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Sugarcane Economic Outlook for 2013

Price, Production Costs, Stubble Length

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U.S. Sugarbeet and Sugarcane Production

Source: USDA Crop Production Report, Jan. 2013

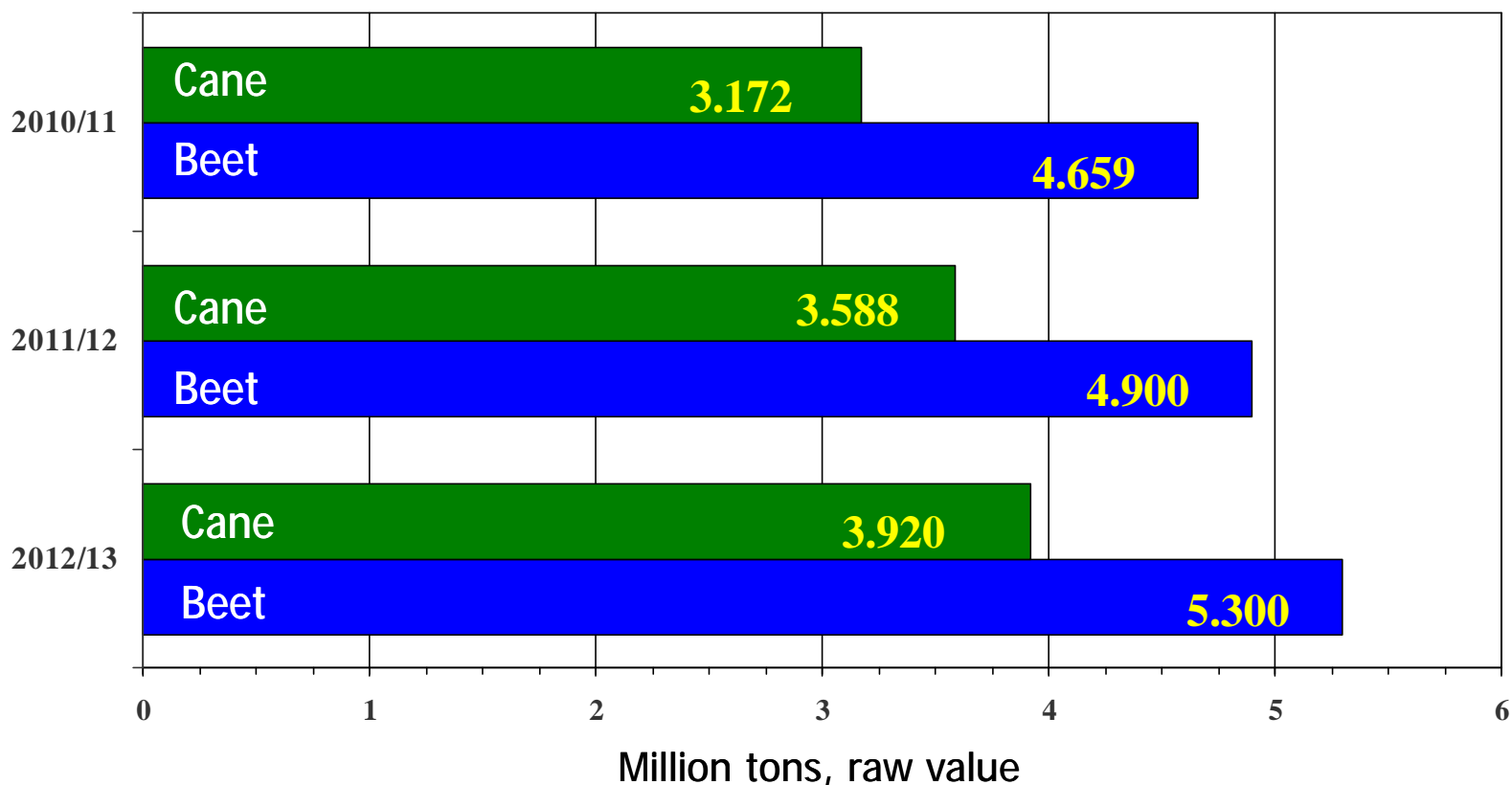
Crop	2010	2011	2012
<u>Sugarbeet:</u>			
Acres harvested (<i>1,000 acres</i>)	1,156.1	1,213.2	1,204.2
Yield per acre (<i>tons</i>)	27.7	23.8	29.3
Total Production (<i>1,000 tons</i>)	32,034	28,896	35,236
<u>Sugarcane:</u>			
Acres harvested (<i>1,000 acres</i>)	877.5	872.6	899.0
Yield per acre (<i>tons</i>)	31.2	33.5	36.3
Total Production (<i>1,000 tons</i>)	27,360	29,224	32,637

Sugarbeets: Large acreage and near record yields combined to produce a record crop of 35 million tons.

