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Michael McConnell, coordinator
michael.mcconnell@ers.usda.gov

High Sucrose Recovery Rates from Beet Sugar Processors Raise Domestic Sugar Production to Record Level in 2017/18, Reduce Imports from Mexico

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The December *World Agricultural Supply and Demand Estimates* (WASDE) raised U.S. domestic sugar production projections in 2017/18 by 409,000 short tons, raw value (STRV), to 9.245 million STRV. The increase is due to higher recovery rates reported from beet sugar processors early in the slicing campaign that are expected to continue throughout the year. Cane sugar production is unchanged from the previous month's projection.

U.S. imports in 2017/18 are projected to be 3.326 million, a 384,000-STRV decrease from the November report. Imports from quota programs are raised 42,000 STRV based on increased imports early in the fiscal year. Imports from Mexico are reduced 426,000 STRV to 1.268 million STRV. The reduction reflects a lower U.S. Needs calculation compared with the U.S. Needs calculated from the September WASDE, but it is equal to the Export Limit published by the U.S. Department of Commerce in September, in accordance with the terms of the suspension agreements between the United States and Mexico.

U.S. domestic deliveries are unchanged from the previous month, totaling 12.555 million STRV, including unchanged projected deliveries for food and beverage use that represent a 2.3-percent increase from the 2016/17 estimate. U.S. ending stocks are projected to be 1.802 million STRV, a 27,000-STRV reduction. This translates to a 14.3-percent stocks-to-use ratio for 2017/18.

Ending stocks in Mexico are raised 183,000 metric tons, actual value (MT), to 1.008 million MT. Higher stocks are primarily the result of lower projected exports to the United States—lowered 365,000 MT from the previous month's projection due to changes in the U.S. balance sheet. This decline is partially offset by a 121,000-MT increase in exports to other countries, as supplies are now available. Domestic deliveries for human consumption are unchanged from the previous month at 4.582 million MT. Deliveries for the IMMEX program are raised 60,000 MT to 390,000 MT, also due to increased available supplies. The stocks-to-consumption ratio is projected to be 22.0 percent, which is consistent with recent historical performance.

High rates of sucrose recovery result in record beet sugar production projection

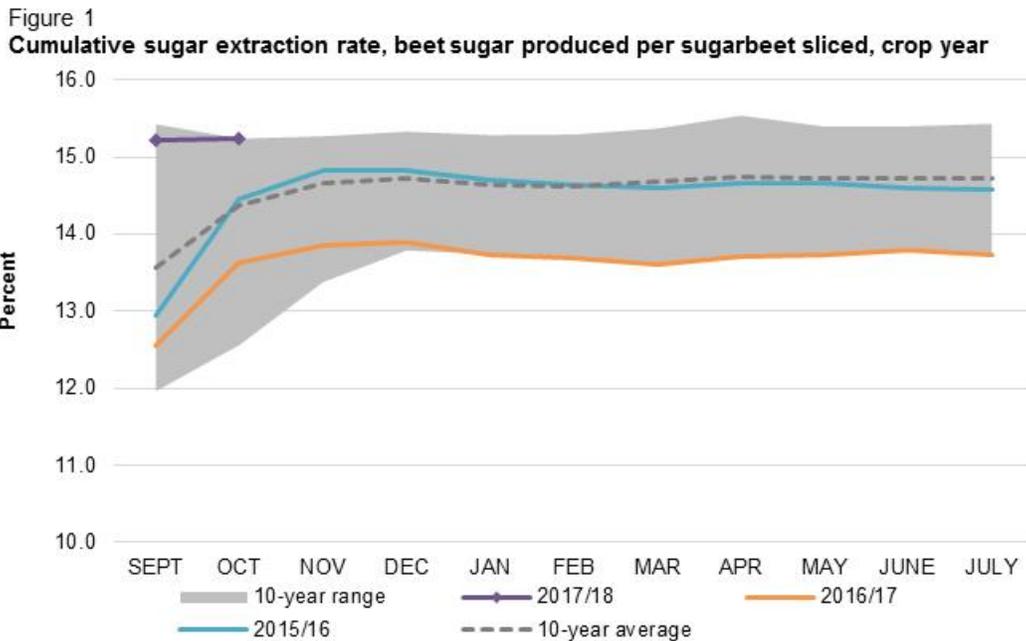
The December *World Agricultural Supply and Demand Estimates* (WASDE) raised projected total supplies in 2017/18 by 27,000 short tons, raw value (STRV) from the November report, totaling 14.407 million STRV. Domestic production is raised 409,000 STRV, however, to 9.245 million STRV. This is a 3-percent increase from 2016/17 estimates, with beet sugar production accounting for most of the increase.

Table 1. U.S. sugar: supply and use, by fiscal year (Oct./Sept.), December 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	2,054	1,836	1,647	1,863	1,665
Total production	8,989	8,969	9,245	8,155	8,137	8,387
Beet sugar	5,119	5,103	5,359	4,644	4,629	4,862
Cane sugar	3,870	3,866	3,886	3,511	3,507	3,525
Florida	2,173	2,055	2,036	1,971	1,864	1,847
Louisiana	1,428	1,628	1,690	1,296	1,477	1,533
Texas	116	140	160	106	127	145
Hawaii	152	43	0	138	39	0
Total imports	3,341	3,244	3,326	3,031	2,943	3,017
Tariff-rate quota imports	1,620	1,611	1,798	1,469	1,462	1,631
Other program imports	396	419	250	359	380	227
Non-program imports	1,325	1,213	1,278	1,202	1,101	1,160
Mexico	1,309	1,201	1,268	1,187	1,090	1,151
Total supply	14,145	14,267	14,407	12,832	12,943	13,070
Total exports	74	95	50	67	86	45
Miscellaneous	-33	53	0	-30	48	0
Deliveries for domestic use	12,051	12,283	12,555	10,932	11,143	11,390
Transfer to sugar-containing products for exports under re-export program	148	127	120	134	115	109
Transfer to polyhydric alcohol, feed, other alcohol	22	29	35	20	27	32
Commodity Credit Corporation (CCC) sale for ethanol, other	0	0	0	0	0	0
Deliveries for domestic food and beverage use	11,881	12,127	12,400	10,778	11,001	11,249
Total use	12,091	12,431	12,605	10,969	11,277	11,435
Ending stocks	2,054	1,836	1,802	1,863	1,665	1,635
Private	2,054	1,836	1,802	1,863	1,665	1,635
Commodity Credit Corporation (CCC)	0	0	0	0	0	1
Stocks-to-use ratio	16.99	14.77	14.30	16.99	14.77	14.30

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

Beet processors' reports in the Farm Service Agency's (FSA) *Sweetener Market Data* (SMD) show that the slicing of this year's sugarbeet crop is on track for a very high rate of sucrose extraction. Beet sugar production is projected to be 5.359 million STRV, a 409,000-STRV increase from the previous month based on the raised sucrose rate. If realized, this would be a fiscal year record. The cumulative extraction rate can fluctuate over the slicing campaign, although the rate typically stabilizes beginning in October. During this time processors move from slicing early-season, pre-pile sugarbeets to the slicing of sugarbeets harvested and piled in all production regions during the fall.



