



Sugar and Sweeteners Outlook

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Strong Pace of Domestic Deliveries Through May Raise 2016/17 Estimates, Lower Ending Stocks

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The July *World Agricultural Supply and Demand Estimates* (WASDE) increased estimated domestic deliveries 100,000 short tons, raw value (STRV) to 12.455 million STRV for 2016/17. The increase is based on the strong pace of deliveries for food and beverage use reported through May. Food and beverage deliveries are estimated to be 12.300 million STRV for the year. Estimated domestic production is increased 4,000 STRV to 8.836 million STRV due to slightly raised cane sugar production in Florida. Beet sugar production estimates are unchanged at 4.988 million STRV. Ending stocks estimates for 2016/17 are reduced 96,000 STRV, with the stocks-to-use ratio at 11.5 percent, compared with the previous month's report's estimate of 12.3 percent.

Projected sugar production for 2017/18 is 8.738 million STRV, unchanged from the June report. Cane sugar production and beet sugar production are also unchanged at 3.750 million STRV and 4.988 million STRV, respectively. Projected imports are raised 226,000 STRV to 3.557 million STRV. Projected imports under quota programs are raised 176,000 STRV, incorporating the USDA announcement for the 2017/18 Specialty Sugar tariff-rate quota (TRQ). Projected imports from Mexico are also raised 50,000 STRV, the result of changes to the Mexico balance sheet that should allow additional supplies to be shipped to the United States. Domestic deliveries for 2017/18 are projected to be 12.578 million STRV, including deliveries for food and beverage use projected at 12.423 million—both are increased 101,000 STRV from the June report and follow the changes to the increase in 2016/17 deliveries estimates. Ending stocks are projected to be 1.132 million STRV, with the projected stocks-to-use ratio slightly higher at 9.0 percent, compared with the June projection of 8.8 percent.

Ending stocks for Mexico in 2016/17 are estimated to be 1.068 million metric tons, actual value (MT), a 33,000-MT decrease from the previous month. The changes are due to a reduction in estimated production based on preliminary final mill reports and raised imports and exports based on pace-to-date. The lower stock levels results in fewer supplies projected for 2017/18, but production and import projections remain unchanged. Domestic deliveries for human consumption projections also remain unchanged at 4.528 million MT. Projected deliveries to the IMMEX program in 2017/18 and exports to non-U.S. destinations are reduced 60,000 MT and 15,000 MT, respectively, and projected exports to the United States are raised 42,000 MT. These changes reflect the expectation of a relatively higher value U.S. market compared with alternative marketing avenues for Mexico processors. Projected ending stocks are 815,000 MT, unchanged from the previous month's report and reflecting a minimum amount of inventories required to meet domestic demand.

Strong pace of deliveries reported through May increase outlook for sugar supply and use

The July USDA *World Agricultural Supply and Demand Estimates* (WASDE) estimates total sugar deliveries for domestic use in 2016/17 at 12.455 million short tons, raw value (STRV), a 100,000-STRV increase from the June estimate. The increase is due to higher estimated deliveries for food and beverage use, estimated at 12.300 million STRV. If realized, this would represent a 3.5 percent increase from 2015/16 totals. This would be a large annual increase; however, it would put deliveries back in line with longer term trends after an annual decrease in deliveries in 2015/16.

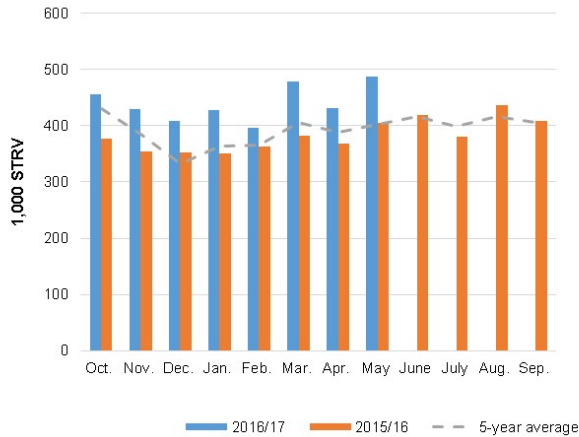
Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), July 2017.

Items	2015/16	2016/17 (estimate)	2017/18 (forecast)	2015/16	2016/17 (estimate)	2017/18 (forecast)
	1,000 Short tons, raw value			1,000 Metric tons, raw value		
Beginning stocks	1,815	2,053	1,440	1,647	1,863	1,306
Total production	8,989	8,836	8,738	8,155	8,016	7,927
Beet sugar	5,119	4,988	4,988	4,644	4,525	4,525
Cane sugar	3,870	3,848	3,750	3,511	3,491	3,402
Florida	2,173	2,055	2,000	1,971	1,864	1,814
Louisiana	1,428	1,612	1,600	1,296	1,462	1,451
Texas	116	138	150	106	125	136
Hawaii	152	43	0	138	39	0
Total imports	3,341	3,130	3,557	3,031	2,840	3,227
Tariff-rate quota imports	1,620	1,578	1,549	1,469	1,432	1,405
Other program imports	396	375	175	359	340	159
Non-program imports	1,325	1,177	1,833	1,202	1,068	1,663
Mexico	1,309	1,162	1,823	1,187	1,054	1,654
Total supply	14,145	14,020	13,735	12,832	12,719	12,461
Total exports	74	125	25	67	113	23
Miscellaneous	-33	0	0	-30	0	0
Deliveries for domestic use	12,051	12,455	12,578	10,932	11,299	11,411
Transfer to sugar-containing products for exports under re-export program	148	120	120	134	109	109
Transfer to polyhydric alcohol, feed, other alcohol	22	35	35	20	32	32
Commodity Credit Corporation (CCC) sale for ethanol, other	0	0	0	0	0	0
Deliveries for domestic food and beverage use	11,881	12,300	12,423	10,778	11,158	11,270
Total Use	12,091	12,580	12,603	10,969	11,412	11,433
Ending stocks	2,053	1,440	1,132	1,863	1,306	1,027
Private	2,053	1,440	1,132	1,863	1,306	1,027
Commodity Credit Corporation (CCC)	0	0	0	0	0	1
Stocks-to-use ratio	16.98	11.45	8.99	16.99	11.45	8.99

