocks increasing 91,000 STRV to 1.821 million STRV.

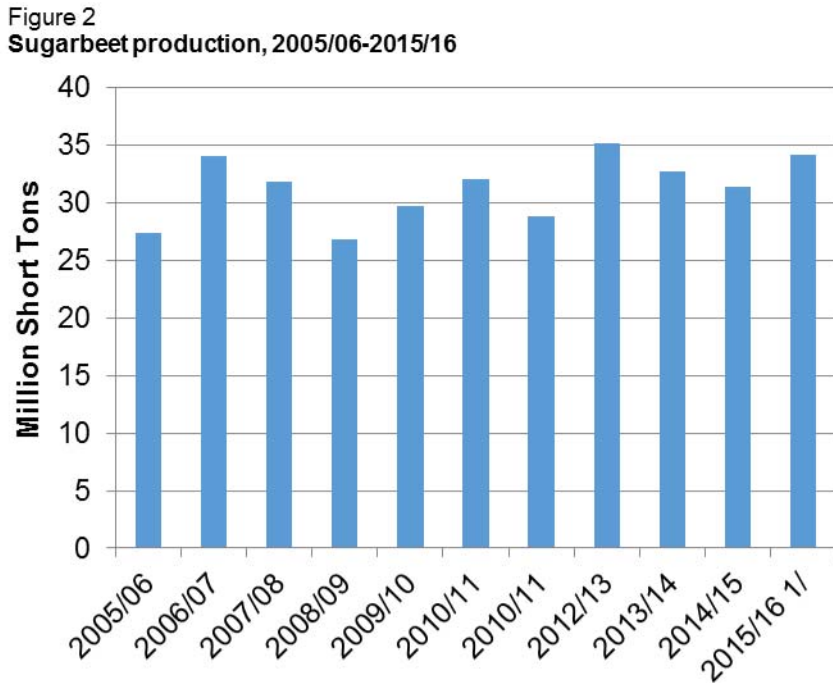
Total imports for 2015/16 are projected at 3.369 million STRV, a 5,000 STRV increase from the July projection. The only change to the outlook for imports was a 5,000 STRV increase in high-tier imports, carried over from the 2014/15 increase due to increased imports of high-value, specialty sugars. Projected imports under quota programs are projected at 1.491 million STRV, with the projected shortfall totaling slightly more than 99,000 STRV; both numbers unchanged from the previous month. Imports from Mexico are projected at 1.548 STRV, down fractionally from the previous month. The current projection reflects the calculated U.S. Needs volume published by the Department of Commerce, using the July WASDE estimates in accordance with the CVD suspension agreement.

Production for 2015/16 is projected at 8.800 million STRV, up 35,000 STRV from July's projection. Beet sugar production remains unchanged from July's projection of 4.980 million STRV. The National Agricultural Statistics Service (NASS) published updated harvested area estimates and its first estimate yield for the 2015 sugarbeet crop in its *Crop Production* report released on August 12. The report estimated harvested area at 1.144 million acres, up slightly from the previous month's estimate, but slightly below the 2014 crop. With early planting and favorable crop development conditions, NASS's estimated sugarbeet yields of 29.9 tons per acre represents a record high but is in line with the expectations for the projections of previous WASDE reports. The August WASDE updated beet sugar production projections based on the new NASS data, along with a higher projected sucrose content according to reports from processors. Sugar production from the 2015 crop year (August to July) is projected to be 5.163 million STRV, up from 5.135 million STRV the previous month. Additionally, the current WASDE estimate increased the proportion of crop production that is expected to be processed in August and September as processors are increasingly indicating that an early harvest will result in refineries beginning their season's operations ahead of their typical schedule, more so than expected last month. As a result, the increased production from the 2015 crop

falls into 2014/15 production. The adjustment for early production in 2015/16 and a relatively minor adjustment for the average early production expected for the 2016 crop results in beet production remaining unchanged for 2015/16.



Note: 1/ Forecast.
 Source: National Agricultural Statistics Service, USDA.



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 Source: National Agricultural Statistics Service, USDA.