The current National Agricultural Statistics Service (NASS) forecast the 2017/18 sugarbeet crop to be the second-largest crop, behind the 2016/17 year’s record crop. The historically large sugarbeet crop forecast for 2017/18, combined with high rates of sucrose recovery, results in a projected record crop-year production figure, based on the August-to-July sugarbeet crop year. This projection assumes a shrink rate in line with historical averages, as critical weather periods that affect the quality of piled sugarbeets still lie ahead. Sugarbeet processing regions would benefit from consistently cold conditions throughout the late fall and winter to help store exposed sugarbeet piles and maintain sucrose content. These conditions can evolve over the slicing campaign, potentially affecting both shrink and extraction from slice. Storage conditions will be closely monitored over the coming months and forecasts adjusted accordingly. The fiscal year projection also assumes early-season production from the 2018/19 crop, in line with historical averages. This will be the basis for the early-season outlook until the June WASDE, when May’s planting progress for the 2018/19 crop is known; a key leading indicator for crop yields and crop development.

Table 2. Beet sugar production projection calculation, 2017/18

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
									December
Sugarbeet production (1,000 short tons) 1/	29,783	32,034	28,896	35,224	32,789	31,285	35,371	36,881	36,037
Sugarbeet shrink 2/	5.7%	5.9%	5.9%	4.8%	6.8%	5.4%	6.5%	8.3%	6.4%
Sugarbeet sliced (1,000 short tons)	28,097	30,137	27,184	33,532	30,545	29,595	33,066	33,834	33,743
Sugar extraction rate from slice	14.3%	15.4%	15.0%	15.3%	14.3%	14.6%	14.6%	13.7%	15.4%
Sugar from beets slice (1,000 STRV)	4,023	4,631	4,086	5,142	4,325	4,325	4,820	4,643	5,185
Sugar from molasses (1,000 STRV) 2/	325	357	401	327	324	341	380	352	345
Crop year sugar production (1,000 STRV) 3/	4,348	4,987	4,487	5,469	4,648	4,667	5,201	4,995	5,530
August-September sugar production (1,000 STRV)	396	623	294	708	315	461	688	606	715
August-September sugar production forecast (1,000 STRV) 4/	623	294	708	315	461	688	606	715	504
Sugar from imported beets (1,000 STRV) 5/	--	--	--	--	--	--	--	--	40
Fiscal year sugar production (1,000 STRV)	4,575	4,659	4,900	5,076	4,794	4,893	5,119	5,103	5,359

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/ 2017/18 based on 10-year historical average. 5/ 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.

Cane sugar production in 2017/18 remains unchanged from the previous month, projected to total 3.886 million STRV. Likewise, projected cane sugar production remains unchanged in each State compared with the previous month's report: Florida at 2.036 million STRV, Louisiana at 1.690 million STRV, and Texas at 160,000 STRV. NASS sugarcane crop forecasts lowered Florida's forecast and raised Louisiana's in the December *Crop Production* report. These changes were mostly offsetting, however, and along with information provided by processors, did not substantiate a change in the cane sugar production forecasts.

Projected imports from Mexico reduced to September Export Limit announced by U.S. Dept. of Commerce

Larger domestic supplies are projected to result in fewer imports in 2017/18. Total sugar imports in 2017/18 are projected to total 3.326 million STRV, a 384,000-STRV reduction compared with the November projection. Imports under quota programs are increased 42,000 STRV to 1.798 million STRV. The increase is based on higher imports projected to enter under the fiscal-year 2017 WTO raw sugar TRQ that was extended into the first months of 2017/18. This is the result of the USDA sugar program announcements in July 2017 that also increased and reallocated the TRQ for the year.

Imports from Mexico are projected to total 1.268 million STRV, a 426,000-STRV decrease from November projections. The projection is based on the terms of the suspension agreements between the U.S. Department of Commerce (USDOC) and the Government of Mexico. Compared with the previous calculation from the September WASDE, projected U.S. sugar production has been increased, imports from quota programs have been raised, and total use has decreased. As a result, the U.S. Needs based on the December WASDE are decreased to 1.168 million STRV. This amount, however, falls below the Export Limit announced in September—or 70 percent of the calculated September U.S. Needs—and the higher volume is maintained as the Export Limit per the terms of the agreement.

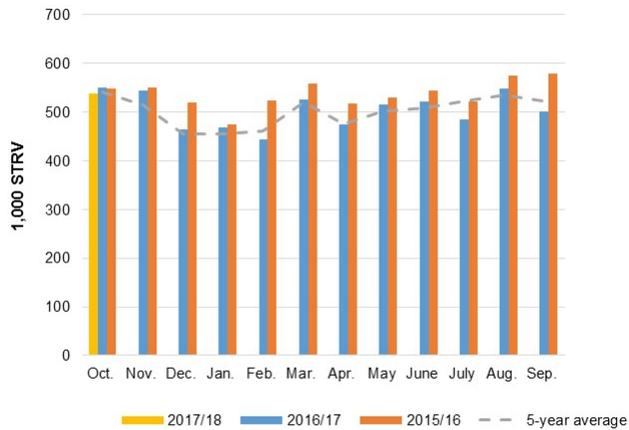
Projected deliveries remain unchanged for 2017/18, show steady increase from 2016/17

Total use for 2017/18 is projected to be 12.605 million STRV, unchanged from the previous month. Domestic deliveries for food and beverage use are projected to be 12.400 million STRV, also unchanged. This represents a 2.3-percent increase from the updated 2016/17 estimate of 12.127 million STRV—reduced 3,000 STRV due to revisions by processors in the SMD. Other domestic deliveries and exports also remain unchanged from the November report at 155,000 STRV and 50,000 STRV, respectively.

