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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.



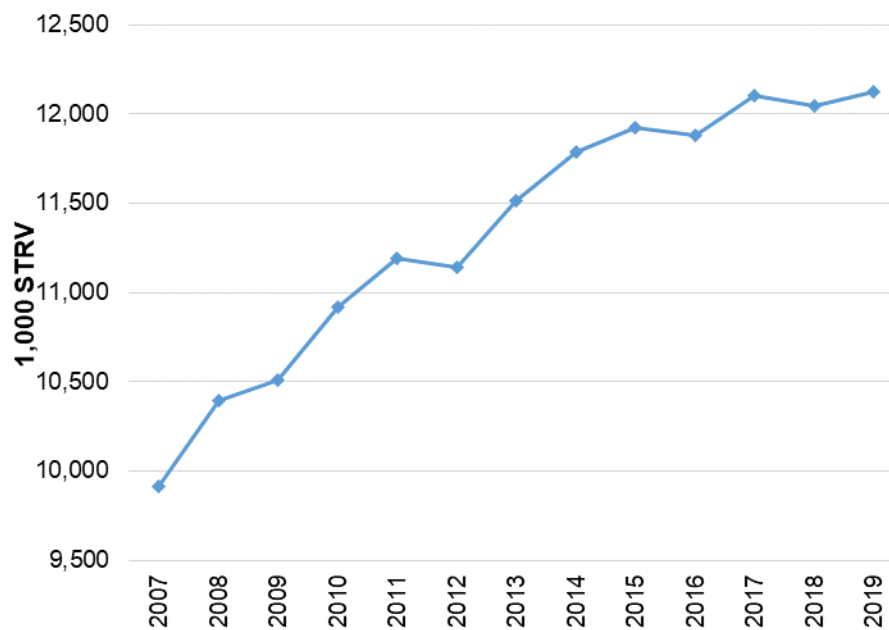
# Focus on Deliveries

- 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

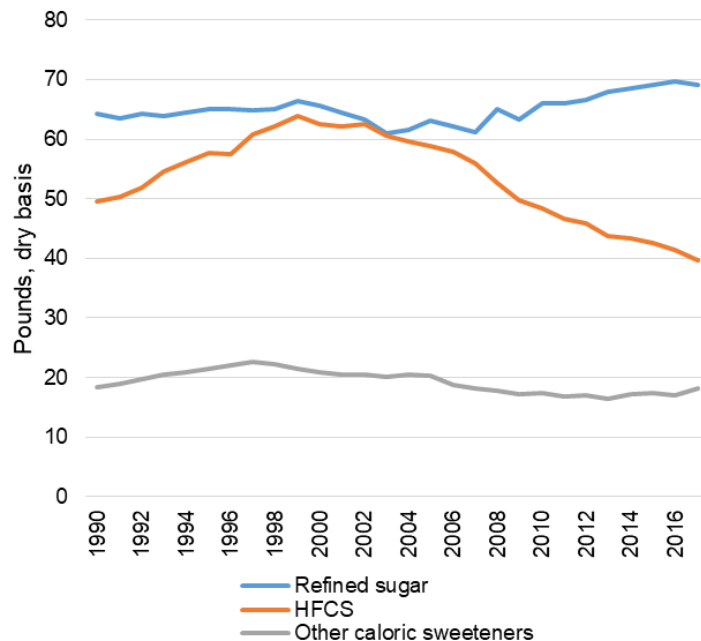


Source: U.S. Department of Agriculture, Farm Service Agency.



# 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



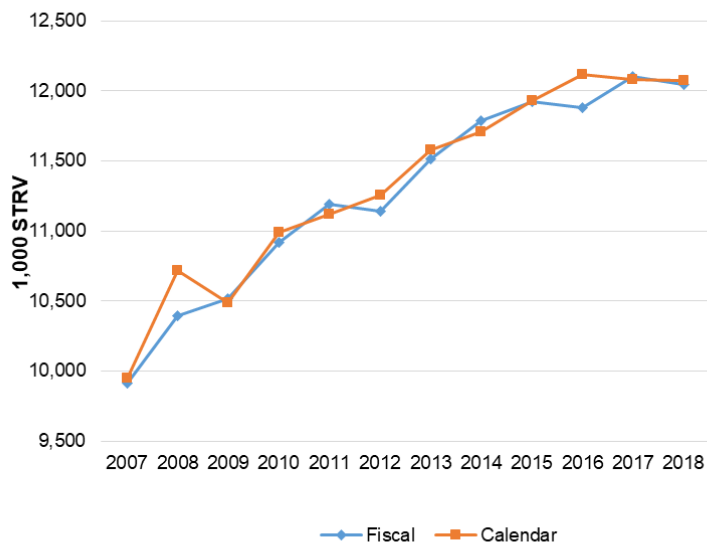
# Three factors affecting recent deliveries trends