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

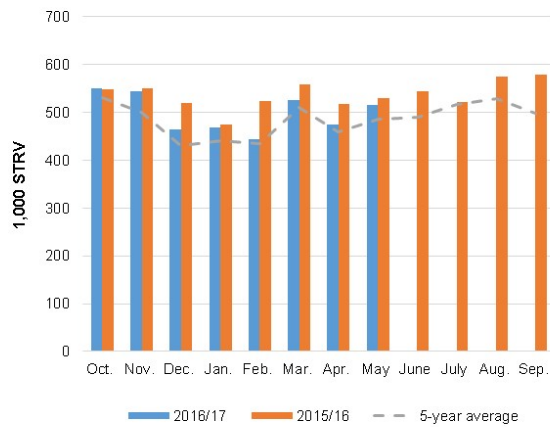
Through May, domestic deliveries have been 3.7 percent higher than the same period in 2015/16. This is primarily due to a 19.2-percent increase in deliveries from beet processors, who have been successfully marketing the large supplies brought on by large beginning stocks and production in the sector this year. Large monthly delivery totals reported by beet processors have continued throughout the year, benefited by a relative discount in prices to cane sugar, according to both wholesale spot prices and the Department of Labor's PPI measure; however, recent wholesale spot prices indicate that the price differential may be narrowing. Beet processors are well on pace to exceed the previous record deliveries of 4.894 million STRV set in 2007/08. Domestic deliveries from cane refiners are 5.5 percent lower than the same period last year, although totals remain in line with average levels from the past few years.

Figure 1
Beet sugar deliveries, monthly, 2010/11 to 2016/17



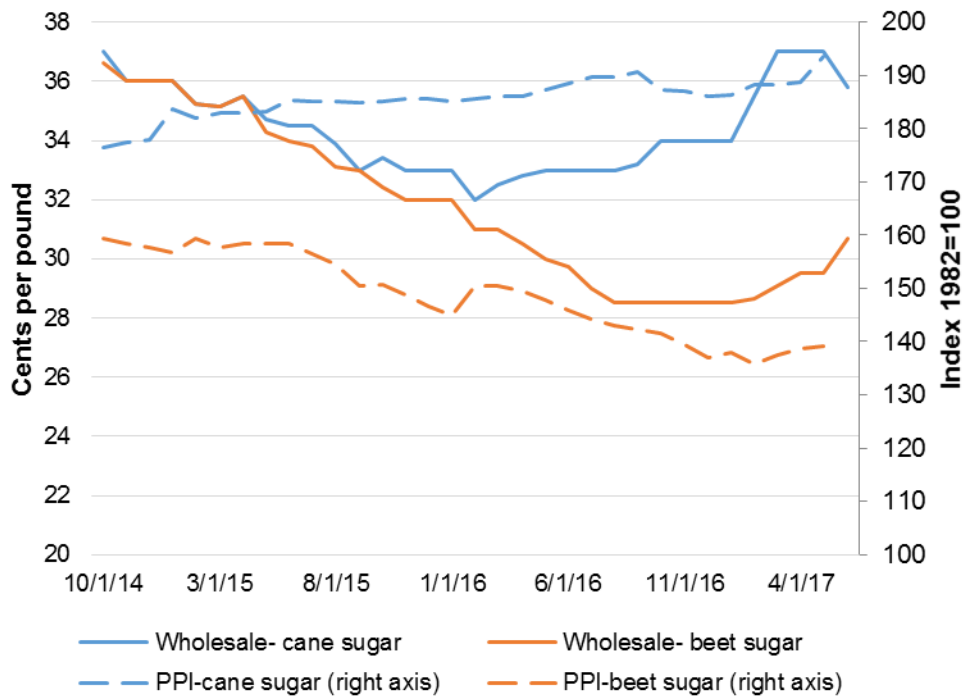
Source: U.S. Department of Agriculture, Farm Service Agency.

Figure 2
Cane sugar deliveries, monthly, 2010/11 to 2016/17



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.

Estimated 2016/17 other domestic deliveries and exports remain unchanged from the previous month's estimate at 155,000 STRV and 125,000 STRV, respectively.

