



MARKET SNAPSHOT SUGAR BEETS

June 30, 2022

Executive Summary

Drivers in the sugar beet industry include national production decreases, protectionist policies and weather.

- Sugar production in the 2022-23 season is projected to fall 6.7%, driven by considerable planting delays in the Red River Valley.
- A wet spring has slowed beet growth, but alleviated growers' irrigation concerns.
- Global protectionist policies have encouraged countries to build sugar stockpiles, and total global sugar exports are expected to fall 3.2% annually.

12-Month Profitability Outlook



Northwest FCS' 12-month sugar beet outlook projects profitable returns for growers. Cooler weather and spring rains alleviated drought concerns and warming temperatures may increase sugar beet growth. Higher contract prices should mitigate headwinds from rising operations costs.

Northwest Situation

In **Idaho**, cool weather caused slight, but non-serious delays in plantings. Replanting was comparable to 2021; wind-related blowout and frost caused about 11% of crop acres to be replanted. Weather has slowed sugar beet growth, but also alleviated irrigation water availability and drought concerns. The 2021 crop stored well and slicing campaigns were slowed by supply chain and labor issues. Prices are anticipated to remain strong for the 2022 crop and exceed rising input costs.

Beets in **eastern Montana** are behind due to late spring rains and contract negotiations taking longer than expected. Total sugar beet acres fell from 30,000 acres in 2021 to approximately 18,000 acres. Some beets were crusted in (where rains disturb the topsoil creating a surface soil seal, this seal can block seed emergence) due to rainfall, but there was no damage to the crop and replants have been minimal. Warming temperatures will help catch up on growth, but many beets were planted after the crucial planting cutoff and tonnage will be lower.

In **Billings**, planting occurred on time and without significant delays. Cool spring weather has caused beets to be planted a week to two later than usual. Replanting was minimal and caused primarily by wind blowout. Irrigation availability should no longer be an issue with the increases in rainfall, but even more moisture is needed to combat drought concerns.

U.S. Situation

Weather across the U.S. delayed sugar beet plantings. The Red River Valley, a major sugar beet area between Minnesota and North Dakota producing 59% of U.S. sugar beets, experienced extreme spring flooding. On May 8 in Pembina, ND, water levels rose to 52 feet, more than 10 feet above the flood stage. Delayed plantings in Minnesota and North Dakota significantly reduced national production estimates, with only 50% of the nation's sugar beet acres planted by May 22. While farmers in the Red River Valley were able to plant most of their sugar beet acres in early June, they missed the critical planting cut-off date of May 10. The delay in planting dates will impact yields in Minnesota and North Dakota. In response, the national sugar beet production forecasts for 2022-23 crop declined 6.7% year over year with further downward adjustments likely to occur as the growing season progresses.

Due to compounding uncertainties, the U.S. sugar projections for 2022-23 are expected to experience substantial updates as market conditions evolve. Sugar analysts believe that following a year of strong growth, total sugar supply will likely contract further than the USDA's initial forecasts.

U.S. Sugar Forecasts

	2021-22 (estimated STRV*) 000s	2022-23 (projected STRV) 000s	Year-over- Year Change	Direction
Beginning stocks	1,705	1,717	0.7%	↑
Production	9,120	8,822	-3.3%	↓
Beet sugar	5,154	4,809	-6.7%	↓
Cane sugar	3,967	4,013	1.2%	↑
Imports	3,482	3,013	-13.5%	↓
Tariff rate quota	1,727	1,390	-19.5%	↓
Other programs	300	250	-16.7%	↓
Other	1,455	1,373	-5.6%	↓
Mexico	1,220	1,323	8.4%	↑
Total supply	14,307	13,553	-5.3%	↓
Exports	35	35	-	
Deliveries	12,555	12,555	-	
Food	12,450	12,450	-	
Other	105	105	-	
Miscellaneous	0	0	-	
Total use	12,590	12,590	0.0%	
Stocks-to-Use	13.6	7.6	-44.1%	↓

Source: World Agricultural Supply and Demand Estimates. June 10, 2022. *STRV = Short Tons, Raw Value.

Initial 2022-23 sugar beet production projections are 4.809 million short tons, raw value (STRV), down 345,000 STRV from last year. Even with increased national sugar beet acres, total sugar beet production is forecasted to decline by 15% from the 2021-22 crop. Decreases in sugar beet yields are the largest driver of reduced sugar production, with anticipated national yields of 27.88 tons per acre, down 5.32 tons per acre from 2021.

Mexico Sugar Forecast

Sugar production in Mexico for 2022-23 decreased 208,000 metric tons, down 3.4% year over year. The 2021-22 production numbers were increased with more acres harvested than initially projected and a strong sugar extract rate. Exports to the United States declined by 314 metric tons, 17.3% decline from 2021-22. Mexico's supply and total use for 2022-23 declined while ending stocks are unchanged.

Mexico Sugar Supply and Use and High Fructose Corn Syrup Imports

	2021-22 (est. MTRV*) 000s	2022-23 (projected MTRV) 000s	Year-over-Year Change	Direction
Beginning Stocks	1,053	947	-10.1%	↓
Production	6,208	6,000	-3.4%	↓
Imports	50	50	-	↓
Total Supply	7,311	6,997	-4.3%	↓
Domestic Use	4,412	4,547	3.1%	↑
Exports	1,817	1,503	-17.3%	↓
Total Use	6,229	6,050	-2.9%	↓
Ending Stocks	947	947	-	

Source: [World Agricultural Supply and Demand Estimates](#). June 10, 2022. *MTRV = Metric Ton, Raw Value.

International Situation

Global sugar exports will be impacted by an increase in global food protectionist policies. Several countries are focused on importing sugar to build national resources and increase self-sufficiency. Ongoing supply chain challenges and concerns with food shortages due to the war in Ukraine have shifted how countries view their strategic reserves. Many countries are moving from just-in-time inventory (which involves only importing food to align with national demand) to having excess reserves of food in storage.

Egypt, India and Brazil are focusing on improving sugar yields and expanding national sugar production. Egypt has reached 90% sugar self-sufficiency, increasing their 2022-23 sugar beet acres by 4% year over year and announcing a new government project that will add 36,000 new sugar beet acres in North Egypt. India's sugar exports are forecasted to decline by 40% year over year after the Ministry of Commerce and Industry amended sugar export policies to protect against domestic sugar price inflation and divert sugarcane exports for ethanol production. Other countries, including China and Indonesia, are increasing sugar imports to build national stockpiles. The combination of increased global sugar demand and fewer countries exporting will provide greater trade opportunities (for countries with protectionist policies), but total global exports are expected to fall 3.2% annually.

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Additional Information

Northwest FCS Business Management Center
www.northwestfcs.com/Resources/Industry-Insights

American Crystal Sugar Company
www.crystalsugar.com

American Sugar Alliance
www.sugaralliance.org

American Sugarbeet Growers Association
www.americansugarbeet.org

The Sugar Association
www.sugar.org

USDA Sugars & Sweeteners Briefing Room
www.ers.usda.gov/topics/crops/sugar-sweeteners/

Western Sugar Cooperative
www.westernsugar.com

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