Reported deliveries for October 2017, the most recent data in SMD, were 1.182 million STRV—a 14.7-percent increase from the previous year. This was primarily due to a large volume of beet sugar deliveries at 518,000 STRV, a 13.5-percent increase from the previous year. Reported cane sugar deliveries were down 2.3 percent from October 2016 at 538,000 STRV.

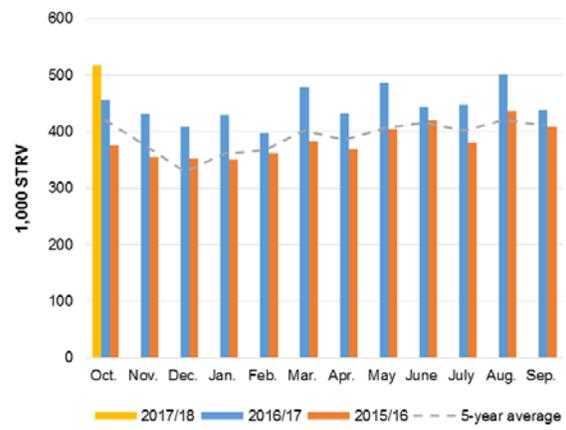
One month of data can provide only limited insight into trends for the remainder of the year. It may reflect the impacts of Hurricane Harvey in Texas and Louisiana during August and Hurricane Irma in Florida during September—particularly the logistical disruptions caused by both storms and the brief shutdown of sugarcane operations subsequent to Hurricane Irma. The disruption in cane sugar facilities and availability of beet sugar may have resulted in a temporary reallocation of sugar delivery originations in some circumstances. The large volume of beet sugar deliveries in October also seems to be a continuation of the patterns seen in 2016/17, which had record deliveries by beet processors.

Figure 2
Cane sugar deliveries, monthly, 2015/16 through 2017/18



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

Figure 3
Beet sugar deliveries, monthly, 2015/16 through 2017/18



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

Ending stocks for 2017/18 are projected to be 1.802 million STRV, a 27,000-STRV increase from the previous month's projection due to the net increase in supplies. The resulting stocks-to-use ratio is projected to be 14.3 percent. This results in a slightly tighter supply situation compared with 2016/17, with slightly revised ending stocks of 1.836 million STRV, resulting in a stocks-to-use ratio of 14.8 percent.

Fewer projected exports to the United States result in higher ending stocks in Mexico for 2017/18

Mexico's 2017/18 sugar market is projected to have supplies more readily available relative to previous projections, as ending stocks are projected to be 1.008 million metric tons, actual value (MT). This is a 183,000-MT increase from the November projection, primarily due to fewer exports to the United States. The stocks-to-consumption ratio is 22.0 percent, reflecting a supply and use balance in line with historical levels.

Mexico exports in 2017/18 are projected to be 1.217 million MT, a 243,000-MT reduction from the previous month, primarily due to reductions in exports to the United States. Exports to the United States are projected to be 1.085 million MT, a 365,000-MT reduction from the previous month based on the terms of the suspension agreements. According to the terms of the suspension agreement, 326,000 MT of this total can be allocated to refined sugar. The remaining 760,000 MT are allocated to Other Sugar, required to have a polarity less than 99.2, as well as being loaded in bulk and free-flowing (not in containers, totes, or packaging). Exports to other countries are projected to be 131,000 MT, a 121,000 increase from the previous month. This would still represent 74,000-MT fewer exports to other countries than the current estimate for 2016/17.

Domestic deliveries for human consumption are unchanged from the previous month, totaling 4.582 million MT in 2017/18. Domestic deliveries for the IMMEX program are projected to be 390,000 MT, a 30,000-MT increase from the previous month reflecting the relative availability of supplies.

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

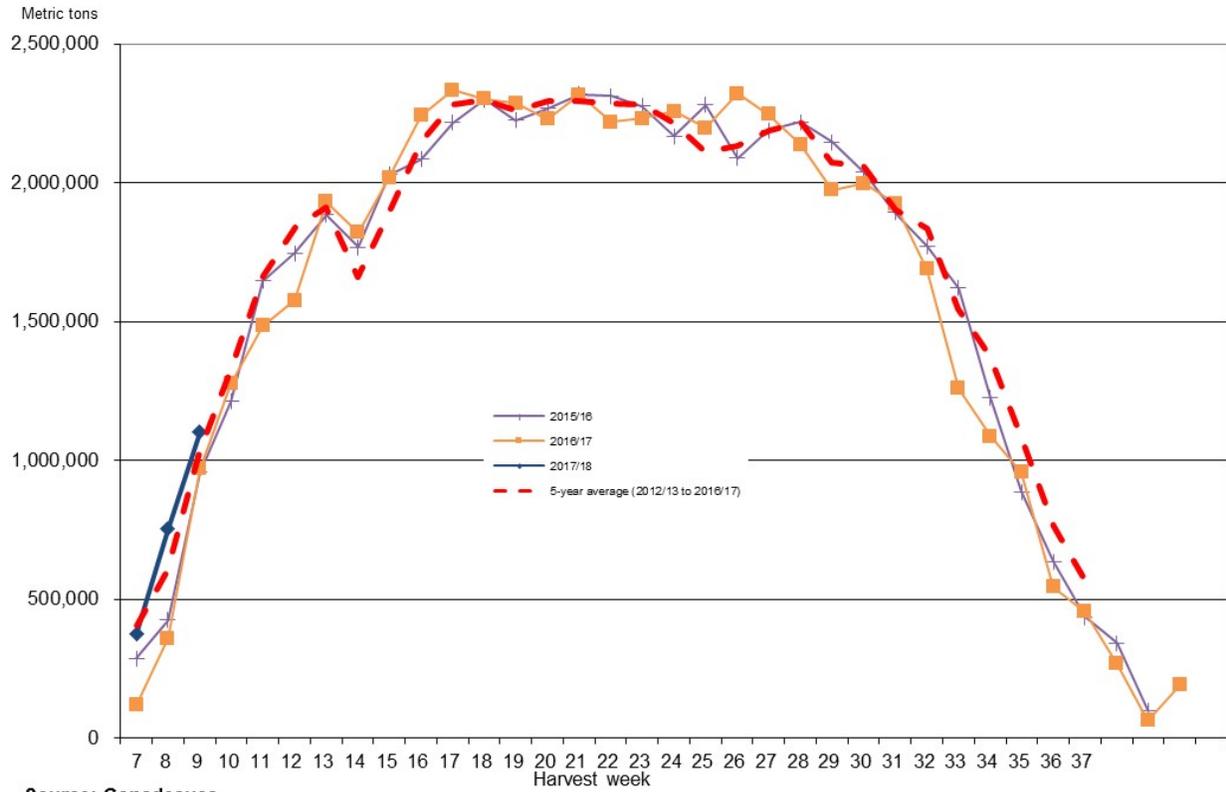
Items	2015/16	2016/17 (estimate)	2017/18 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	811	1,037	1,002
Production	6,117	5,957	6,100
Imports	83	93	95
Imports for consumption	17	48	45
Imports for sugar-containing product exports, IMMEX 1/, other	66	45	50
Total supply	7,011	7,087	7,197
Disappearance			
Human consumption	4,387	4,515	4,582
For sugar-containing product exports (IMMEX)	390	397	390
Other deliveries and end-of-year statistical adjustment	-10	-61	0
Total	4,767	4,851	4,972
Exports	1,207	1,234	1,217
Exports to the United States & Puerto Rico	1,120	1,028	1,085
Exports to other countries	86	205	131
Total use	5,974	6,085	6,189
Ending stocks	1,037	1,002	1,008
	1,000 metric tons, raw value		
Beginning stocks	859	1,099	1,062
Production	6,484	6,315	6,466
Imports	88	98	101
Imports for consumption	18	51	48
Imports for sugar-containing product exports (IMMEX)	70	47	53
Total supply	7,431	7,512	7,629
Disappearance			
Human consumption	4,650	4,786	4,857
For sugar-containing product exports (IMMEX)	413	420	413
Other deliveries and end-of-year statistical adjustment	-10	-64	0
Total	5,053	5,142	5,271
Exports	1,279	1,308	1,290
Exports to the United States & Puerto Rico	1,187	1,090	1,151
Exports to other countries	92	218	139
Total use	6,332	6,450	6,561
Ending stocks	1,099	1,062	1,069
Stocks-to-human consumption (percent)	23.6	22.2	22.0
Stocks-to-use (percent)	17.4	16.5	16.3
High fructose corn syrup (HFCS) consumption (dry weight)	1,482	1,531	1,531