Sugarcane: Large acreage and record yields combined to produce largest crop since 2003/04.

U.S. Cane and Beet Sugar Production

Source: USDA WASDE Report, Feb. 2013



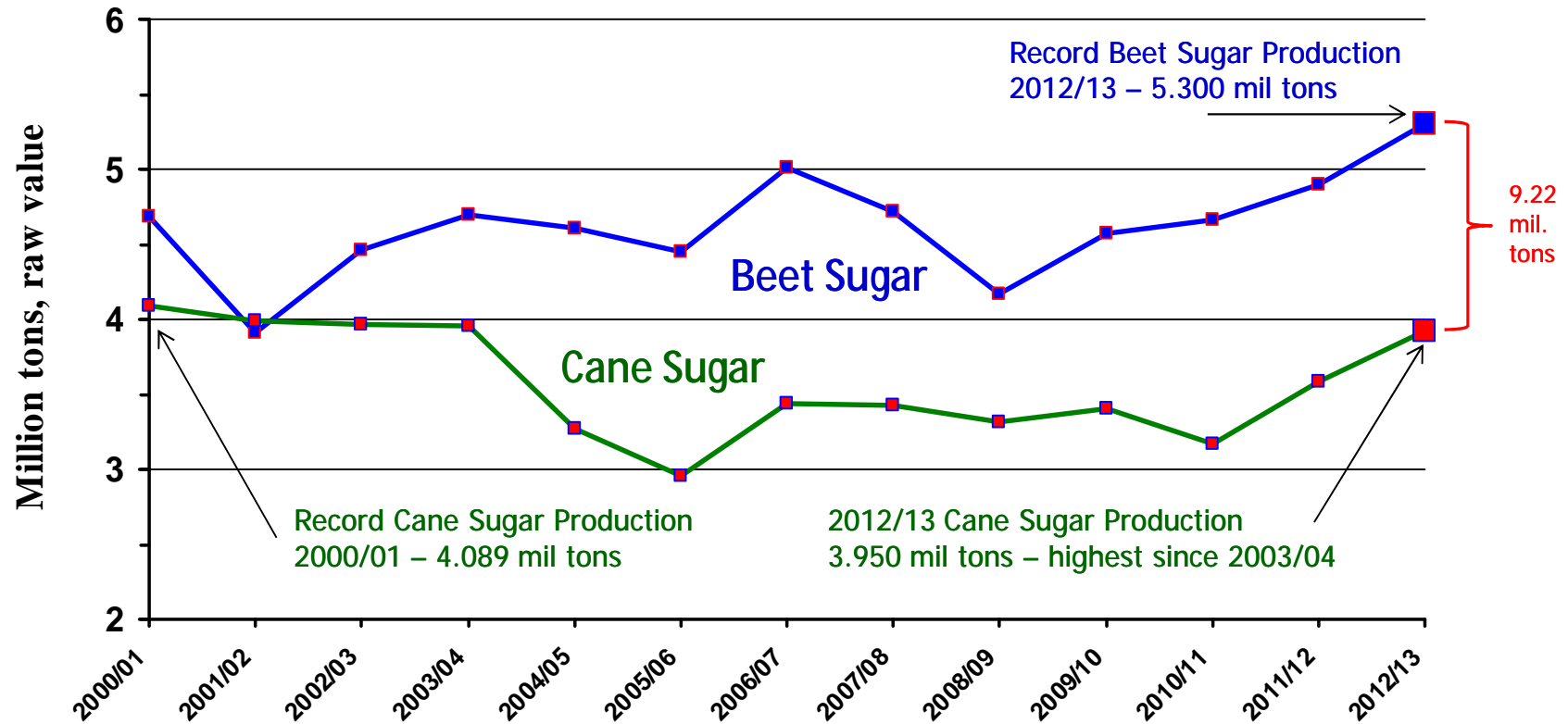
Beet sugar: 2012 production 8% higher than 2011, 14% increase over last two years.

Cane sugar: 2012 production 9% higher than 2011, 24% increase over last two years.

Louisiana: Largest increase in 2012 (18%) over 2011 to 1.70 million tons (43% of total cane sugar).