Estimated sugar supplies for 2016/17 unchanged as 2016/17 processing campaign winds down

Total U.S. sugar supplies for 2016/17 are estimated at 14.020 million short tons, raw value (STRV). This would represent at 4,000-STRV increase from the June report due to slightly higher domestic cane sugar production. Estimated beginning stocks for the year remain unchanged from the previous estimate at 2.053 million STRV.

Cane sugar production is estimated at 3.848 million STRV, an increase of 4,000 STRV. The increase is attributed entirely to an increase in Florida estimates, totaling 2.055 million STRV, as reporting for the State's harvest concluded with the Farm Service Agency's (FSA) latest *Sweetener Market Data* release, incorporating production data from May. Cane sugar production in Louisiana is estimated to be 1.612 million STRV, which includes September production from the 2017/18 sugarcane crop that is in line with historical averages. Cane sugar production for Texas (138,000 STRV) and Hawaii (43,000 STRV) remains unchanged from the previous month's estimate.

Beet sugar production for 2016/17 also remains unchanged from the previous month's estimate, totaling 4.988 million STRV. The current sugarbeet slicing campaign was likely more than 95-percent complete through May. The 2016/17 sugarbeet crop was particularly large, leading some processors to extend their slicing campaign later into the spring. The rate of sugar extracted from the beet-slicing process has been especially low in 2016/17, offsetting much the large sugarbeet production.

Sugar imports in 2016/17 are estimated to be 3.130 million STRV, unchanged from the previous month. Similarly, imports under quota programs are unchanged at 1.578 million STRV and imports from Mexico remain unchanged at 1.162 million STRV, in line with the Export Limit published by the U.S. Department of Commerce (USDOC) and based on the calculation of U.S. Needs from the March WASDE report.

Ending stocks for 2016/17 are estimated to be 1.440 million STRV, a 96,000-STRV reduction due to slightly higher production offset by higher estimated use. The stocks-to-use ratio is estimated to be 11.5 percent, compared to the previous month's estimate of 12.3 percent.

U.S. sugar production for 2017/18 projected to decrease for both beet and cane sugar from 2016/17 estimates

Total sugar supplies for 2017/18 are projected to be 13.735 million STRV, a 130,000-STRV increase from the previous month's projection. Lower beginning stocks carried over from the 2016/17 balance sheet are more than offset by higher projected imports.

Total imports are projected to be 3.557 million STRV, a 226,000-STRV increase from the June projection. Imports under quota programs are projected to be 1.549 million STRV, a 176,000-STRV increase. The increase is due to USDA's announcement of 2017/18 TRQ's. In addition to the WTO minimum commitment levels under the raw and refined TRQ's, the department announced a 176,000-STRV quota under the Specialty Sugar quota that was not incorporated into previous month's projections.

Imports from Mexico are projected to be 1.823 million STRV, a 50,000-STRV increase from the previous month's projection. Under the terms of the suspension agreements between the USDOC and the Government of Mexico, the U.S. Needs calculation based on the July WASDE would be 2.392 million STRV. Mexico is not projected to have supplies available to completely fill an Export Limit at that level, however. The current import projection is based on the expected supplies available for export in Mexico that would still fully satisfy their own projected domestic needs. Additional details on Mexico's supply and use situation are presented in subsequent sections of this report.

Domestic sugar production is projected to be 8.738 million STRV, unchanged from the previous month. Beet sugar production is projected at 4.988 million STRV. On June 30, the National Agricultural Statistics Service (NASS) released its *Acreage* report, which included revised forecasts for planted area and the first forecast for harvested area. Harvested area in 2017/18 is forecast to be 1.108 million acres, a 1.6-percent decline from the previous year.

The declines are not universal across all sugarbeet-growing States. For the top four producing States of Minnesota, North Dakota, Idaho, and Michigan, the combined forecast is for harvested area to fall by 1.4 percent, driving most of the expected change from the previous year. Assuming normal weather, growing, and storage conditions, expected yield and sucrose recovery rates are in line with the current beet sugar production. In August, NASS will release its first sugarbeet yield forecast in the *Crop Production* report, which will provide the first official estimate of the current crop's performance.

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

State	2015/16	2016/17	2017/18	Annual Change
		1,000 acres		percent
Minnesota	435.0	417.0	417.0	0.0
North Dakota	206.0	203.0	201.0	-1.0
Idaho	172.0	170.0	166.0	-2.4
Michigan	151.0	149.0	142.0	-4.7
Nebraska	46.8	47.2	48.7	3.2
Montana	43.7	45.3	41.9	-7.5
Wyoming	31.2	30.0	27.0	-10.0
Colorado	27.3	27.6	28.2	2.2
California	24.7	25.0	25.2	0.8
Oregon	7.7	10.2	9.1	-10.8
Washington	N/A	1.9	1.8	-5.3
U.S. Total	1,145.4	1,126.2	1,107.9	-1.6

