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# Sugar and Sweeteners Outlook

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## NAFTA Sugar December 2014

U.S. 2014/15 total sugar supply is increased 190,000 short tons, raw value (STRV) from last month to 13.919 million. Based on sugarcane processors' forecasts, Florida sugar production is increased by 145,000 STRV due to increased sugarcane yield and area, and Texas cane sugar production is increased by 3,000 STRV due to increased yields reported. Imports are increased by 42,000 STRV due to an expected increase from Mexico. With no other changes, ending stocks increase by the supply increase and are now projected at 1.675 million STRV, implying an ending stocks-to-use ratio of 13.7 percent. Elements of the U.S. 2013/14 sugar supply and use balance were adjusted to reflect revisions from *Sweetener Market Data* and the Foreign Agricultural Service.

Mexico 2014/15 beginning stocks and production are unchanged but imports are reduced by 24,000 metric tons (MT) to reflect expected imports from the United States. Total imports consist of 182,000 MT from the United States -- all but 10,000 MT for Mexico's sugar-containing products (IMMEX) program -- and 10,000 MT from non-U.S. sources for IMMEX. Total deliveries are reduced by 60,000 MT to reflect an expected decrease from last month in IMMEX activity. Deliveries to IMMEX are now projected at 324,000 MT and match IMMEX activity for 2013/14. Deliveries for consumption are unchanged and ending stocks are equal to 22.0 percent of those deliveries, or 924,000 MT, the same as last month. Exports for 2014/15 are calculated residually at 1.715 million MT. The 36,000 MT increase in exports is forecast to go to the U.S. market for a total of 1.390 million MT. Elements of the Mexico 2013/14 sugar supply and use balance were adjusted to reflect trade revisions from Mexico's Secretariat of Economy (Economia) and IMMEX activity from *Comité Nacional Para El Desarrollo Sustentable de la Caña de Azúcar* (Conadesuca).

The next release is  
January 16, 2014

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Approved by the  
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Outlook Board.

In November, FAS released final global production and use data for the sugar market for 2013/14 and revised forecasts for 2014/15. Global sugar production in 2014/15 is expected to decline for the third-consecutive year and global stocks are projected to fall for the first time since 2009/10. A global production surplus is expected to remain in 2014/15, but it will be significantly smaller than recent years, which could have impacts for global sugar prices.

## United States Sugar Supply and Use

U.S. sugar beginning stocks and production for 2013/14 remain unchanged from the previous month at 2.158 million short tons, raw value (STRV) and 8.457 million STRV. Total imports for the year are increased by 36,000 STRV due to a revision in the data for the re-export program, increasing the total to 305,000 STRV for the year. Total supplies for the year also increased by 36,000 STRV, as that amount was the only change related to the re-export program adjustment.

Deliveries to domestic users in 2013/14 increased 37,000 STRV, all reflected in food use, based on data reported from the November release of the Farm Service Agency's *Sweetener Market Data (SMD)* report. No changes are made to the re-export, polyhydric alcohol, livestock feed, or Commodity Credit Corporation (CCC) figures for the year. Total exports are reduced less than 1,000 STRV, also based on updated data from SMD. As a result, total use for the year increased 36,000 STRV compared with the previous month. Ending stocks remained unchanged from 1.796 STRV for the year, and the stocks-to-use ratio remains at 14.3 percent.

Table 1 -- U.S. sugar: supply and use, by fiscal year (Oct./Sept.), December 2014.

