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United States Department of Agriculture

U.S. and Mexico Sweetener Market: Outlook and Issues for 2018/19

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U.S. Sugar Supply and Use

	2016/17	2017/18	2018/19	Change
	1,000 STRV			Percent
Beginning stocks	2,054	1,876	2,088	6.6
Production	8,970	9,293	9,017	-3.1
Beet sugar production	5,103	5,279	4,900	-7.7
Cane sugar production	3,867	4,014	4,117	2.5
Imports	3,244	3,277	3,076	-6.5
Total supplies	14,267	14,445	14,100	-2.4
Domestic deliveries	12,258	12,185	12,270	0.7
Exports	95	170	35	-385.6
Ending stocks	1,876	2,008	1,795	-11.8
Stocks-to-use ratio	15.1%	16.1%	14.6%	--

Source: U.S. Department of Agriculture, WAOB.



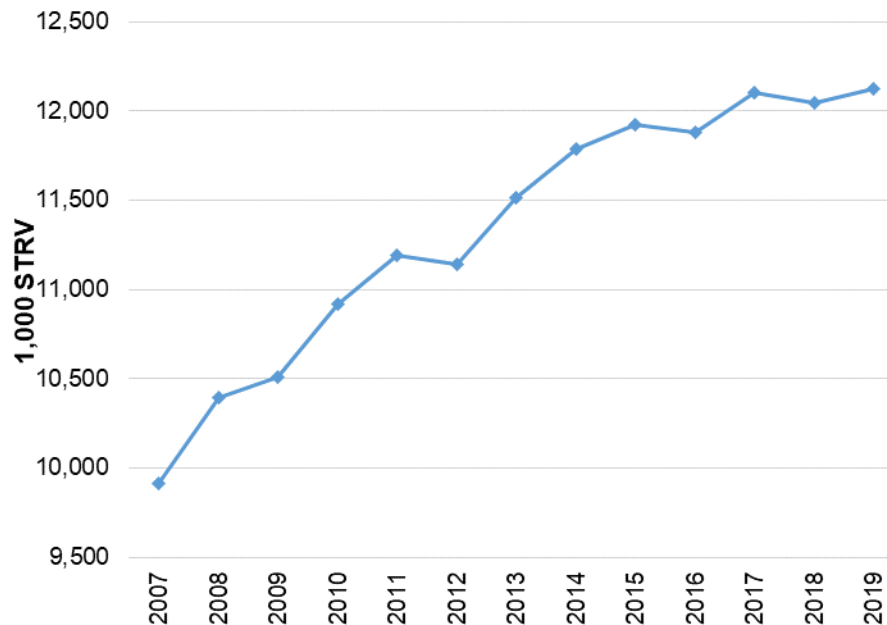
Focus on Deliveries

- The outlook for deliveries has been an important and divergent topic in the market.
- Data suggest that trends in recent years are different from trends established after U.S.-Mexico sweetener market integration.
- Forecasts have important implications due to the terms of the Suspension Agreements.



Since NAFTA, sugar deliveries have trended upward, but with volatility

Total U.S. sugar deliveries for food and beverage use, fiscal, 2008 to 2019

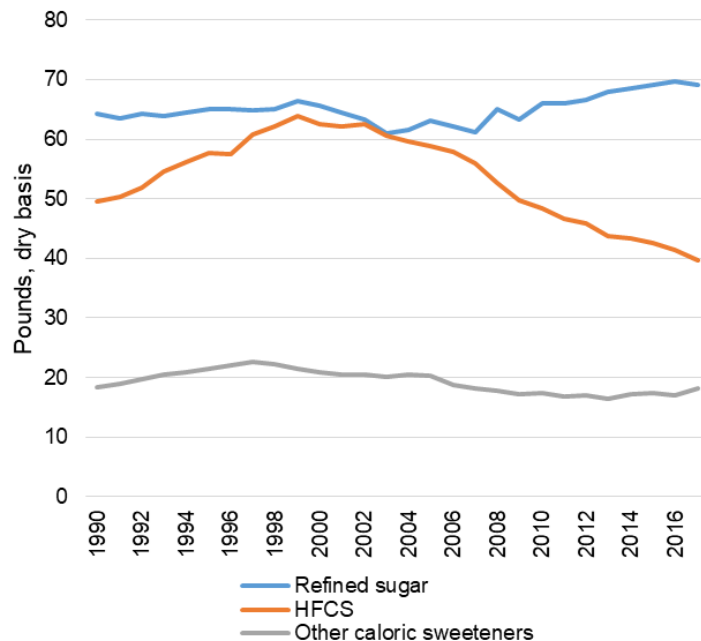


Source: U.S. Department of Agriculture, Farm Service Agency.