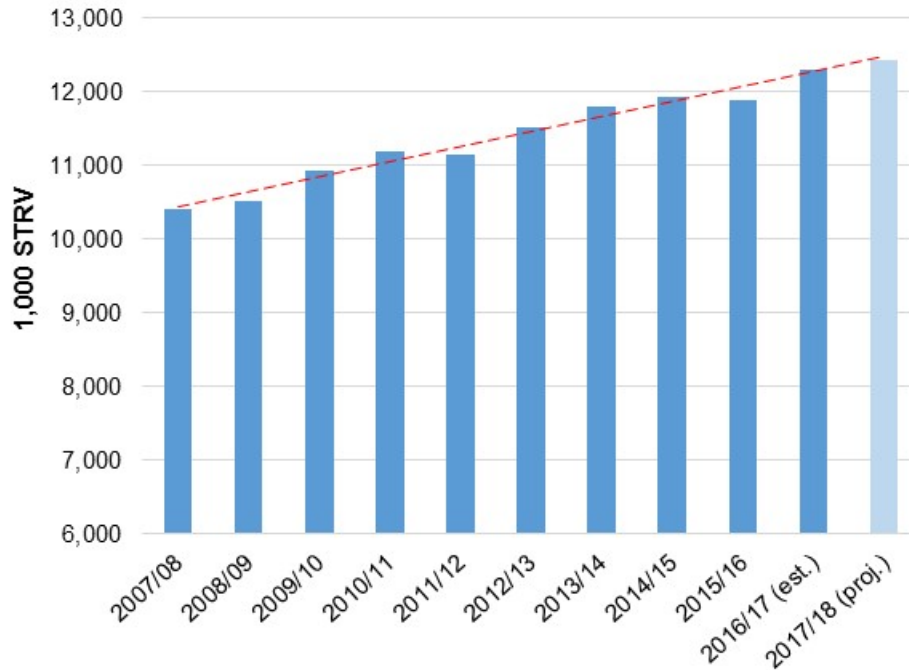
Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

Cane sugar production is projected at 3.750 million STRV, unchanged from the June projection. NASS also reported its first sugarcane harvested area forecast for the 2017/18 crop in the June 30 *Acreage* report. Total sugarcane harvested area for 2017/18 is forecast to be 872,000 STRV, which is a 3.4-percent decline from 2016/17. Part of the decline is due to the State of Hawaii's cessation of sugarcane production for sugar processing in 2017/18; Hawaii accounted for nearly 16,000 acres, or 1.7 percent, of 2016/17's sugarcane area. Harvested acreage also declined for Florida (-2.6 percent) and Louisiana (-1.4 percent), the two largest sugarcane-producing States, accounting for 95.3 percent of forecast 2017/18 area. The first official NASS forecast for sugarcane yields will be released in the August *Crop Production* report, as well.

Domestic deliveries for food and beverage use projected to increase in 2017/18, resuming longer-term trends

Domestic deliveries for food and beverage use is projected to be 12.423 million STRV, a 101,000-STRV increase from the June projection. The increase is in line with the increase in the 2016/17 estimate, which keep projected deliveries 1.0 percent higher. The increase remains in line with longer term trends, particularly since the integration of sweetener markets between the United States and Mexico in 2008 through NAFTA. Since that time, trends in caloric sweetener markets have shown an increasing amount of per capita sweetener consumption accounted for by refined sugar, primarily as a substitute for high-fructose corn syrup sweeteners. In addition, while per capita caloric sweetener consumption has remained relatively stable in recent years, population growth has allowed the total market volume to increase at a comparable—although still marginal—rate.

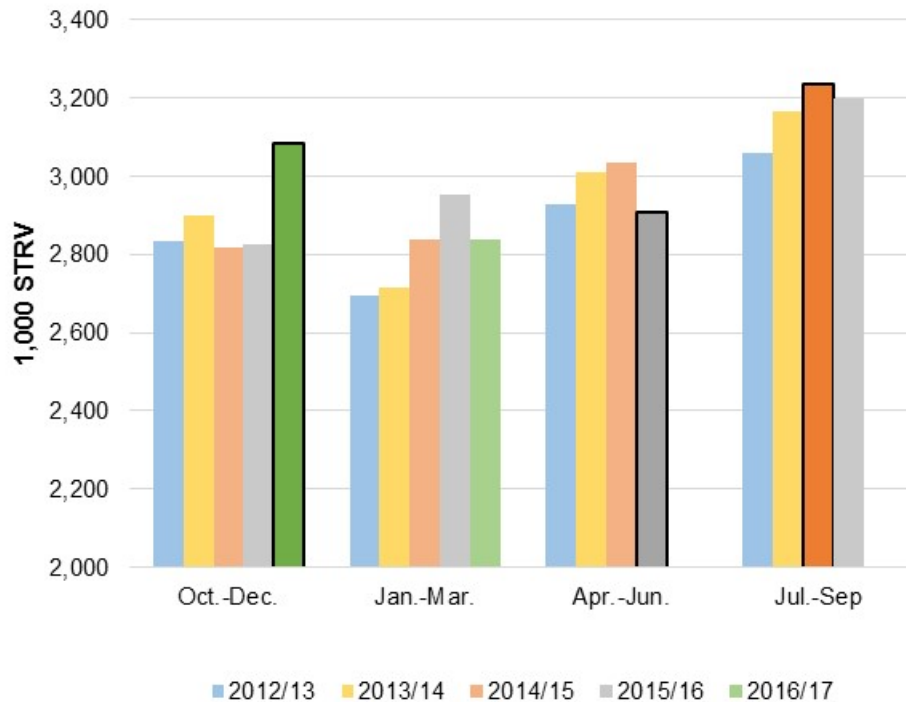
Figure 4
U.S. sugar deliveries for food and beverage use, fiscal year, 2007/08 to 2017/18



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

Food and beverage deliveries in 2015/16 underwent an annual decline—the second such year-over-year decline since 2008. A combination of external policy factors may have disrupted traditional seasonal patterns, however. Statistical analysis of quarterly delivery data indicate that these events resulted in atypical delivery patterns, which may influence fiscal year totals but ultimately are not indicative of underlying demand. Three quarters in particular illustrate this impact: July to September of 2014/15; April to June of 2015/16; and October to December of 2016/17.