U.S. Cane and Beet Sugar Production

Source: Sugar and Sweetener Outlook, ERS/USDA



The projected 2012/13 total sugar production of 9.22 million tons is a record and only the second time total beet and cane sugar production has exceeded 9.0 million tons (9.03 mil. tons in 1999/00).

U.S. Sugar Supply and Use – 2010/11 to 2012/13

Source: USDA WASDE Report, Feb. 8, 2013

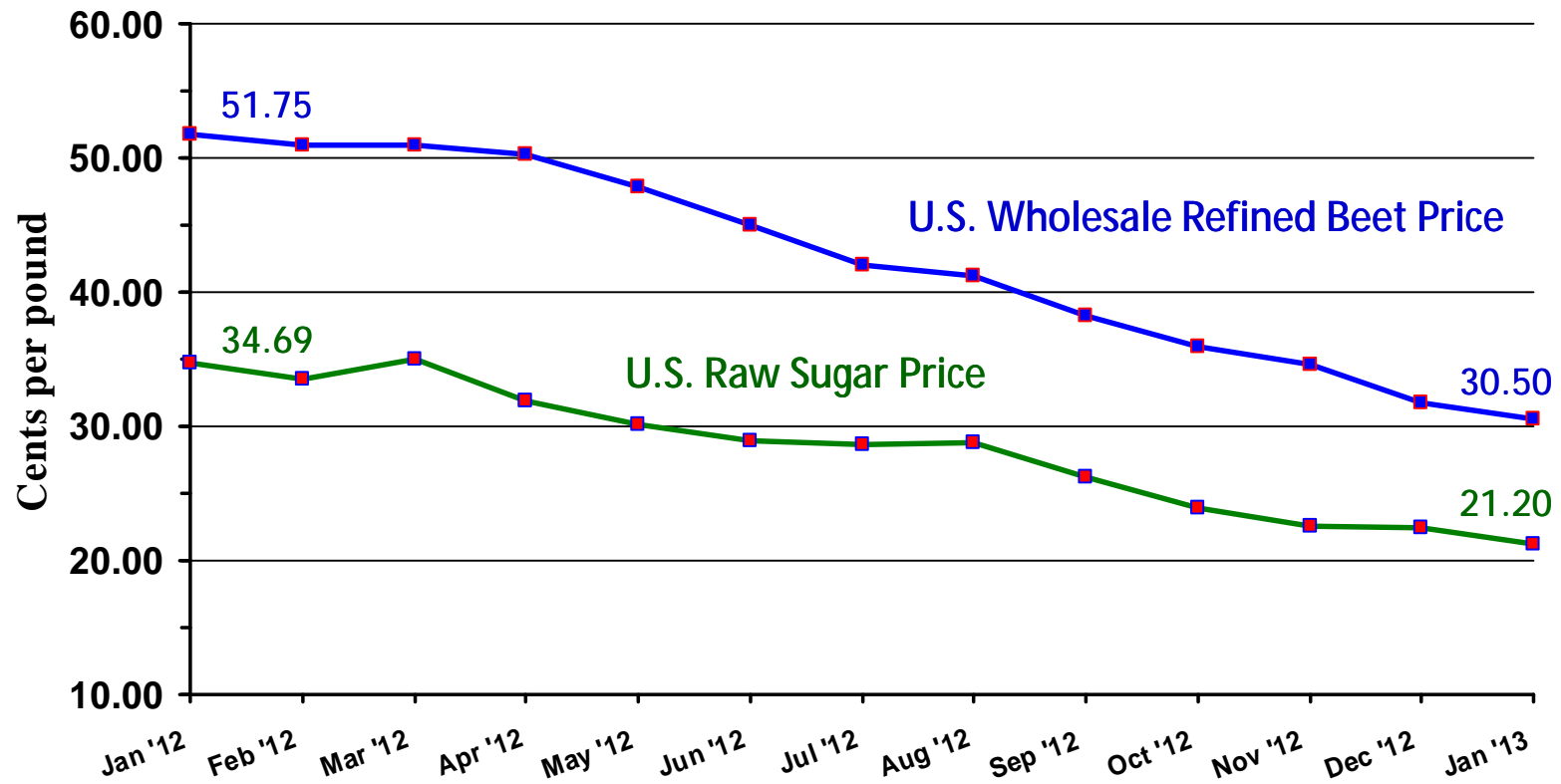
Item	2010/11	2011/12	2012/13
	<i>(1,000 tons)</i>	<i>(1,000 tons)</i>	<i>(1,000 tons)</i>
Beginning stocks	1,498	1,378	1,985
Production	7,831	8,488	9,220
Imports	3,738	3,631	2,827
Mexico	1,708	1,071	1,388
Total Supply	13,067	13,497	14,032
Exports	248	269	175
Deliveries	11,441	11,243	11,590
Total Use	11,689	11,512	11,765
Ending stocks	1,378	1,985	2,267
Stocks/use ratio	11.8	17.2	19.3

To reach USDA's target upper limit of stocks-use ratio (15.5%), 444,000 tons of supply would need to be removed from the market.



