2026 REPORTS

Sweeter Prospects for Sugar Beet Profits in 2027

By Marc Rosenbohm

REPORT SNAPSHOT

Situation: Sugar beet production costs remain elevated, and growers face continued, albeit narrower, losses for 2026/27.

Finding: Sugar market fundamentals appear to be improving. Tightening U.S. supplies, a rebound in Mexican imports, and rising refined beet sugar prices are forecast to improve beet payments and narrow losses substantially by 2027.

Impact: Higher sugar prices could return some lower-cost producers to profitability for the 2027 crop.

Following sizable reported losses in 2025/26, 2026/27 looks to be another year of the same for sugar beet farmers. However, I forecast losses to narrow on average, with a near breakeven on a direct cost basis and a net return loss after including overhead expenses. The path to recovery may be just around the corner based on current market trends and my outlook for both prices and production costs.

Up to 96% of sugar beet acres are finishing the season experiencing some degree of dryness or drought, trimming yield expectations.

SMALLER SUGAR CROPS, TIGHTER SUPPLIES

The USDA forecasts U.S. sugar production to fall 5% overall in fiscal 2026/27 to 8.839 million short tons raw value (STRV) due to declines in cane and beet sugar production. A projected 6% decline in beet sugar production is driven by lower acres and yields but partially offset by a rebound in the recovery rate from last year.

At almost 1.026 million acres, planted acres are at their lowest since 1960 amid low beet sugar prices and negative margins.

Drought pressures have grown steadily since their recent low in April. Up to 96% of sugar beet acres are finishing the season experiencing some degree of dryness or drought, trimming yield expectations.

The USDA expects 2026/27 cane sugar production to decline nearly 4% as lower yields and sugar recovery rates outweigh higher acreage in Louisiana. Florida estimates have already been trimmed due to drought and pasture mealybug infestation, while Louisiana faces similar challenges. A clearer picture of the infestation's impact on yields and sugar recovery should emerge as harvest progresses in Louisiana and Florida. Until then, domestic production estimates remain uncertain, and a larger-than-expected hit to Louisiana could further lower 2026/27 production.

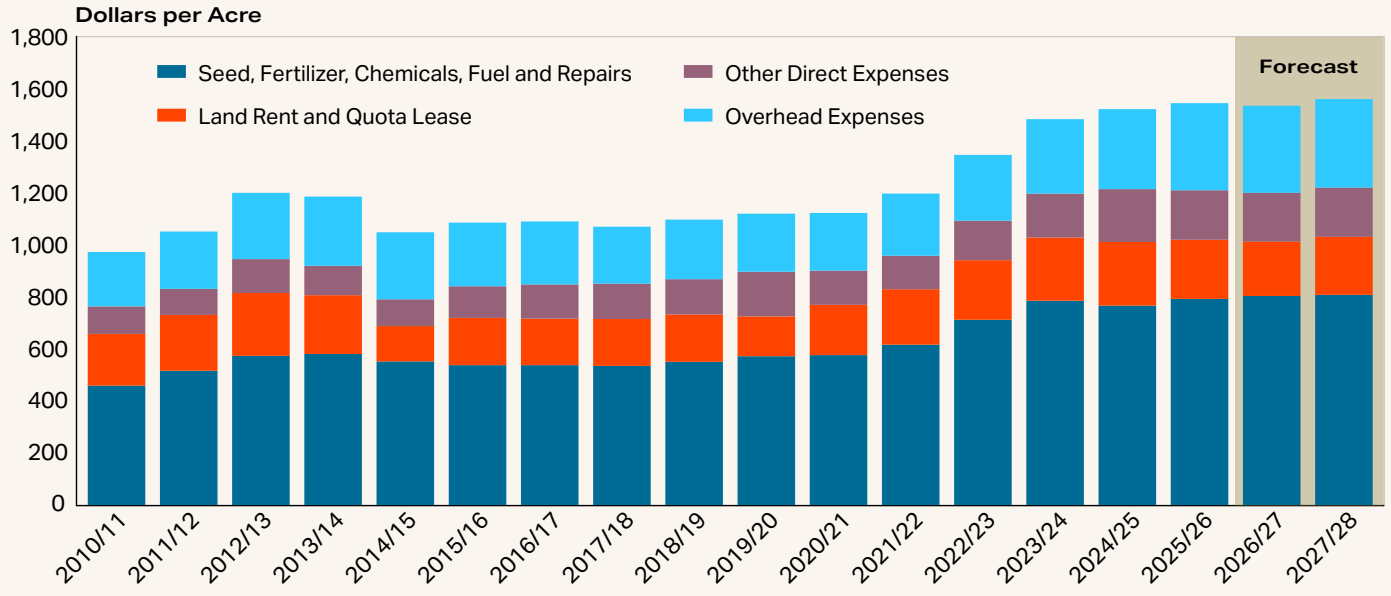
The USDA forecasts total imports to be higher than last year, with lower domestic supplies combining with steady domestic consumption. This raises the U.S. needs estimate after considering the USDA's forecast reduction in high-tier/other sugar imports. Mexican imports are currently forecast at 1.188 million STRV, up from just 0.242 million STRV for 2025/26. This puts expected 2026/27 ending stocks at their target of 13.5% following several years of elevated levels, recently as high as 19% or almost 2.4 million tons to end 2024/25.

