

## MARKET SNAPSHOT

# Sugar Beets

Dec. 31, 2022

### Executive summary

**AgWest Farm Credit's 12-month profitability outlook for sugar beets suggests slightly profitable returns.** National sugar beets yield fell 13% from 2021 records due to drought in the Red River Valley, Colorado and Nebraska. Slice campaigns in Montana will end early from the smaller crop. Input costs uncertainties will weigh on producer profitability.

### Industry drivers

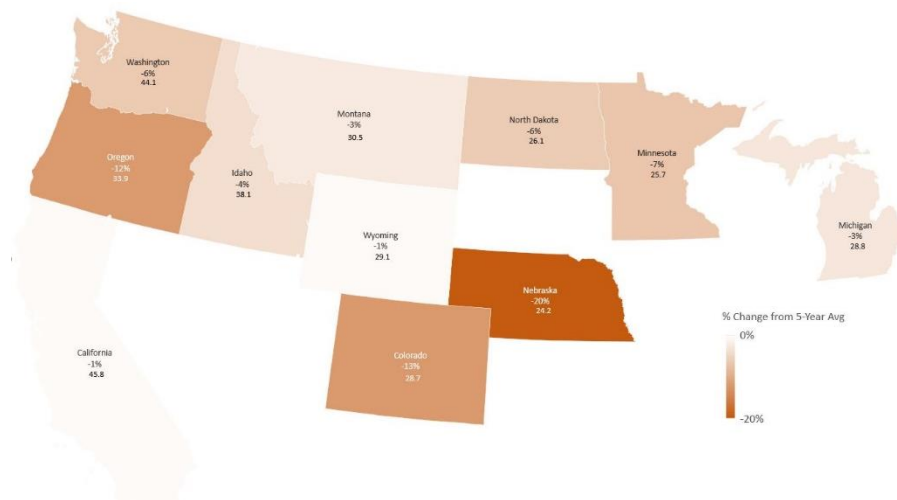
#### National yields down 13% from 2021 records

The USDA estimates national sugar beet production at 32.6 million tons, down 11.4% year over year. National beet yields are estimated at 28.6 tons per acre, down 4.6 tons per acre (13.8%) from 2021's record yields. Planting delays in the Red River Valley and crop damage in Colorado impacted national production. Northwest yields were below the 5-year average, and production fell by 673,000 tons due to planting delays, fewer acres planted and weather damage to beets. Despite delays and damage, Northwest sugar content was near 18%.

12-Month Profitability Outlook



*U.S. Sugar Beet 2022 Yield and Yield Percent Change from 5-Year Average*



*National sugar beet yields were hurt by planting delays in the Red River Valley and storms in Colorado and Nebraska.*

Source: USDA NASS, Compiled by AgWest.

### U.S. sugar supply improvements

Adjustments in the sugar forecast in January 2023 improved the overall outlook, with total U.S. sugar supply moving from an estimated reduction of 1.0% to a 0.3% increase year over year. Sugar beet production was estimated at 5,048 short tons, raw value (STRV) and were increased from late 2022 due to improvements in sugar recovery. Historically, beet sugar recovery tends to be around 14.636%; however, based on current slice campaigns, the USDA increased forecasted recovery to 15%. The U.S. sugar cane crop is estimated at 4,199 million tons, up 5.5% year over year due to more planted acres and improved sugar recovery rates. While total estimated imports are down 5.2% from 2021, Mexican sugar imports are expected to increase to 35 million tons, up 4 million tons from 2021. It's likely imports will continue to increase and make-up for any losses from the smaller sugar beet production.

## U.S. Sugar Forecast

	2021-22	2022-23	YOY Percent Change
Beginning Stocks	1,705	1,819	6.7%
Beet Sugar	5,155	5,048	-2.1%
Cane Sugar	3,981	4,199	5.5%
Imports	3,646	3,458	-5.2%
Total U.S. Sugar Supply	14,487	14,525	0.3%

Source: World Agricultural Supply and Demand Estimates. Dec. 09, 2022. \*STRV = Short Tons, Raw Value.

### Western Sugar declares force majeure

The Western Sugar Cooperative (which operates in four states: CO, MT, NE, WY) declared force majeure and reduced its 2022-23 sugar deliveries by 12%. The cooperative cited an early freeze which required beet acres to be replanted and hail damage as the primary reasons for lower production. Western Sugar's allocated market share is 590,415 tons of sugar, about 10% of the U.S. sugar market in normal production year (with the smaller 2022 crop, this would be about 12% of total beet sugar).

### Montana slicing campaigns will end early

In eastern Montana, late snow delayed planting and growers reported impacts from summertime flooding and disease. Growers in north-eastern Montana had problems with a fungus disease that stifles root growth. Despite these challenges, Sidney Sugar reported yields of 26.9 tons per acre with 17% sugar content (18% is industry standard). The Billings, MT, plant averaged 32 tons per acre with 17% sugar content. Growers with better sugar content were disappointed they did not receive higher prices. Given this season's production challenges, Montana factories will likely complete slice campaigns in January (typically run until February).

### Profitability

Beet growers will need to closely manage expenses from inflationary headwinds. Production costs in nearly every farm category (except seed) have risen significantly with unpredictable price outlooks for fertilizer, transportation and energy expenses. Improvements in drought conditions will provide tailwinds for producers, easing irrigation concerns. Securing competitive contract prices will be vital to ensure beet grower profitability. Idaho producers were optimistic during recent grower meetings going into contract negotiations, with expectations of favorable contract prices. Force majeure and other processor challenges in Montana create headwinds for contract renewals or renegotiation. Volatile input prices will remain an ongoing challenge for beet growers and managing input costs will be crucial for 2023 profitability.

Share your feedback! [Click here](#) to complete a two-minute survey about this Snapshot.

### Additional information

AgWest Business Management Center

[www.agwestfc.com/Industry-Insights](http://www.agwestfc.com/Industry-Insights)

American Crystal Sugar Company

[www.crystalsugar.com](http://www.crystalsugar.com)

### **American Sugar Alliance**

[www.sugaralliance.org](http://www.sugaralliance.org)

### **American Sugarbeet Growers Association**

[www.americansugarbeet.org](http://www.americansugarbeet.org)

### **The Sugar Association**

[www.sugar.org](http://www.sugar.org)

### **USDA Sugars & Sweeteners Report**

[www.ers.usda.gov/topics/crops/sugar-sweeteners/](http://www.ers.usda.gov/topics/crops/sugar-sweeteners/)

### **Western Sugar Cooperative**

[www.westernsugar.com](http://www.westernsugar.com)

### **Learn more**

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or [bmc@agwestfc.com](mailto:bmc@agwestfc.com).

To receive email notifications about western and global agricultural and economic perspectives, trends, programs, events, webinars and articles, visit [www.agwestfc.com/subscribe](http://www.agwestfc.com/subscribe) or contact the Business Management Center.