U.S. Raw and Refined Sugar Prices *Jan. 2012 to Jan. 2013*

Source: Sugar and Sweetener Outlook, ERS/USDA



U.S. No. 16 Raw Sugar Futures Prices

Contract Month	Closing Price (¢/lb.)
May 2013	20.85
Jul 2013	21.35
Sep 2013	21.83
Nov 2013	22.45
Jan 2014	23.13
Mar 2014	23.58
May 2014	23.55

Factors Impacting 2013 Price:

- 1) Acres of sugar beets planted
- 2) 2013 beet and cane yields
- 3) U.S. sugar industry sales
- 4) USDA actions (forfeiture/TRQ)

Source: Commodity Research Bureau, Feb. 13, 2013

2013 Projected Sugarcane Production Costs

Sugarcane Production Phase	Dollars per acre	Number of Acres	Total Dollar Cost
Fallow / seedbed preparation	152	200.0	30,424
Cultured seed cane	523	3.3	1,727
Hand planting	280	3.3	924
Harvesting seed cane	79	39.4	3,120
Mechanical planting	246	196.7	48,298
Plant cane field operations	279	200.0	55,798
1 st stubble field operations	256	200.0	71,270
2 nd stubble field operations	351	200.0	70,250
3 rd stubble field operations	351	200.0	70,250
Harvest for sugar	169	760.6	<u>128,427</u>
<i>Total variable cost</i>			<i>480,488</i>
Fixed cost	148	1,000.0	148,497
Overhead	30	1,000.0	<u>30,000</u>
<i>Total production cost</i>			<i>658,994</i>

Per 1,000 acres of total sugarcane farm land.

Fuel - \$3.30/gal., N - \$0.56/lb., P - \$0.65/lb., K - \$0.47/lb.



Projected 2013 Sugarcane Production Costs

Grower costs per pound of raw sugar produced

	Selected Sugar Yield Levels (pounds of sugar per harvested acre)				
	6,930 (-10%)	7,315 (-5%)	7,700 (base yld)	8,085 (+5%)	8,470 (+10%)
Crop Share Rent:					
<u>One-fifth share:</u>					
BE price to cover variable costs	18.2 ¢	17.5 ¢	16.8 ¢	16.2 ¢	15.7 ¢
BE price to cover total costs	24.0 ¢	22.9 ¢	22.0 ¢	21.2 ¢	20.4 ¢
BE price to cover t.c. + ovhd	25.1 ¢	24.0 ¢	23.1 ¢	22.2 ¢	21.4 ¢
<u>One-sixth share:</u>					
BE price to cover variable costs	17.5 ¢	16.8 ¢	16.1 ¢	15.6 ¢	15.1 ¢
BE price to cover total costs	23.0 ¢	22.0 ¢	21.1 ¢	20.3 ¢	19.6 ¢
BE price to cover t.c. + ovhd	24.1 ¢	23.1 ¢	22.1 ¢	21.3 ¢	20.5 ¢

Base raw sugar yield based on 35 tons/acre @ 220 lbs/ton. 2013 projected production costs. Mill share 39%.
Production costs exclude charges for management and family living expenses.

1 ton increase in cane yield reduces production costs by 0.5 cents per pound.
1 pound increase in sugar recovery reduces production costs by 0.1 cents per pound.



Breakeven Sugar Yields for 2013

Required yield per harvested acre to cover production costs

	Selected Raw Sugar Price Levels (cents per pound)				
	21.0 ¢ (-2¢)	22.0 ¢ (-1¢)	23.0 ¢ (base price)	24.0 ¢ (+1¢)	25.0 ¢ (+2¢)
Crop Share Rent:					
<u>One-sixth share:</u>					
BE yield to cover variable costs	5,919	5,650	5,404	5,179	4,972
BE yield to cover total costs	7,748	7,396	7,074	6,779	6,508
BE yield to cover t.c. + ovhd	8,117	7,748	7,411	7,103	6,818

Mill share 39%. 2013 projected production costs.