Items	2013/14			2014/15		
	2012/13	(estimate)	(forecast)	2012/13	(estimate)	(forecast)
	1,000 Short tons, raw value			1,000 metric tons, raw value		
Beginning stocks	1,979	2,158	1,796	1,796	1,958	1,629
Total production	8,981	8,457	8,610	8,148	7,672	7,811
Beet sugar	5,076	4,794	4,870	4,605	4,349	4,418
Cane sugar	3,905	3,663	3,740	3,543	3,323	3,393
Florida	1,867	1,759	1,915	1,694	1,595	1,737
Louisiana	1,686	1,591	1,520	1,530	1,443	1,379
Texas	173	145	125	157	132	113
Hawaii	179	168	180	163	153	163
Total imports	3,224	3,742	3,513	2,925	3,394	3,187
Tariff-rate quota imports	957	1,302	1,479	868	1,181	1,341
Other program imports	136	305	400	124	277	363
Non-program imports	2,131	2,135	1,634	1,933	1,937	1,483
Mexico	2,124	2,130	1,624	1,927	1,932	1,474
Total supply	14,185	14,357	13,919	12,868	13,025	12,627
Total exports	274	306	250	249	278	227
Miscellaneous	-24	0	0	-22	0	0
Deliveries for domestic use	11,776	12,255	11,994	10,683	11,118	10,881
Transfer to sugar-containing products for exports under reexport program	80	82	100	73	74	91
Transfer to polyhydric alcohol, feed, other alcohol	32	29	35	29	27	32
Commodity Credit Corporation (CCC) sale for ethanol, other	153	316	0	139	287	0
Deliveries for domestic food and beverage use	11,511	11,828	11,859	10,442	10,730	10,758
Total Use	12,025	12,561	12,244	10,909	11,396	11,108
Ending stocks	2,160	1,796	1,675	1,959	1,629	1,519
Private	1,844	1,796	1,675	1,672	1,629	1,519
Commodity Credit Corporation (CCC)	316	0	0	287	0	0
Stocks-to-use ratio	17.96	14.30	13.68	17.96	14.30	13.68

Source: USDA, ERS, Sugar and Sweetener Outlook.

For 2014/15, total sugar production is increased 148,000 STRV to 8.610 million STRV based on adjustments to cane production. Both National Agricultural Statistics Service (NASS) and data reported by processors show strong production, particularly in Florida. NASS reported sugarcane yields in Florida at 38.6 tons per acre (for sugarcane for both sugar and seed use), up from the previous month's estimate of 35.6 tons per acre. For cane devoted to sugar

use (as opposed to seed), Florida's yield is estimated at 38.4 tons per acre, compared with the previous year's figure of 34.3 tons per acre. Sugarcane production in Florida for 2014/15 is currently estimated at 15.206 million tons, 10.8 percent higher than 2013/14 levels. This accounted for the WASDE's 145,000 STRV increase in Florida cane sugar production to 1.915 million STRV. Combined with a slight 3,000 STRV increase in cane sugar production from Texas due to processor reports of higher yields, total cane sugar production is increased 148,000 STRV to 3.740 STRV. Projected beet sugar production remains unchanged from the previous month at 4.870 million STRV.

Imports for 2014/15 increased 42,000 STRV compared with the previous month, totaling 3.513 million STRV. The increase in imports is entirely attributed to higher projected imports from Mexico, which are currently forecast at 1.624 million STRV. This increase is primarily the result of adjusted projections for the IMMEX program, as described in more detail below. Imports arriving under a tariff-rate quota (TRQ) remain unchanged at 1.479 million STRV. Likewise, other program exports and high-tier sugar imports remain unchanged at 400,000 STRV and 10,000 STRV, respectively.

Total supply for 2014/15 is forecast to increase as a result of increased production and higher imports. Total supply is forecast at 13.919 million STRV, which would be 190,000 STRV higher than the previous month's estimate. On an annual basis, total supply is projected to be 3.1 percent lower than 2013/14, as domestic production is currently projected to be 1.8 percent larger and imports are projected to be 6.1 percent less.

With no changes to deliveries for 2014/15, the monthly increase in projected supplies will result in larger ending stocks of 1.675 million STRV. This would put the stocks-to-use ratio for 2014/15 at 13.7 percent, up from November's projected rate of 12.1 percent.

### ***Mexico Sugar Supply and Use***

Changes to the Mexican balance table for 2013/14 are primarily driven by adjustments to trade figures. There is no new information relating to production or beginning stocks for the year reflected in the December WASDE. Imports are increased by less than 3,000 metric tons, actual value (MT). This increase is accounted for entirely by Mexican sugar imports through the IMMEX program, based on updated data provided by the overseeing Government body, *Comité Nacional Para Desarrollo de la Caña de Azúcar* (Conadesuca). Imports for domestic consumption remained unchanged at 9,000 MT. As a result, total supplies for 2013/14 also increased 3,000 MT, reflecting only the adjustment in IMMEX imports.