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.

Mexico production for 2017/18 is projected at 6.100 million MT, unchanged from the previous month. As of December 2, more than half of Mexico's mills had begun their harvest campaign. According to Conadesuca, sugarcane production through December 2 is ahead of the same period the previous year and slightly ahead of the 5-year average, although it is still early in the campaign to extrapolate what the crop's performance thus far means for the duration of the season. The agency also reports that 25,000 MT of sugar has been produced with a polarity lower than 99.2 during the same time period, which would likely be shipped to the United States under the Other Sugar component of the Export Limit.

Figure 4
Mexican sugarcane production, by week of harvest, 2010/11-2017/18



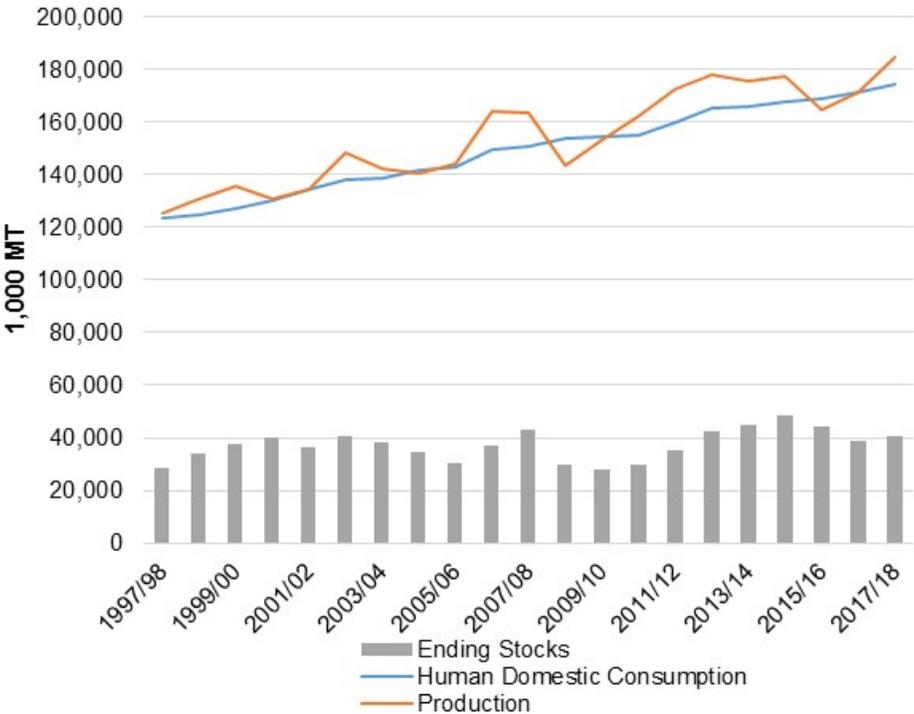
Source: Conadesuca.

Special Article: Global Sugar Market Forecast To Return to Production Surplus in 2017/18

On November 17, 2017, the Foreign Agricultural Service (FAS) released its updated *Sugar: World Markets and Trade* report.¹ The report provides the updated USDA global market estimates and projections for the 2016/17 and 2017/18 marketing years. The updated reports are based primarily on information provided by FAS reports from posts in U.S. embassies around the world, made available through the *Global Agricultural Information Network* (GAIN).

World sugar production and consumption are both projected to be records for 2017/18, as the global sugar market transitions from several years of tighter supplies to one of building inventories. Global consumption is projected to increase 1.5 percent from the previous year’s levels to 174.2 million metric tons, raw value (MTRV). This is in line with the average annual growth rates over the past decade, which have remained fairly steady. Global production is projected to be 184.9 million MTRV, a 4.6-percent increase from the previous year, rebounding from several years of cyclically lower production levels. Following 2015/16 and 2016/17, where human consumption exceeded production, global ending stocks in 2017/18 remain in line with the recent historical range, up 1.4 percent from 2016/17.