Figure 5
Total U.S. sugar deliveries, quarterly, 20012/13 to 2016/17



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

Factors that may have led to atypical delivery patterns were, first, the fact that the July-to-September quarter of 2014/15 coincided with the first year that the December 2014 suspension agreement terms were in place. A combination of new policies affecting trade and a series of legal challenges to the new agreement resulted in a late surge in imports from Mexico to meet the new Export Limit deadline of September 30. In particular, this resulted in a large reporting of direct consumption imports during the July-to-September period of 2014/15 and then a sharp downturn in October-to-December of 2015/16. This contrasted with the pattern prior to the AD/CVD investigation of nonreporter imports remaining constant or declining more steadily during the transition from one fiscal year to the next.

Second, the April-to-June period of 2015/16 coincided with much of the Congressional deliberation for the legislation affecting food labeling for ingredients produced from genetically engineered sources, ultimately signed by President Obama in July 2016. During this period, slow beet sugar deliveries, which initially began earlier in the fiscal year, became particularly evident as many food manufacturers and sugar users were unsure of the costs of potentially segregating their supply chains for products with GMO ingredients, which included nearly all sugar produced from sugarbeets. Constraints in available cane sugar, in combination with stronger-than-normal cane sugar deliveries earlier in the fiscal year, resulted in a noticeable downturn in total sugar deliveries during the spring quarter of 2015/16.

Finally, and related to the first two factors, U.S. sugar deliveries were very strong in the October-to-December quarter of 2016/17. Evidence of the increased pace of beet sugar deliveries began in the July-to-September quarter of 2016/17 as the law affecting GMO labeling was signed. Additionally, the beginning of 2016/17 included meetings with government and industry officials to renegotiate the terms of the suspension agreements with Mexico. This added to the market uncertainty surrounding the availability of cane sugar supplies. Also, a relative discount for

plentiful and available inventories of beet sugar available to sugar users likely spurred the large shipments from beet processors during that quarter. The result was that total reported sugar deliveries for the quarter were significantly larger than for the same period in previous years. In effect, pent-up demand for sugar that built during 2015/16 was greatly alleviated in the beginning of 2016/17.

The net impact of these events was that sugar deliveries in 2015/16 were particularly low because deliveries in the last quarter of 2014/15 and the first quarter of 2016/17 were higher due to policy-related market shocks. Sensitivity analysis would show that a reallocation around the order of magnitude of 100,000 STRV from either of the adjacent quarters into 2015/16 would result in the annual series for fiscal year total deliveries steadily increasing in much the same way as the years preceding these policy events. The implication for the 2017/18 delivery outlook is that the resolution of these market uncertainties is likely to result in the resumption of more stable, longer term trends for sugar demand. Quarterly analyses of delivery data indicate that the volatility of total annual deliveries in recent years is more indicative of the allocation of deliveries over the course of a fiscal year due to policy-related events, rather than a structural shift in the underlying market demand for refined sugar by sugar users.

Ending stocks for 2017/18 are projected to be 1.132 million STRV, a 29,000-STRV increase from the June report. The increase is the result of additional projected imports eclipsing lower projected beginning stocks and higher projected food and beverage use. The stocks-to-use ratio is projected to be 9.0 percent, which is still very low by historical standards.

Mexico sugar market for 2016/17 adjusted due to pace of trade volumes

Total sugar supplies in Mexico are estimated to be 7.079 million metric tons, actual value (MT) in 2016/17, an 18,000-STRV decrease from the previous month's estimate. Mexican production is estimated to be 5.957 million MT, a 28,000-MT decrease from the previous month's estimate. This incorporated the most recent production reports from *Comité Nacional para el Desarrollo Sustentable de la Caña de Azúcar* (Conadesuca) at the time of the WASDE publication, but was confirmed by the subsequent preliminary production report by the organization with all mills shown to have ceased operations for the current harvest period. Imports are estimated to be 85,000 MT, a 10,000-MT increase from the previous report's estimate, based on the pace of imports according to Mexico's official trade data reported through April.

Estimated domestic deliveries in Mexico for 2016/17 are unchanged from the previous month, at 4.851 million MT. Likewise, deliveries for human consumption remain unchanged at 4.461 million MT, and domestic deliveries to the IMMEX program remain unchanged at 390,000 MT. According to Conadesuca reporting through May, deliveries for human consumption are 0.7 percent below the same period the previous year. This has been somewhat offset by higher consumption of high-fructose corn syrup (+6.5 percent), which means that deliveries of total sweeteners are 1.0 percent above the previous year.