Cane sugar production for 2015/16 is projected at 3.820 million STRV, a 35,000 STRV increase from the previous month. An increase in production from Florida accounted for the change in cane sugar production, rising to 1.910 million STRV due to higher than previously expected sugarcane yields in the State, as reported by NASS. Production remained unchanged for Louisiana at 1.590 million STRV; Hawaii at 130,000 STRV; and Texas at 130,000 STRV. NASS slightly raised its estimated U.S. total cane area harvested from 894,700 acres to 896,700 acres due to a slight increase in area harvested in Texas. Estimates for Florida, Louisiana, and Hawaii remained unchanged from the June 30 *Acreage* report.

Total sugar use for 2015/16 is projected at 12.210 million STRV, unchanged from the previous month. Domestic deliveries for food and beverages also remain unchanged at 11.875 million STRV. This reflects a 1.0 percent increase from the current 2014/15 estimates. Exports also remain unchanged at 200,000 STRV.

Ending stocks for 2015/16 are projected at 1.780 million STRV, up 131,000 STRV. The stocks-to-use ratio for 2015/16 is projected at 14.6 percent, up from the 13.5 percent projected last month.

Mexico Sugar Supply and Use in FY2015

Sugar production in Mexico for 2014/15 is currently estimated at 5.985 million metric tons, actual weight (MT), based on the *Comité Nacional Para Desarrollo de la Caña de Azúcar* (Conadesuca) production report through July 11. The current estimate represents a change of less than 500 MT compared with the previous month's estimate. Estimated imports, most for Mexico's sugar-containing products export program (IMMEX), remain unchanged from the previous month at 155,000 MT, and beginning stocks are unchanged at 831,000 MT. As a result, estimated total supplies remain essentially unchanged from the July estimate at 6.972 million MT.

Table 2 -- Mexico sugar supply and use, 2012/13 - 2013/14 and projected 2014/15, August 2015

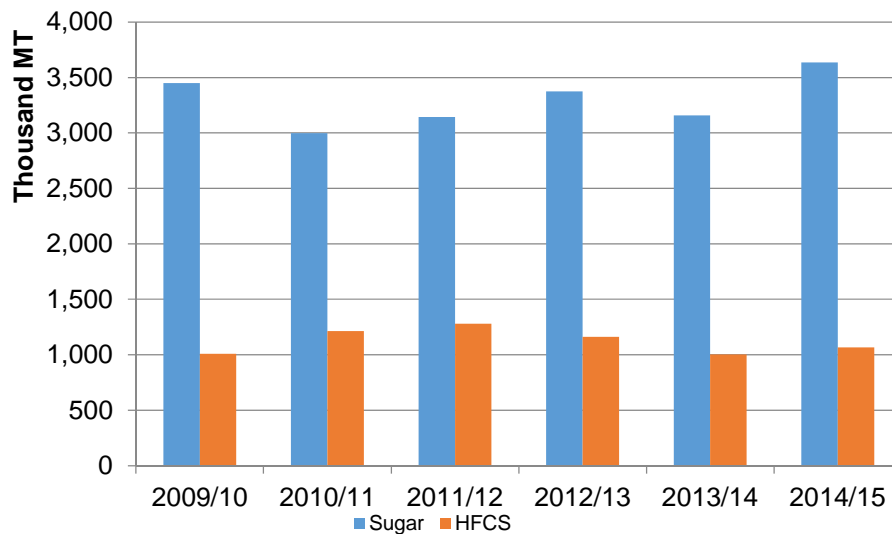
Items	2013/14 (estimate)	2014/15 (estimate)	2015/16 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	1,460	831	837
Production	6,021	5,985	6,000
Imports	131	155	155
Imports for consumption	9	10	10
Imports for sugar-containing product exports (IMMEX) 1/	123	145	145
Total supply	7,613	6,972	6,992
Disappearance			
Human consumption	4,098	4,441	4,501
For sugar-containing product exports (IMMEX)	324	324	324
Statistical adjustment	-151	0	
Total	4,271	4,764	4,825
Exports	2,511	1,370	1,335
Exports to the United States & Puerto Rico	1,823	1,220	1,325
Exports to other countries	689	150	10
Total use	6,782	6,135	6,160
Ending stocks	831	837	833
	1,000 metric tons, raw value		
Beginning stocks	1,548	881	887
Production	6,383	6,344	6,360
Imports	139	165	165
Imports for consumption	9	11	11
Imports for sugar-containing product exports (IMMEX)	130	154	154
Total supply	8,069	7,390	7,412
Disappearance			
Human consumption	4,344	4,707	4,771
For sugar-containing product exports (IMMEX)	343	343	343
Statistical adjustment	-160	0	0
Total	4,527	5,050	5,114
Exports	2,662	1,453	1,415
Exports to the United States & Puerto Rico	1,932	1,294	1,405
Exports to other countries	730	159	11
Total use	7,189	6,503	6,529
Ending stocks	881	887	883
Stocks-to-human consumption (percent)	20.3	18.8	18.5
Stocks-to-use (percent)	12.3	13.6	13.5
High fructose corn syrup (HFCS) consumption (dry weight)	1,372	1,420	1,420