Figure 5
World sugar production, human consumption, and production surplus, 1997/98 to 2017/18



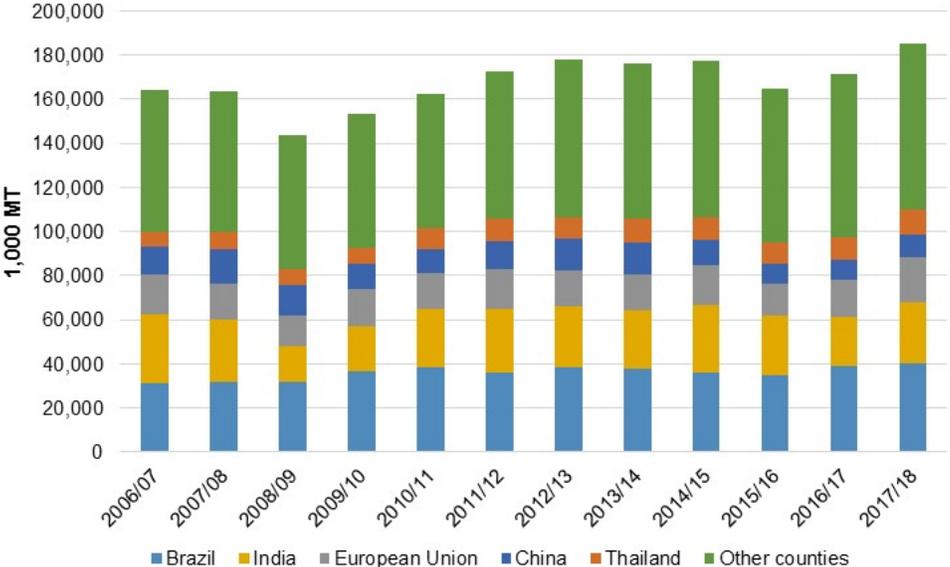
Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Growth in projected production in 2017/18 appears across most major producing countries. Brazil—the world’s largest producer—is projected to increase 2.7 percent from the previous year, due primarily to additional sugarcane harvest diverted to sugar rather than to ethanol production. The annual largest increases are projected to come from India, the European Union, and Thailand, however—at 25.0, 21.8, and 11.9 percent, respectively. Overall,

¹ <https://www.fas.usda.gov/data/sugar-world-markets-and-trade>

producers responding to the past few years of production deficits, as well as improved weather conditions in some regions, result in the record production expected for 2017/18.

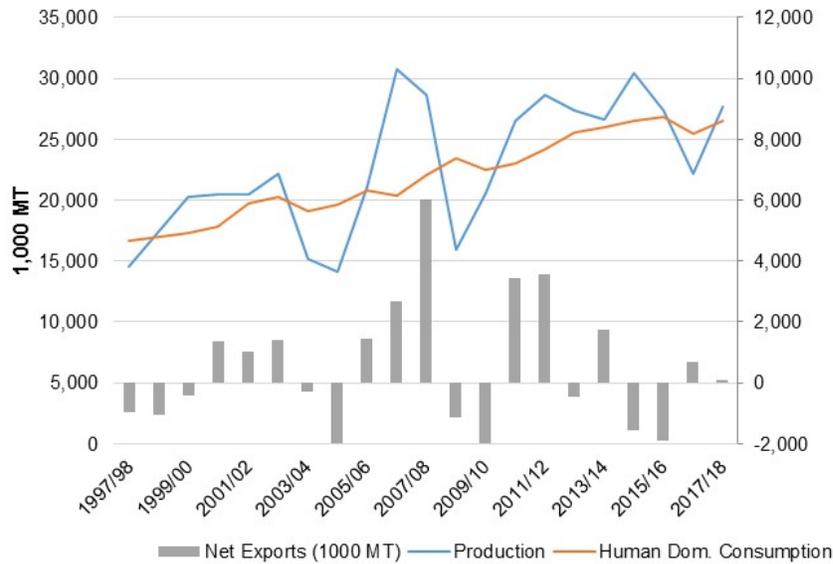
Figure 6
World sugar production 2006/07 to 2017/18



Source: U.S. Department of Agriculture, Foreign Agricultural Service.

The strong growth in projected India production in 2017/18 is expected to keep India’s sugar market balanced, with only a small amount of net exports projected. India’s sugar market is expected to benefit from good weather conditions in sugarcane-growing regions that will improve yields. Additionally, improved financial fundamentals for sugarcane mills should aid the cash flows and timely payments for both mills and growers. As a result, a higher proportion of sugarcane is expected to be used for sugar production rather than alternative, noncentrifugal sweeteners such as gur. Historically, large swings in production caused by weather conditions and domestic agricultural policies have translated into volatile global markets. India’s relative size has a significant impact on the world market in years when it is a large net importer or exporter. The current projections indicate that India will contribute to the global production increase, but not to the extent of becoming a net exporter to the global market.

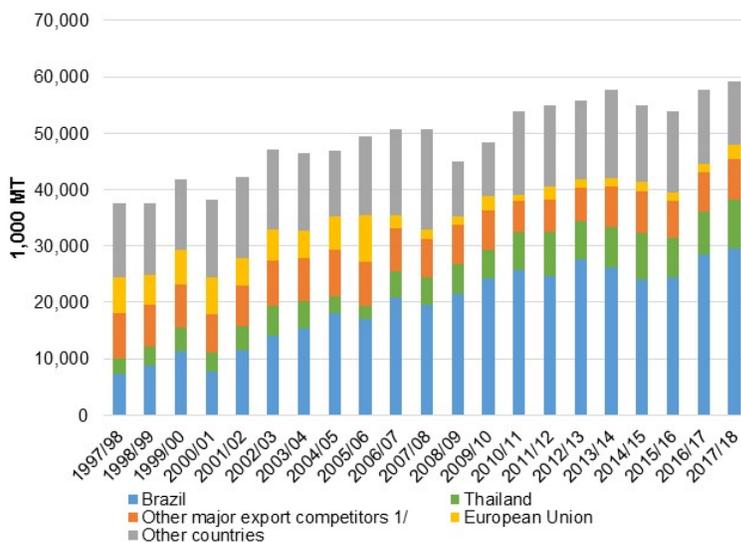
Figure 7
India sugar production, exports, and domestic consumption 1997/98 to 2017/18



Source: U.S. Department of Agriculture, Foreign Agricultural Service.

As global production and supplies are expected to increase in 2017/18, so too are global exports. At 59.2 million MTRV, 2017/18 exports are projected to increase 2.5 percent from the previous year. As with production, the growth is expected to come from a broad base of the world's exporting countries. Brazil remains the largest exporter, accounting for nearly half of projected global exports. The increased production in Brazil will translate into a 3.8-percent increase in exports compared with 2016/17. The second largest sugar exporter, Thailand, is also expected to see a 14.7-percent increase after several years of lower production due to poor weather conditions. Australia is the only country among traditional export countries that is projected to see its exports decline.