Table 3 -- Mexico sugar supply and use, 2015/16 - 2016/17 and projected 2017/18, July 2017.

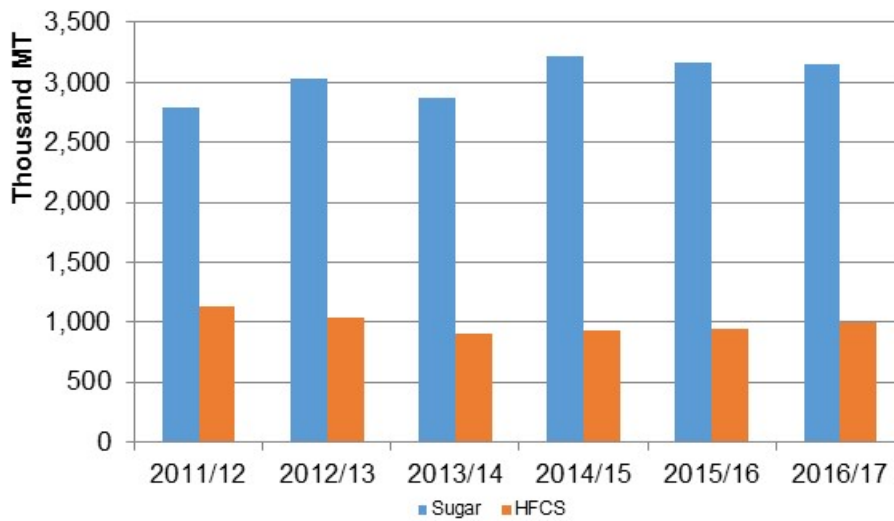
Items	2015/16	2016/17 (estimate)	2017/18 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	811	1,037	1,068
Production	6,117	5,957	6,100
Imports	83	85	75
Imports for consumption	17	25	25
Imports for sugar-containing product exports, IMMEX 1/	66	60	50
Total supply	7,011	7,079	7,243
Disappearance			
Human consumption	4,387	4,461	4,528
For sugar-containing product exports (IMMEX)	390	390	330
Other deliveries and end-of-year statistical adjustment	-10	0	0
Total	4,767	4,851	4,858
Exports	1,207	1,160	1,571
Exports to the United States & Puerto Rico	1,120	995	1,561
Exports to other countries	86	165	10
Total use	5,974	6,011	6,428
Ending stocks	1,037	1,068	815
	1,000 metric tons, raw value		
Beginning stocks	859	1,099	1,132
Production	6,484	6,314	6,466
Imports	88	90	80
Imports for consumption	18	27	27
Imports for sugar-containing product exports (IMMEX)	70	64	53
Total supply	7,431	7,504	7,678
Disappearance			
Human consumption	4,650	4,729	4,799
For sugar-containing product exports (IMMEX)	413	413	350
Other deliveries and end-of-year statistical adjustment	-10	0	0
Total	5,053	5,143	5,149
Exports	1,279	1,229	1,665
Exports to the United States & Puerto Rico	1,187	1,054	1,654
Exports to other countries	92	175	11
Total use	6,332	6,372	6,814
Ending stocks	1,099	1,132	864
Stocks-to-human consumption (percent)	23.6	23.9	18.0
Stocks-to-use (percent)	17.4	17.8	12.7
High fructose corn syrup (HFCS) consumption (dry weight)	1,482	1,484	1,484

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.

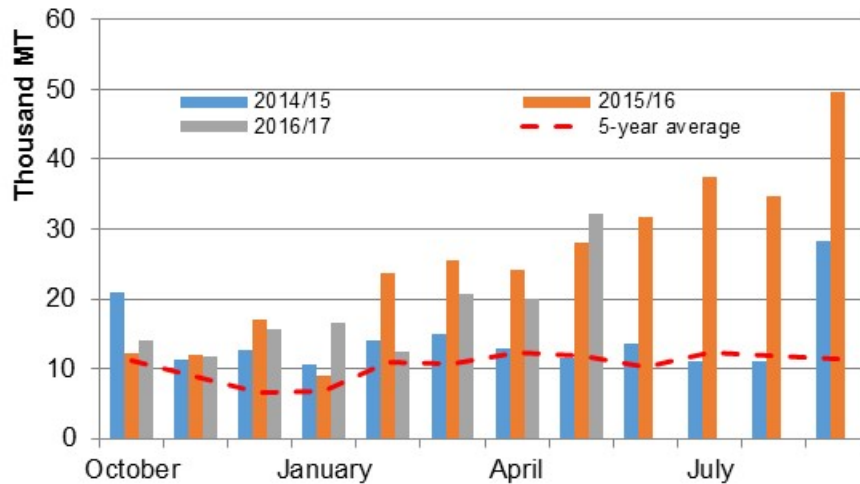
Domestic deliveries to the IMMEX program are 5.6 percent below the previous year's level. Deliveries during the month of May, however, were substantially higher. IMMEX deliveries thus far in 2016/17 still reflect the patterns that have occurred since the change in regulations to the program that ultimately limited the use of U.S. sugar from the re-export program in the IMMEX program. The increased pace of imports may reflect additional supplies going into IMMEX, which may augment or substitute for domestic supplies. Additional months of reporting are needed, however.