U.S. sugar beet production costs for 2027 look to remain elevated for another year.

2027 COSTS FORECAST TO REMAIN ELEVATED

U.S. sugar beet production costs for 2027 look to remain elevated for another year, sustained by higher seed, fertilizer and repair costs and land rent. The latest FINBIN data for 2025 show average operating expenses at $1,214/ac. I estimate total 2026 operating expenses will likely end at similar levels to 2025. I forecast 2027 direct costs to be around $20 higher at $1,230/ac., unless

Sugar Beet Costs Forecast to Remain Elevated in 2027



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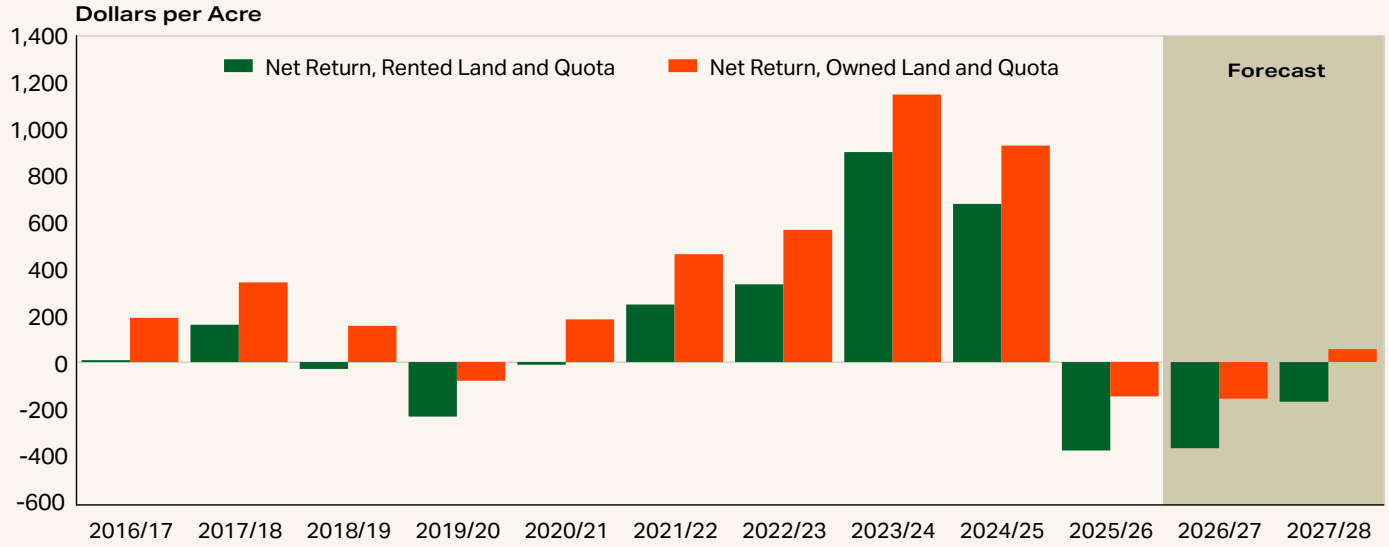
Sources: University of Minnesota FINBIN, USDA, BLS, EIA, DTN, Terrain