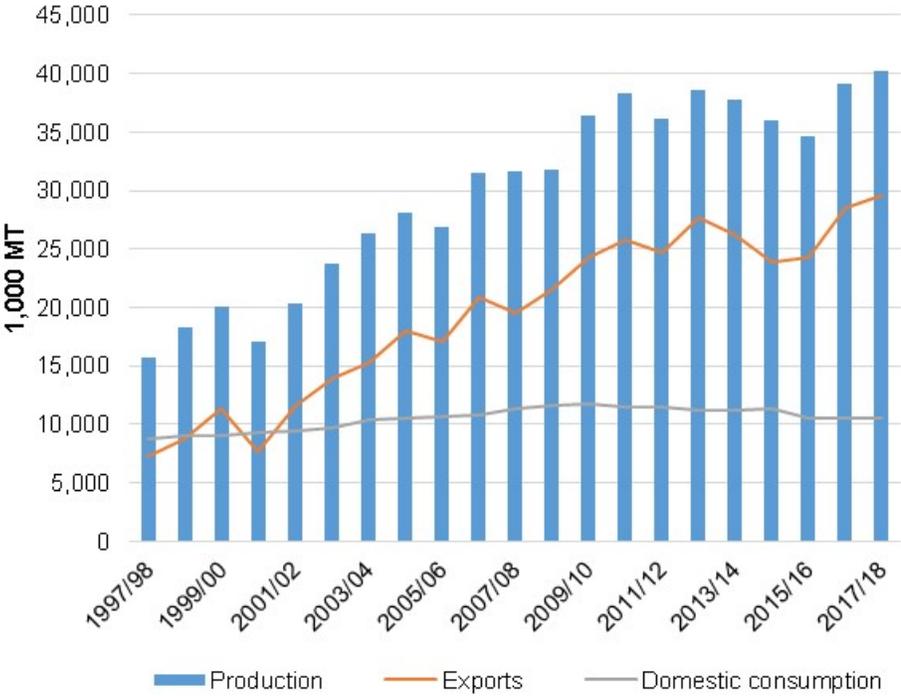
Figure 8
World sugar exports 1997/98 to 2017/18



1/ Includes: Australia, Guatemala, Colombia, and South Africa.
 Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Brazil is the main driver of the global sugar market due to its role as the largest producer and exporter of sugar in the world. The increase in production for 2016/17 and 2017/18 are primarily due to two factors: increased sugarcane production and industrial yields, and the proportion of the sugarcane crop used for sugar production versus ethanol production. Following weather-related events in key production regions that impacted the 2015/16 crop, sugarcane production has rebounded. The increased sugar production has translated directly into higher export levels, as domestic use has remained relatively stable.

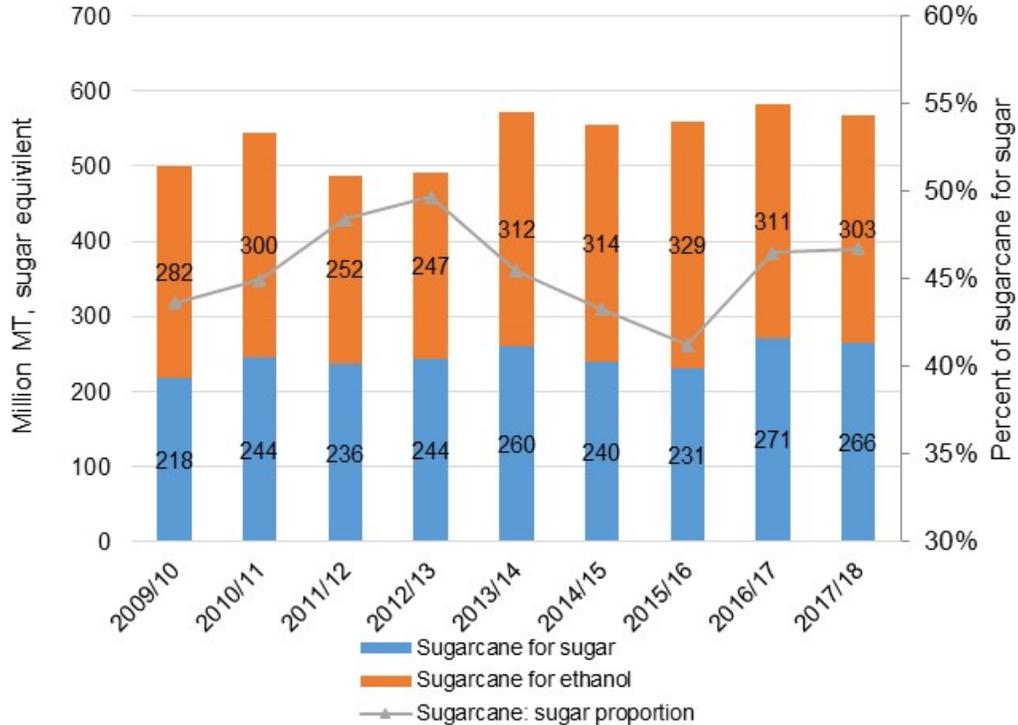
Figure 9
Brazil sugar production, exports, and domestic consumption 1997/98 to 2017/18



Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Typically, about 50 to 60 percent of Brazilian sugarcane is used for ethanol production. As a result, energy and fuel markets in Brazil have important implications for the global sugar market. In 2016/17, about 46 percent of sugarcane in Brazil was diverted to sugar production, compared with 40 percent in the prior year. Through November, similar trends have occurred in the 2017/18 crop, with slightly more sugarcane used for sugar production. This was due to relatively better returns from the global sugar market compared with domestic ethanol markets. Brazil's domestic economy had been dealing with recovering macroeconomic conditions that suppressed overall fuel consumption. Brazil has also seen periods of relatively lower gasoline prices compared with hydrous ethanol, the two substitutable transportation fuels for Brazil's flex-fuel vehicle fleet.