Figure 6
Mexican sweetener consumption October to May



Source: Conadesuca.

Figure 7
Mexico domestic IMMEX deliveries, monthly, 2009/10 to 2016/17



Source: Conadesuca.

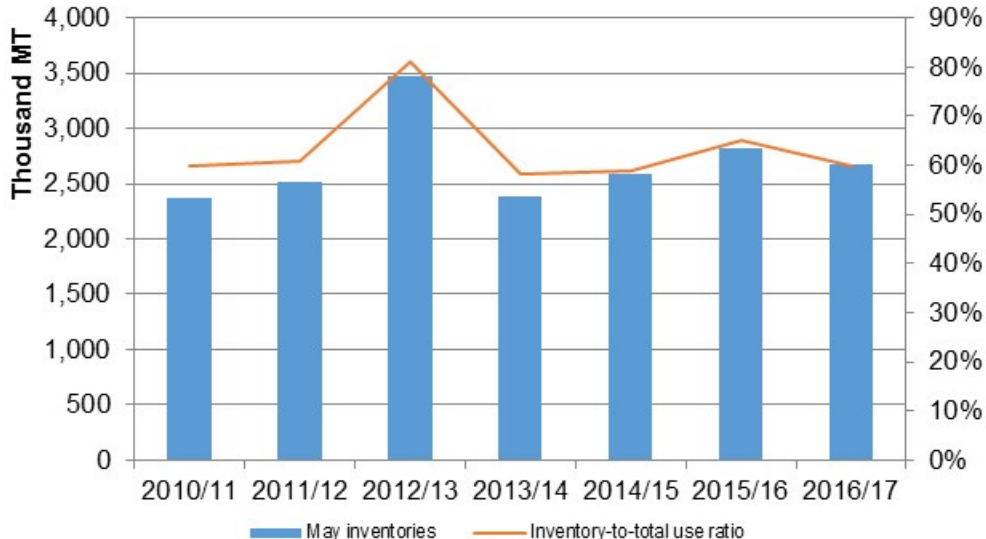
Exports to the United States in 2016/17 are estimated to be 995,000 MT, unchanged from the previous month. As with the estimate for U.S. imports, this total reflects Mexico’s shipping an amount that fully satisfies the Export Limit that was published by USDOC subsequent to the March WASDE. Exports to non-U.S. destinations are increased 15,000 MT to 165,000 MT, based on the pace of reported export data from Conadesuca through July 2, 2017, which totaled 159,000 MT.

As a result of the changes to estimated supplies and use, Mexico ending stocks are expected to be 1.068 million MT, a 33,000-MT reduction from the June report. The stocks-to-consumption ratio is calculated at 23.9 percent, compared with the previous month’s level of 24.7 percent.

Through May, inventories of sugar were reported to be 2.677 million MT by Conadesuca. By comparison, this is 5.1 percent lower than inventories in 2015/16; however, it is within the normal range in recent years and is

comparable to recent years when normalized against total use for the year. May inventories represent about 60 percent of the year’s estimated use. This is lower than 2015/16, but in line with historical averages.

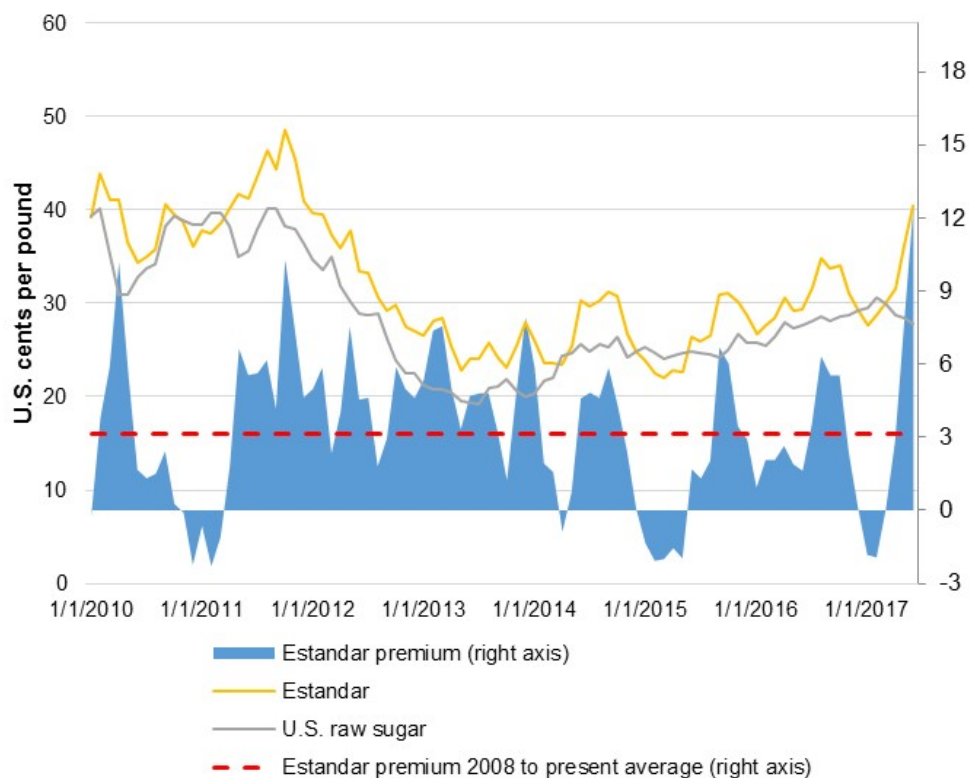
Figure 8
Mexican sweetener consumption October to May



Note: 2016/17 total use based on current estimate.
 Source: Conadesuca.