Deliveries for domestic consumption for 2013/14 remain unchanged in December, with no new information presented since the last report. Domestic deliveries into the IMMEX program are adjusted 41,000 MT based on the same official data that resulted in the import IMMEX data adjustments. The miscellaneous statistical adjustment used to balance total reported supply with use is reduced 56,000 MT to -151,000 MT to account for the larger adjustment in use relative to supply. Exports are increased 17,000 MT, based on finalized official data from Mexico's Secretariat of Economy (*Economía*).

Ending stocks for 2013/14 remained unchanged at 831,000 MT, with the stocks-to-domestic-consumption ratio remaining at 20.3 percent.

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

Items	2012/13	2013/14 (estimate)	2014/15 (forecast)
	1,000 metric tons, actual weight		
Beginning stocks	966	1,460	831
Production	6,975	6,021	6,140
Imports	217	131	192
Imports for consumption	9	9	10
Imports for sugar-containing product exports (IMMEX) 1/	207	123	182
Total supply	8,157	7,613	7,163
Disappearance			
Human consumption	4,287	4,098	4,200
For sugar-containing product exports (IMMEX)	384	324	324
Statistical adjustment	53	-151	0
Total	4,724	4,271	4,524
Exports	1,973	2,511	1,715
Exports to the United States & Puerto Rico	1,818	1,823	1,390
Exports to other countries	155	689	325
Total use	6,697	6,782	6,239
Ending stocks	1,460	831	924
	1,000 metric tons, raw value		
Beginning stocks	1,024	1,548	881
Production	7,393	6,383	6,508
Imports	230	139	203
Imports for consumption	10	9	11
Imports for sugar-containing product exports (IMMEX)	220	130	193
Total supply	8,646	8,069	7,592
Disappearance			
Human consumption	4,544	4,344	4,452
For sugar-containing product exports (IMMEX)	407	343	343
Statistical adjustment	56	-160	0
Total	5,007	4,527	4,795
Exports	2,091	2,662	1,818
Exports to the United States & Puerto Rico	1,927	1,932	1,474
Exports to other countries	164	730	345
Total use	7,099	7,189	6,613
Ending stocks	1,548	881	979
Stocks-to-human cons. (percent)	34.1	20.3	22.0
Stocks-to-use (percent)	21.8	12.3	14.8
High fructose corn syrup (HFCS) consumption (dry weight)	1,567	1,372	1,420

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

Source: USDA, WASDE and ERS, Sugar and Sweeteners Outlook; Conadesuca.

For 2014/15, beginning stocks and production remain unchanged at 831,000 MT and 6.140 million MT, respectively. Imports are reduced 24,000 MT from the previous month to 192,000 MT. Most of the reduction is attributed to a 34,000 MT decline in IMMEX imports based on carrying trends forward from updated historical data provided by Conadesuca. Additionally, about 10,000 MT of sugar is expected to be imported for consumption purposes, based on Mexican import data from early in the marketing year to reflect de minimus imports throughout the year. The IMMEX program accounts for the remainder of imports.

Mexican domestic consumption in 2014/15 remains at 4.200 million MT, unchanged from the previous month. Domestic deliveries as part of the IMMEX program are reduced 60,000 MT to 324,000 MT, reflecting the same levels as the adjusted 2013/14 totals for the program. Total exports, calculated as a residual, are increased 36,039 MT to 1.715 million MT. All of the increase in exports is expected to be destined for the United States.

Ending stocks for 2014/15 remain unchanged at 924,000 MT. With domestic consumption remaining unchanged as well, the stocks-to-consumption ratio remains projected at 22.0 percent.