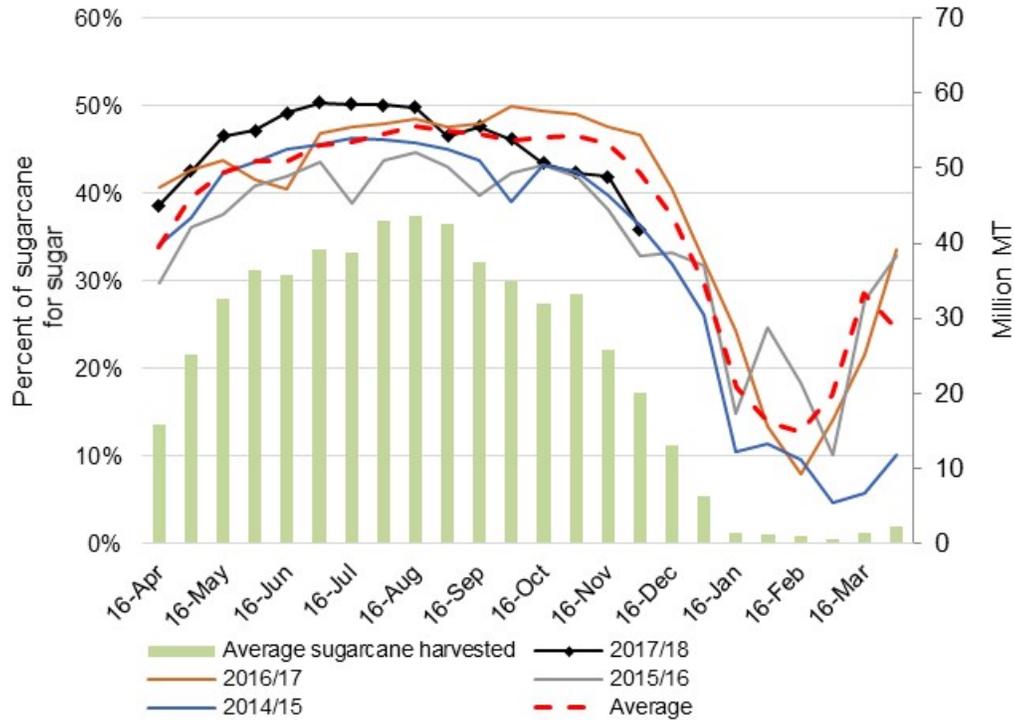
Figure 10
Brazil Center-South sugarcane production and use through December 1



Source: Brazilian Sugarcane Industry Association (UNICA).

There are indications that the rising share of sugar production from the sugarcane crop will moderate, however. Lower global sugar prices and improved ethanol prices relative to gasoline have seen processors divert more cane to ethanol production, particularly beginning in late August and early September. While this change occurred in the latter portions of Brazil’s harvest campaign, it is likely to continue if the same conditions are present into the 2018/19 crop season, which begins in April 2018. Brazil’s Government has been active in evaluating energy and fuel policy, with the domestic use of biofuels an important component of the domestic energy portfolio. While no significant tax or energy policy changes have occurred thus far, policy proposals have been made under the RenovaBio Program, initiated in December 2016, that could reform Brazil’s biofuels sector to encourage growth. Brazil has maintained a mandated 27-percent blend rate for anhydrous ethanol in gasoline since March 2015—up from 25 percent previously set in May 2013 and 20 percent from October 2011 to April 2013. One policy action that did take place in August 2017, however, was a tariff-rate quota on ethanol imports into Brazil subsequent to large volumes of U.S. ethanol shipped into Brazil during 2016/17. The Brazilian Government imposed a 600 million liter tariff-free quota, with out-of-quota shipments subjected to a 20-percent tariff that will affect domestic ethanol prices in 2017/18.

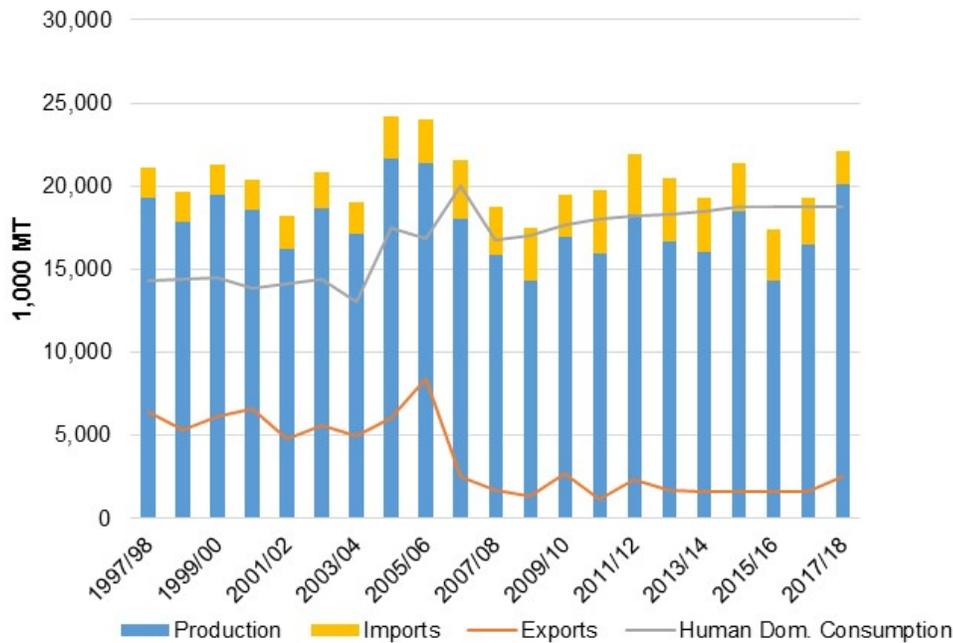
Figure 11
Brazil Center-South sugar for sugarcane proportion, bi-weekly



Source: Brazilian Sugarcane Industry Association (UNICA).

Another significant global sugar market development in 2017/18 is the policy transition taking place in the European Union. The current year will be the first in which the European Union has eliminated production quotas for sugarbeet-producing Member States and removed export limits for EU sugar. The removal of production quotas and reallocation of sugarbeet acreage within the European Union has accounted for projected sugar production expansion in the more productive regions (particularly France, Germany, Poland, and the United Kingdom). Projected production in 2017/18 is 21.8 percent larger than the previous year, at 20.1 million MTRV. Projected imports are reduced 27.3 percent, as increased domestic production reduces the demand for foreign supplies.