Estimated Net Returns Could Be Improving



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Note: Net returns to operator labor and management
Sources: University of Minnesota FINBIN, USDA, BLS, EIA, DTN, Terrain

fuel or fertilizer costs decline between now and spring or management decisions are made to trim costs. These costs for 2027 are based on a yield of 30.5 ton/ac., the trend yield consistent with historical FINBIN data.

I expect 2026 overhead expenses to remain elevated, too, at $336/ac. (the same as FINBIN's reported average for 2025). I believe expenses will rise in 2027 to $342/ac., driven by machinery and building depreciation and, to a lesser extent, labor costs.

I forecast 2026/27 beet payments to be in the $40/ton range, similar to last year.

CAUTIOUS OPTIMISM FOR HIGHER PRICES

After their recent bottom of just 35 cents/lb. in June 2025, Midwest spot prices for bulk refined beet sugar have risen amid volatility, reaching 47.75 cents/lb. in August 2026. Based on the overall forecast of tightening sugar markets in 2026/27 in the U.S. and Mexico, I expect refined beet sugar prices to continue steadily climbing as well. I forecast this price could cross the 50 cents/lb. mark in Q4 2026.

These prices are not likely to change the 2026/27 average sugar beet prices paid to growers given the normal lead time in sugar sales. They do, however, sweeten slightly the prospects for the 2027 crop. I forecast 2026/27 beet payments to be in the $40/ton range, similar to last year. Early estimates for the 2027/28 crop could see payments improve to the mid- to upper-$40/ton range based on the current trend in market prices and the expected tightening of U.S. sugar markets.

POSSIBLE MARGIN IMPROVEMENT AHEAD

EU.S. sugar beet net returns are projected to improve slightly for the 2026 crop following record nominal losses on the 2025 crop. These 2025 losses are estimated at $486/ac. using FINBIN data. I forecast losses for the 2026 crop to narrow slightly to $473/ac. based on a $39/ton payment and a 28.8 ton/ac. yield. This yield is based on the September USDA sugar beet yield deviation for North Dakota and Minnesota but

scaled to the average yield level associated with the FINBIN cost data for consistency. Farms with higher yields, lower costs or other differences will have net returns that differ from these forecast averages.

Looking to 2027, losses could narrow further to $167/ac. as trend yields coupled with the potential for higher prices overcome persistently higher total costs.

For some farms, 2027 offers a potential return to profitability. These average cost levels incorporate a cost for land rent and quota lease. For farms where quota and land are owned outright, returns could reach about $60/acre for the 2027 crop. While this level remains well below the historical average, it does offer one potential sign that sugar beet prospects are nearing the path to improvement.

For some farms, 2027 offers a potential return to profitability.

ABOUT THE AUTHOR

Marc Rosenbohm is Terrain's senior grain and oilseed analyst. He previously held research and economist positions at the University of Missouri's Food and Agricultural Policy Research Institute and the World Agricultural Economic and Environmental Services in Columbia, MO. Marc brings experience in modeling, projections, forecasts, scenario analysis and outlooks for a wide range of U.S. and global crop markets. He grew up on his family's corn, soybean and hog farm in northwest Missouri.

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