**Global Ending Stocks in 2014/15 Expected To Tighten Relative to Previous Year and Forecasts**

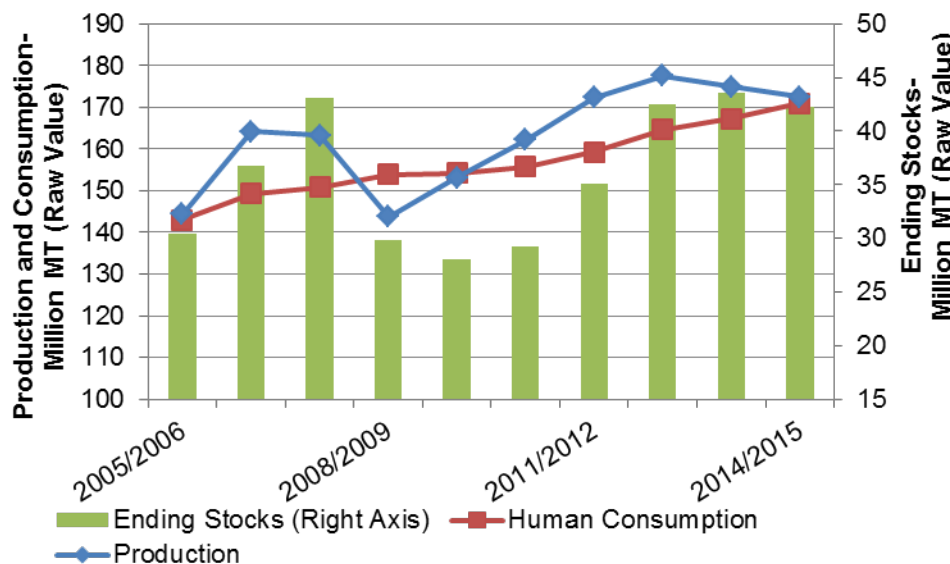
In November, the Foreign Agricultural Service (FAS) released its semiannual *Sugar: World Markets and Trade* with updated global sugar estimates for 2013/14 and forecasts for 2014/15. Global production for 2014/15 is expected to decline 172.5 million metric tons, raw value (MTRV)—down 1.5 percent from 2013/14’s 175.0 million MTRV and 1.8 percent lower than the previous 2014/15 forecast published in May 2014. Global human consumption increased to 171.0 million MTRV—2.2-percent higher than 2013/14 levels and 0.3 percent higher than May’s 2014/15 forecast. As a result, global ending stocks are expected to decline for the first time since 2009/10, falling to 42.2 million MTRV compared with 43.6 million MTRV in 2013/14. Additionally, with production forecasts revised lower and consumption estimates revised slightly higher than May projections, ending stocks are estimated to be smaller than the previous forecast of 44.4 million MTRV.

Table 3-- World sugar production and consumption

	2013/14 (Final)		2014/15 (Forecast)	
	May 2014	Nov 2014	May 2014	Nov 2014
	(1,000 metric tons, raw value)			
Production	175,703	175,010	175,589	172,458
Total imports	50,481	51,837	50,037	51,763
Total exports	55,913	57,437	55,241	53,697
Human consumption	167,486	167,277	170,528	170,996
Ending Stocks	45,515	43,620	44,441	42,215

Source: United States Dept. of Agriculture, Foreign Agricultural Service, Production Supply Distribution database.

Figure 1  
World sugar production, consumption and ending stocks

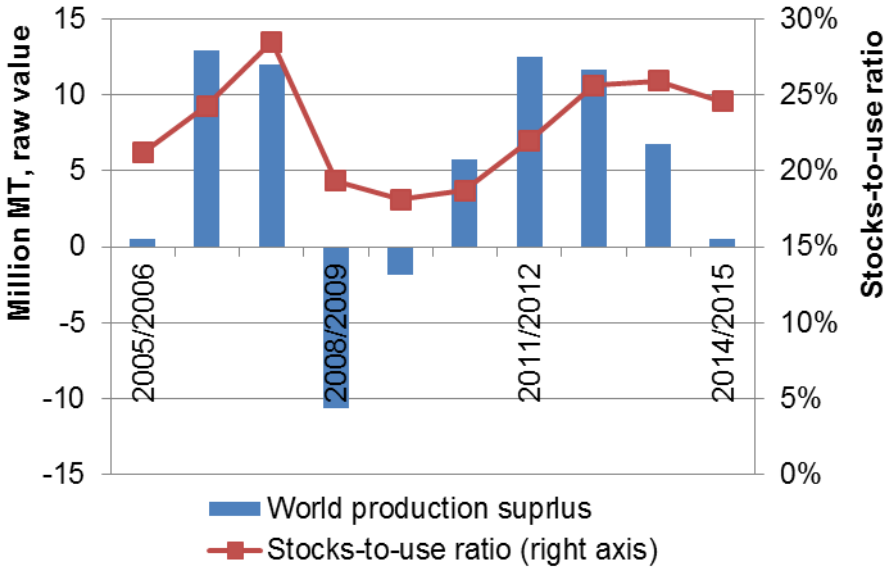


Source: United States Department of Agriculture, Foreign Agricultural Service, Production, Supply Distribution database.