Drivers for growth have been steady for the past ten years

Per capita U.S. caloric sweetener deliveries for food and beverage use, calendar year, 1990 to 2017



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

- Lower total caloric sweetener deliveries on a per person basis.
- Refined sugar has accounted for a larger share, especially since mid-2000's, as HFCS's share declined.
- Growth due largely to:
 - Population growth
 - Larger share of the sweetener portfolio



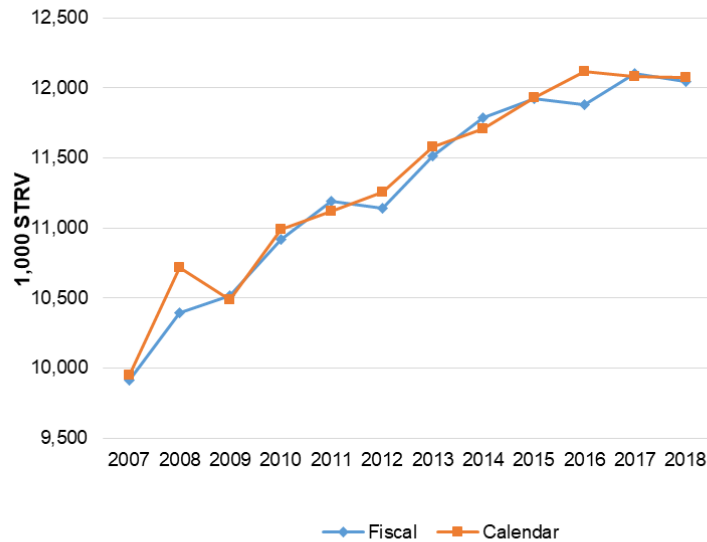
Three factors affecting recent deliveries trends

- Calendar year vs. fiscal year data series
- Recent changes to seasonal patterns in deliveries
- Imports sugar containing products (SCPs)



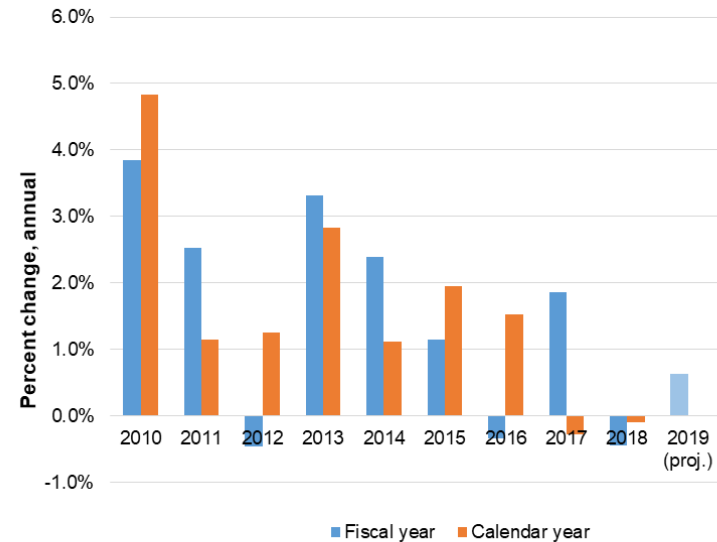
Calendar year deliveries are more stable indicator of overall demand

Total U.S. sugar deliveries for food and beverage use, fiscal and calendar year, 2008 to 2018



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

Annual growth in U.S. sugar deliveries for food and beverage use, 2010 to 2018



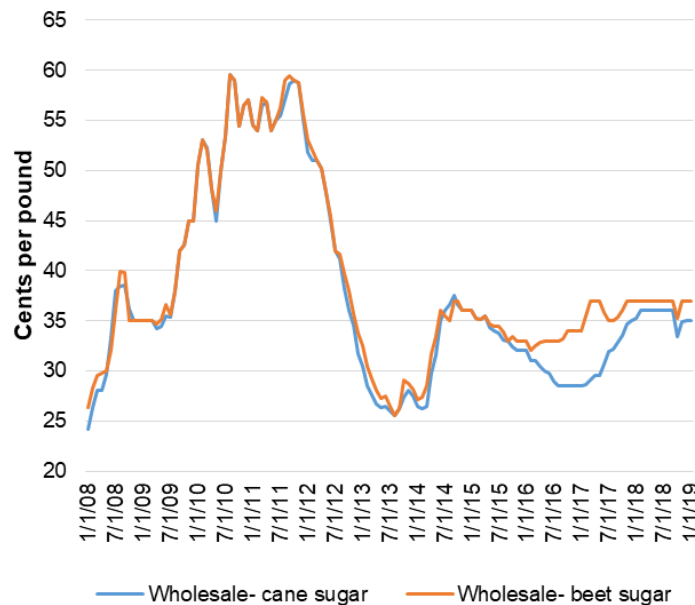
Source: U.S. Department of Agriculture, Economic Research Agency.