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



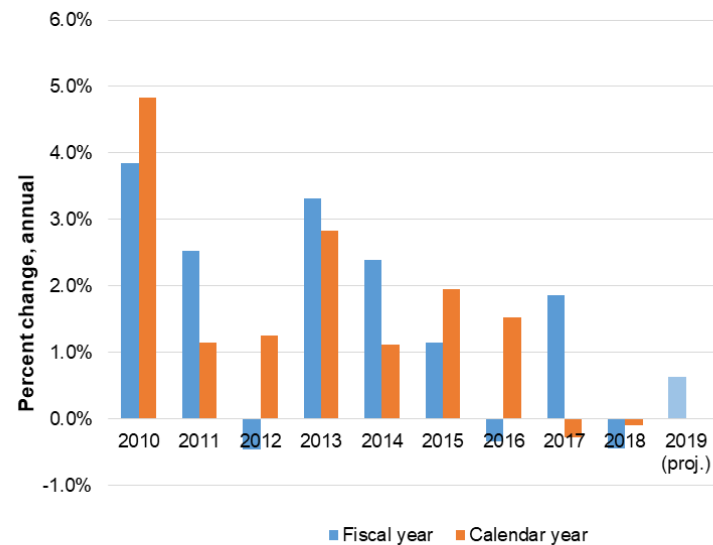
# Calendar year deliveries are more stable indicator of overall demand

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.

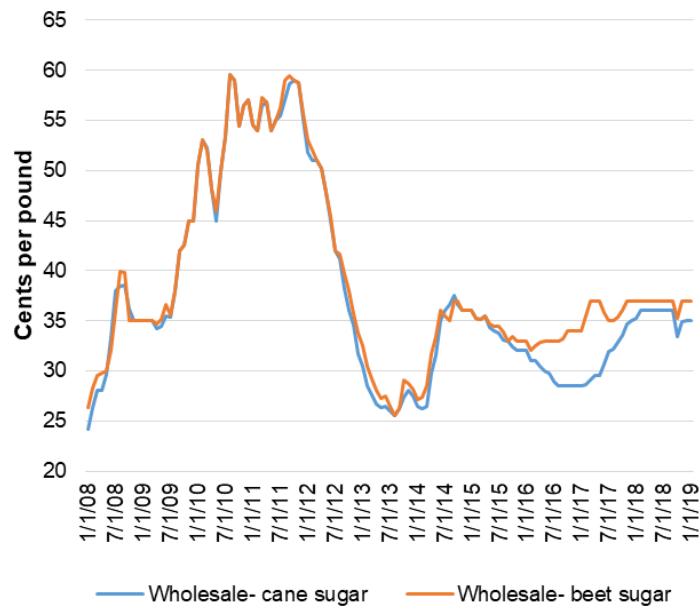




# Prices do not explain annual changes in overall deliveries

- 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

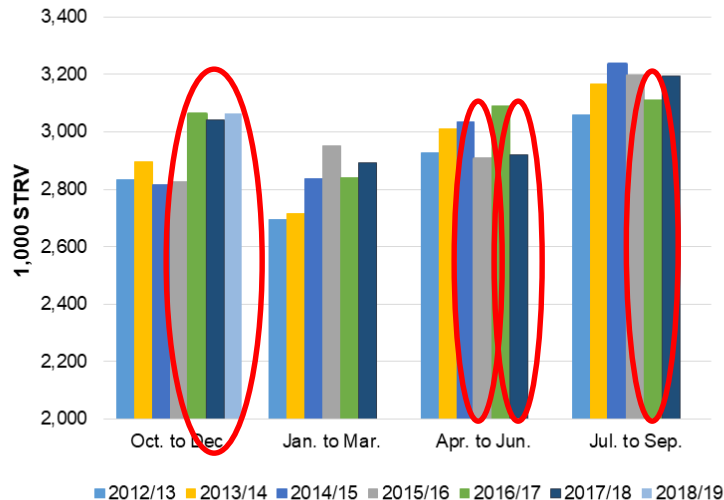


Source: U.S. Department of Agriculture, Economic Research Service.



# Recent changes in seasonal patterns

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



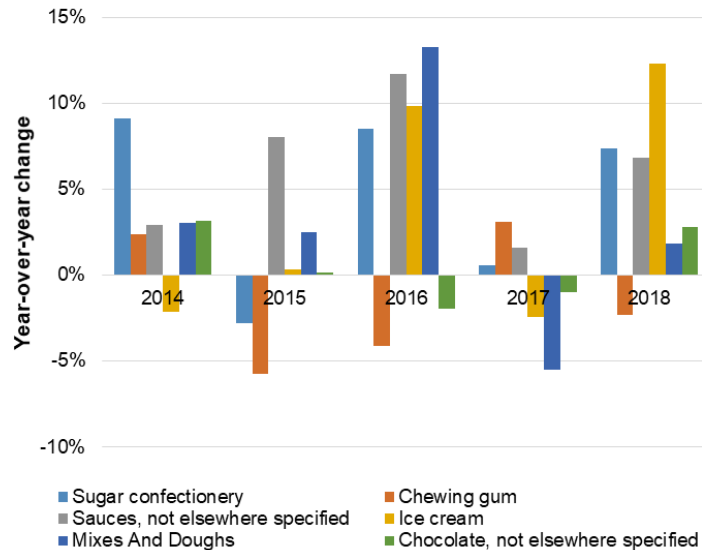
- October quarter deliveries have been higher since 2016.
- Several quarters have departed from normal seasonal patterns.
- Annual changes are not steady, pace-to-date changes throughout the year.
- Are these changes a response to temporary market dislocation or structure change in demand?

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/>

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