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.

Domestic human consumption for 2014/15 is estimated to be 4.441 million MT, a 191,000 MT increase from the previous month. The current estimate matches the current Conadesuca estimates for the year. Conadesuca's monthly consumption reports have shown a very strong year-over-year increase throughout the fiscal year for both sugar and HFCS consumption. Through June, sugar consumption is 15.1 percent above the previous year and HFCS consumption is 6.1 percent larger. Reported consumption totals for 2013/14 were relatively low compared to the previous year. Previous WASDE estimates expected an increase in year-over-year consumption for 2014/15, although the rate of increase was expected to decline later in the year. The large increase from the previous year has continued, although the increase is in line with the 5-year trend.

Figure 3
Mexican sweetener consumption October to February, fiscal year



Source: Conadesuca.

Exports to the United States are estimated at 1.220 million MT, unchanged from the previous month. As explained above, the outlook for shipments from Mexico to the United States continues to be based on totals coming in below the Export Limit, as published by the U.S. Department of Commerce and defined in the agreement to suspend the CVD case against sugar from Mexico. Exports to other countries remain at 150,000 MT, also unchanged from the previous month. Reported exports through May indicate that Mexico has shipped about this amount. No additional shipments to other countries are expected for the remainder of the fiscal year.

Mexican ending stocks for 2014/15 are estimated at 837,000 MT, a 191,000 decrease from the previous month's estimate, reflecting higher estimated consumption. The resulting stocks-to-consumption ratio is 18.84 percent, down from 24.17 percent in July. The current outlook supports a relatively tighter supply situation in Mexico, lower than the 22 percent historical benchmark.

Mexico Sugar Supply and Use in FY2016

Mexican production in 2015/16 is projected at 6.000 million MT, unchanged from the previous month's projection. Projected imports are also unchanged at 155,000 MT. Beginning stocks are lowered 191,000 MT to 837,000 MT based on changes to the 2014/15 balance table. As a result, total supplies in Mexico for 2015/16 are projected at 6.992 million MT, down 191,000 MT from the previous month.

Projected exports to the United States are lowered fractionally based on the official publication of the U.S. Needs calculation by the Department of Commerce following the July WASDE publication, but they remain essentially unchanged at 1.325 million MT. Exports to other countries remain at 10,000 MT, unchanged from the previous month. World raw sugar prices continue to remain relatively low, making Mexican raw sugar uncompetitive on the world market. As a result, total exports remain essentially unchanged at 1.335 million MT.

Projected domestic consumption for 2015/16 is increased 192,000 MT to 4.501 million MT. Deliveries to the IMMEX program remain unchanged from the previous month at 324,000 MT. Projected HFCS consumption also remains unchanged from the July report, totaling 1.420 million MT. As a result, total domestic consumption of sweetener is projected to be 5.921 million MT, which implies no change in consumption per person in Mexico from the current levels estimated for 2014/15.

Ending stocks in 2015/16 are projected at 833,000 MT, a 383,000 MT decline from the previous month due to the lower beginning stocks and larger domestic consumption. As a result, the implied stocks-to-consumption ratio is lowered to 18.5 percent, down from the previous month's projection of 28.2. The shift moves the outlook from one of potentially burdensome supplies to supplies being relatively tight by historical standards.

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