Prices do not explain annual changes in overall deliveries

- Deliveries are not responsive to changes in prices.
- Changes are most closely related to time trends, likely representative of gradual changes in tastes and preferences.

Wholesale refined sugar prices, monthly, January 2008 to January 2019

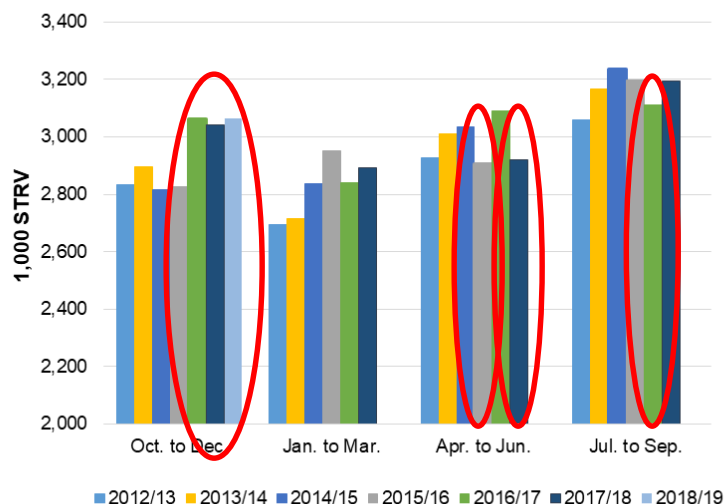


Source: U.S. Department of Agriculture, Economic Research Service.



Recent changes in seasonal patterns

Total U.S. sugar deliveries for food and beverage, quarterly, 2012/13 to 2018/19



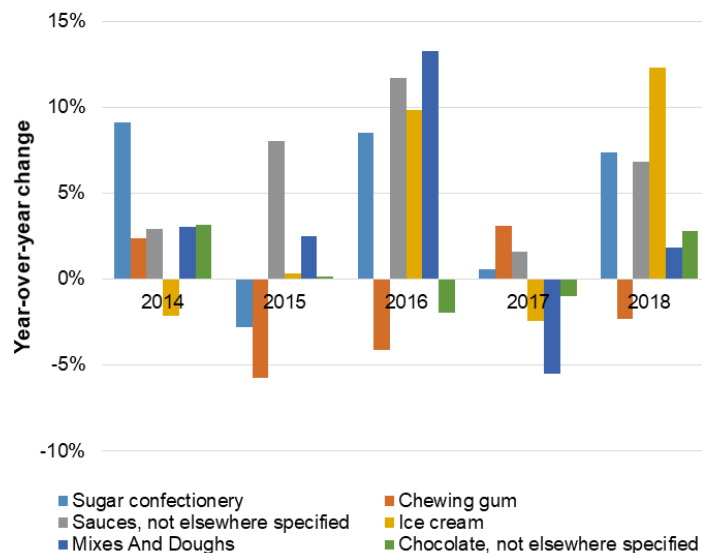
- October quarter deliveries have been higher since 2016.
- Several quarters have departed from normal seasonal patterns.
- Annual changes are not steady, pace-to-date changes throughout the year.
- Are these changes a response to temporary market dislocation or structure change in demand?

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



Deliveries affected by imports of SCPs

U.S. imports of sugar containing products, annual percentage change, January through November, 2014 to 2018



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

- Sugar containing products (SCP) represent another market.
- There are difficulties in deducing how much sugar is represented in tariff-code data.
- Selection of SCP imports show increases in some categories, but not a clear narrative.



Implications for Forecasting Deliveries

- Preferences and trends from consumers and food manufacturers are the key driver for growth in the U.S. market.
- Changes in seasonal patterns make it difficult to simply compare year-to-date deliveries with previous years.
- Delivery levels are not responsive to domestic prices, but perhaps beginning to be more responsive to SCPs.



Current USDA Outlook

- Deliveries are forecast to continue increasing, but at a lower rate than in previous years.
- Population growth and per capita delivery trends continue to be important drivers for the market.
- Changes in seasonality, SCPs, and other developing market events merit attention.



Thank You!

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<https://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables/>

<https://www.ers.usda.gov/topics/crops/sugar-sweeteners/>