Despite current fundamental market metrics that appear to be in line with historical performances, domestic sugar prices in Mexico have increased substantially since May. The June wholesale price for estandar sugar in the Mexico City market averaged the equivalent of 40.36 U.S. cents per pound. This is a 46.2 percent increase since January, when the price was 27.62 U.S. cents per pound. By comparison, the U.S. raw sugar price—as reflected by the price of the nearby Number 16 contract traded on the Intercontinental Exchange (ICE)—averaged 27.83 cents per pound in June and has declined slightly from the January average price of 29.44 cents per pound.

Figure 9
 Mexico City estandar and U.S. raw sugar prices, monthly, January 2010 to June 2017



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

Historically, there has been a premium to the Mexico City estandar price relative to the U.S. price. One key reason is that estandar sugar has a higher polarity than most U.S. raw sugar. Aside from the differences in the specifications of the products, differences in prices can fluctuate based on changes to exchange rates and the relative supply and use balance sheets for the U.S. and Mexico’s respective sugar markets. At times, the estandar price has even been at a discount to the U.S. price. As the two markets have become increasingly integrated since NAFTA, however, there has been growing evidence that the prices have become cointegrated and move within a long-term equilibrium. The current 12.5-cent premium for the estandar price is the largest spread since 2008 and the first time the spread has been greater than 10 cents since 2011. Several factors could be contributing to the current situation, including the relatively tight supplies projected for the U.S. market in 2017/18; the negotiations and agreed-upon amendments to the terms of the suspension agreements in June 2017 by the USDOC and the Government of Mexico; the recent changes in industry structure since the privatization of all Mexican sugar mills; and recent volatility in Mexico’s foreign exchange rates.

If the U.S. and Mexico prices remain cointegrated, however, it would be expected that the prices would return to an equilibrium level—through a combination of the U.S. price rising and the Mexico price falling. Thus far, however, the substantial increase in price is not consistent with the current market information, which does not indicate limited supplies given the expected levels of demand for 2016/17 and 2017/18. If sustained, the relatively high domestic prices in Mexico could have implications for its competitiveness in trade and would require adjustment of the current forecasts for sugar exports to the United States.

Mexico sugar market for 2017/18 is projected to be relatively tight, exports to United States raised though

Total sugar supplies for Mexico in 2017/18 are projected to be 7.243 million MT, a 33,000-MT decrease from the June projection. The decline is due to fewer beginning stocks, the result of changes to estimates in the 2016/17 balance sheet. Domestic production is projected to be 6.100 million MT, unchanged from the previous month, and a 2.4 percent increase from the current 2016/17 estimate. Projected imports are also unchanged at 75,000 MT.

Domestic deliveries are projected to be 4.858 million MT, a 60,000-MT decline from the previous month's report. Domestic deliveries for human consumption remain unchanged at 4.528 million MT. If realized, this would constitute a 1.5-percent increase from the current 2016/17 estimate and is projected upon total per capita sweetener deliveries remaining unchanged and total high-fructose corn syrup deliveries remaining unchanged, leaving growth due to population growth and a growing market share in the domestic sweetener market. Deliveries to the IMMEX program are reduced 60,000 MT to 330,000 MT. The decrease would be lower than the current 2016/17 estimate, but is in line with recent historical levels, which are believed to be better reference points for a relatively tightly supplied market. With the prospect of supplies that are able to be marketed to valuable overseas market—specifically the United States- that would diminish the attractiveness of delivering domestically produced sugar to the IMMEX program.

Exports for 2017/18 are projected to be 1.571 million MT. This is 27,000-MT increase from the June projection, based on a net increase to exports to the United States and a decrease to non-U.S. destination. Exports to non-U.S. destinations are projected to be 10,000 MT, down from 25,000 MT in the June projection. This level represents an expected de minimus level of trade. With ample market access to the United States expected for 2017/18 for Mexican exporters, only a marginal amount of exports to other destination would be expected. Exports to the United States are raised 42,000 MT to 1.561 million MT. The increase is primarily due to the changes in non-U.S. exports and domestic deliveries to the IMMEX program that allow additional supplies to be shipped to the United States while still maintaining a minimum level of ending stocks to satisfy 2018/19 demand before that year's harvest comes online.

Ending stocks in Mexico for 2017/18 are projected to be 815,000 MT, unchanged from the previous month. This represents an 18.0 percent stocks-to-human consumption ratio. This target level is considered a lower bound for the amount of supplies that are adequate to satisfy domestic deliveries for the first few months of the following year before Mexico's sugarcane harvest starts in earnest by mid-December and hits full speed around the New Year.

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

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Sugar and Sweeteners Outlook <http://www.ers.usda.gov/Publications/SSS/WASDE> <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documented=1194>
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