A one-fifth crop share would increase breakeven yields by 200-240 lbs. to cover direct costs and by 270-320 lbs. to cover total costs.

1 cent increase in raw sugar price reduces breakeven yield to cover variable costs by approximately 235 pounds.
1 cent increase in raw sugar price reduces breakeven yield to cover total costs by approximately 320 pounds.

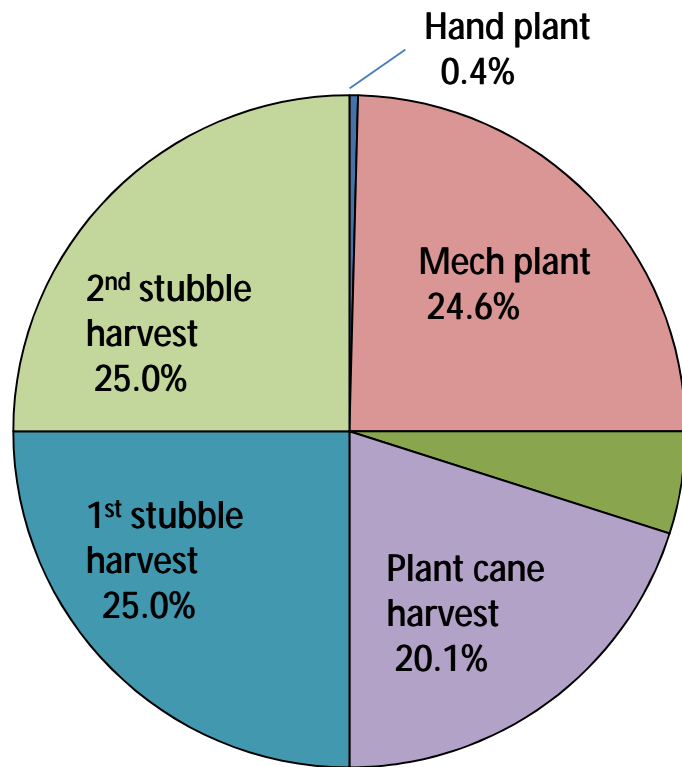
Outfield Sugar Yields per Acre

2008-2011

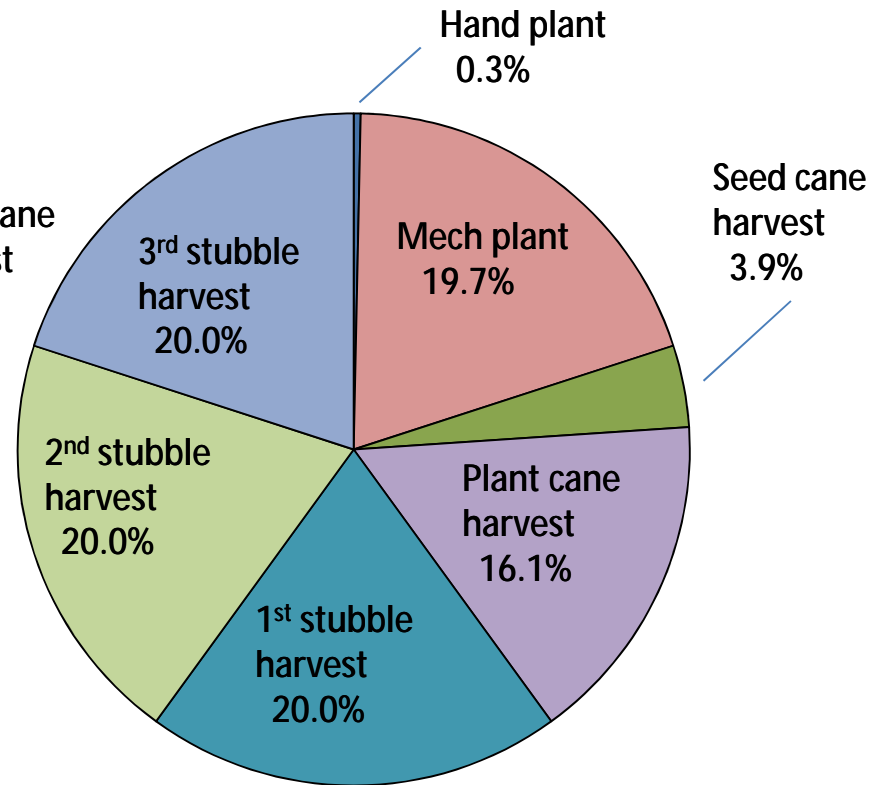
Variety	Crop Age			
	Plant Cane 2008-2011	First Stubble 2008-2011	Second Stubble 2008-2011	Third Stubble 2008-2011
HoCP 96-540	9,186	8,307	6,634	5,302
L 99-226	9,503	9,179	7,532	6,890
L 99-233	9,445	8,145	7,039	6,614
HoCP 00-950	9,438	8,289	6,956	6,949
L 01-283	9,080	8,991	8,003	7,804
L 01-299	9,154	9,656	8,179	8,073
L 03-371	9,808	8,777	7,556	6,847
Average	9,373	8,763 (93%)*	7,414 (79%)*	6,926 (74%)*