Figure 12
European Union sugar production, exports, and domestic consumption
1997/98 to 2017/18

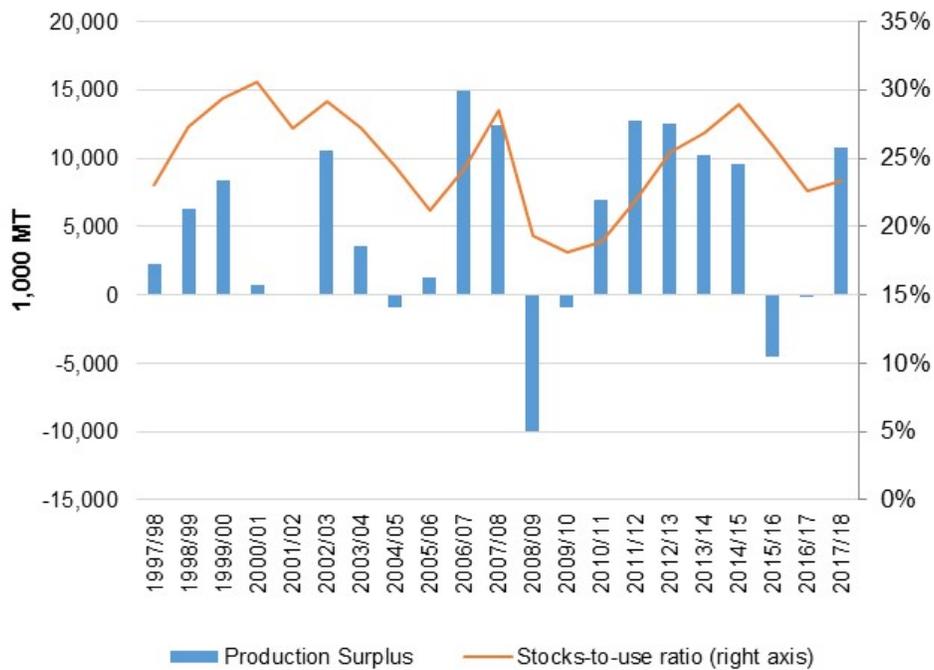


Note: Data reflects the totals for 15 Member State European Union through 2003/04 and 25 Member State European Union through 2005/06.
 Source: U.S. Department of Agriculture, Foreign Agricultural Service.

With stable domestic consumption, the European Union is also expected to significantly increase its exports in 2017/18 by 61.3 percent. While this is a large annual increase, the projected 2.5 million MTRV is still significantly smaller than exports prior to 2005/06 and the implementation of the WTO limits. The policy and market developments are significant for the world market because the European Union is predominantly an exporter of refined beet sugar, as opposed to other major exporting countries that primarily export raw cane sugar. Anticipated supplies of refined sugar from the EU on the global market have already begun to dampen world refined sugar prices.

Overall, the price outlook for 2017/18 is a transition from a market with a production deficit to one with a production surplus. This will mean more available supplies for many domestic markets, as well as for the global market. Despite the record-level production and growing global inventories, the stocks-to-use ratio for 2017/18 is projected to be 23.3 percent, compared with the previous year's estimate of 22.6. The current projection remains well within the historical range, which should remove some elements of price volatility—barring any unforeseen weather or macroeconomic developments. The current futures curve for world sugar prices over the next year indicates that price levels should remain in line with levels established earlier in the year, when Brazil's 2017/18 production came to market.

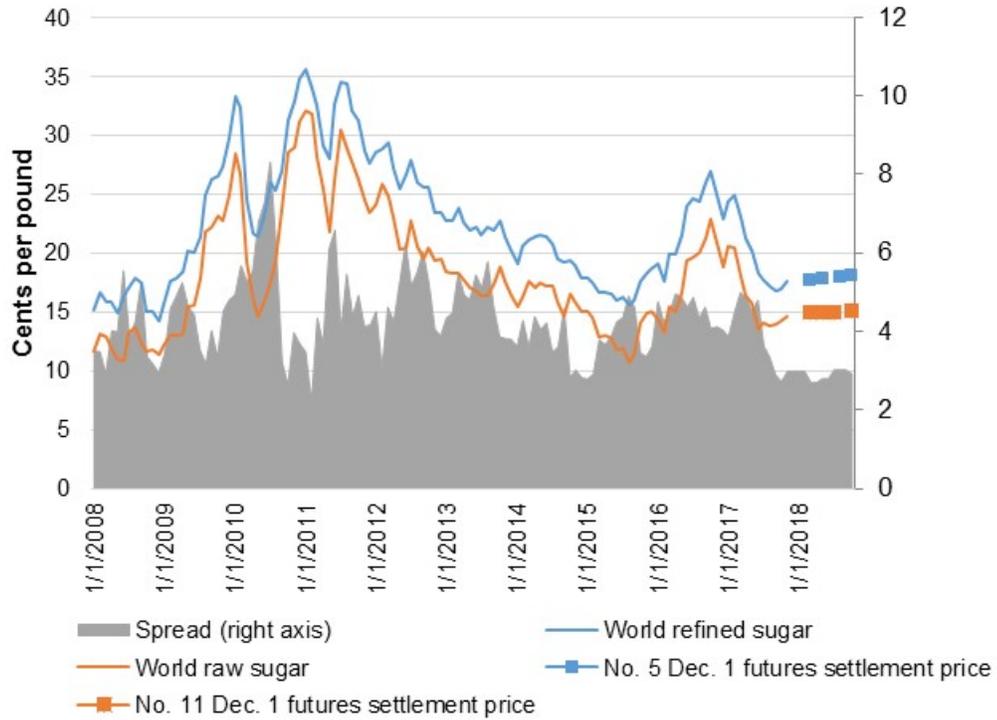
Figure 13
World sugar production surplus and stocks-to-use, 1997/98 to 2016/17



Source: U.S. Department of Agriculture, Foreign Agricultural Service.

The likely availability of supplies on the global market, as well as the reintroduction of the European Union as a significant supplier to the global market, may have important implications for global sugar refiners. The spread between world refined-sugar prices (known as the Number 5 contract) and world raw sugar prices (Number 11 futures contract) on the futures market has narrowed in recent months. The narrower spread implies tighter margins for cane sugar refiners—particularly those that rely upon imported raw sugar from the world sugar market. Based on the prices of these contracts for future deliveries, the margins that are significantly lower than recent history are likely to continue in the coming months. New and re-emerging exporters and narrow margins may result in shifting bilateral trade patterns for importers—either by origination or specification—and lead to a competitive market landscape for exporters.

Figure 14
World raw and refined sugar prices, monthly, January 2008 to December 2017



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

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Michael McConnell, (202) 694-5184, michael.mcconnell@ers.usda.gov (coordinator)

Verna Daniels, (202) 694-5301, vblake@ers.usda.gov (web publishing)

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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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