Changes to global forecasts were made based on information provided through FAS reports from particular embassy posts in September and October. The lower global production forecast was primarily due to downward revisions in four of the top five producing countries: Brazil, India, China, and Thailand. The production forecast for Brazil was lowered 1.0 million MTRV and Thailand was lowered 0.8 million MTRV, with both countries experiencing drought conditions. India’s production forecast for 2014/15 was lowered 0.65 million MTRV based on reported lower acreage. Production forecasts for China were also reduced 0.4 million MT due to lower than expected harvested acreage. Revisions to 2014/15 forecasts for human consumption and total use were smaller relative to production adjustments, with a 0.15 million MTRV increase in Brazilian human consumption representing the only adjustment to this category among the top four consuming countries in the world (India, EU, China, and Brazil).<sup>1</sup>

The slight decline in global stocks comes after a period of higher stocks since 2010/11 as production has exceeded total use. As presented in figure 2, for 2014/15 there is still expected to be an annual surplus of sugar (difference between global production and total use), which would mark the fifth consecutive year of a sugar surplus. The expected surplus in 2014/15 is forecast to be substantially less than in recent years, however. In addition, with steadily increasing use and the slight decline in ending stocks, the global stocks-to-use ratio is expected to fall from 25.9 percent in 2013/14 to 24.6 percent in 2014/15, marking the first annual decline in this ratio since 2009/10.

**Figure 2**  
**World sugar surplus and stocks-to-use ratio**



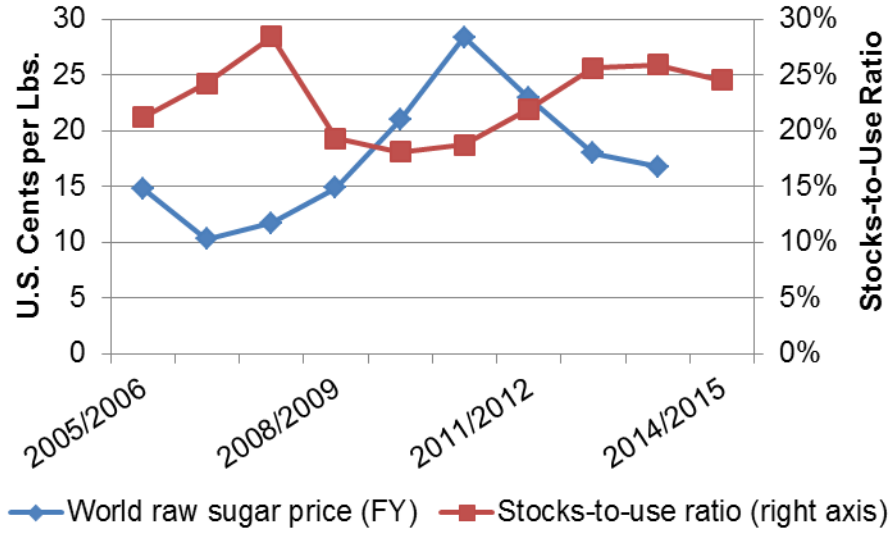
Source: United States Department of Agriculture, Foreign Agricultural Service, Production, Supply Distribution database.

World prices are correlated to the relative global supply situation, as illustrated in figure 3. Global sugar prices increased between 2006/07 and 2010/11 as the stocks-to-use ratio was relatively low and the market was characterized by volatile shifts between surplus and deficit marketing years. With several surplus years following 2010/11 and a recovery in the global stocks-to-use ratio, world raw sugar prices have steadily fallen on an annual basis and become less volatile—although there are multiple factors likely contributing to price direction and volatility during the past 10 years beyond global production surpluses. Likewise, while there are additional factors

<sup>1</sup> Additional details and discussion on country-level adjustments can be found in the FAS report: <http://www.fas.usda.gov/data/sugar-world-markets-and-trade>.

affecting the global price of sugar, such as exchange rates and energy markets, the relatively lower production surplus and stocks-to-use ratio are important fundamental determinants of world sugar prices.

Figure 3  
**World raw sugar price and stocks-to-use ratio**



Source: United States Department of Agriculture, Foreign Agricultural Service, Production, Supply Distribution database ; Economic Research Service, Sugar Yearbook Tables.

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