* Percent of plant cane yield average.

Farm Acreage Distribution by Crop Cycle Length



Crop cycle through 2nd stubble
Harvest for sugar - 70.1%



Crop cycle through 3rd stubble
Harvest for sugar - 76.1%

Minimum Required Third Stubble Yields

To equate net returns through second stubble

Variety	Crop Age			
	Plant Cane 2008-2011	First Stubble 2008-2011	Second Stubble 2008-2011	Min. Third Stubble (% PC-2 nd avg)
HoCP 96-540	9,186	8,307	6,634	6,008 (74.7%)
L 99-226	9,503	9,179	7,532	6,512 (74.5%)
L 99-233	9,445	8,145	7,039	6,122 (74.6%)
HoCP 00-950	9,438	8,289	6,956	6,136 (74.6%)
L 01-283	9,080	8,991	8,003	6,497 (74.7%)
L 01-299	9,154	9,656	8,179	6,719 (74.7%)
L 03-371	9,808	8,777	7,556	6,481 (74.4%)
Average	9,373	8,763	7,414	6,353 (74.6%)

2013 projected production costs , 23¢ raw sugar price.

(percent of plant cane through 2nd stubble average)

Minimum required third stubble yield averaged across varieties:

Average raw sugar price	\$0.25 - 6,319 lbs/acre (74.2%)
over crop cycle:	\$0.27 - 6,290 lbs/acre (73.9%)
	\$0.30 - 6,254 lbs/acre (73.4%)



Minimum Required Third Stubble Yields

To equate net returns through second stubble

Variety	Crop Age			
	Plant Cane 2009-2012	First Stubble 2009-2012	Second Stubble 2009-2012	Min. Third Stubble (% PC-2 nd avg)
HoCP 96-540	9,345	8,654	6,926	6,199 (74.6%)
L 99-226	9,702	9,273	7,568	6,585 (74.4%)
L 99-233	9,558	8,298	6,949	6,161 (74.5%)
HoCP 00-950	9,666	8,572	7,058	6,277 (74.4%)
L 01-283	9,190	9,330	8,154	6,640 (74.7%)
L 01-299	9,629	10,067	8,273	6,941 (74.5%)
L 03-371	9,738	8,623	7,535	6,424 (74.4%)
L 04-838	9,849	8,805	7,113	6,386 (74.4%)
L 05-961	9,617	8,546	6,961	6,237 (74.5%)
Average	9,588	8,908	7,393	6,428 (74.5%)

2013 projected production costs , 23¢ raw sugar price

(percent of plant cane through 2nd stubble average)



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Prorated Sugarcane Planting Costs in 2013

This report presents estimates of prorated (unrecovered) planting costs for sugarcane in production for the 2013 crop year, including plant cane planted in 2012, first stubble planted in 2011, second stubble planted in 2010 and third stubble planted in 2009.

Allocation of Louisiana Sugarcane Planting Costs in 2013 for Sugarcane Planted in 2012

This report presents estimates of total sugarcane planting costs for sugarcane planted in 2012. These planting costs would be allocated to the 2013 plantcane and succeeding crops.

Estimated Costs of Precision Grading Sugarcane Fields, 2012

This report presents estimates of the costs of precision grading sugarcane fields in Louisiana during 2012. Grading costs are estimated on a per-hour-of-operation basis as well as costs per acre and per cubic yard of soil moved. Payback periods to the grower and landlord combined are estimated for a range of raw sugar prices.

2012 Projected Sugarcane Farm Costs and Returns Model

The 2012 Projected Sugarcane Farm Costs and Returns Model was developed as a farm planning decision tool for Louisiana sugarcane growers. The model is an Excel spreadsheet that allows sugarcane producers to project sugarcane net returns for the coming year and to evaluate the impact of changes in yields, sugar prices, input prices and other factors on whole farm net returns and breakeven values.

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