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BRAZIL: Canaplan sees 2010/11 cane crush at 593 million tonnes

Brazilian consulting firm Canaplan said Brazil's main centre-south sugarcane states should crush 593 million metric tonnes of cane in 2010/11, a 9.6% increase from 2009/10, according to Dow Jones.

Canaplan said at a conference in the sugarcane growing region of Ribeirao Preto that the centre-south states should crush more cane in 2010/11 as a result of cane left over from last season and new areas being harvested.

Weather could lead to a variation in the amount of cane crushed from between 574 million tonnes and 612 million tonnes, Estado reported Canaplan director Luiz Carlos Correa Carvalho as saying.

Mills are hoping that this season will be drier than last season which was dogged by frequent rain that kept harvesters out of the fields and unable to crush the soggy cane.

Canaplan also estimated that the region would produce 33.6 million tonnes of sugar in 2010/11, up 9.6% from the previous crop season.

The consultancy said ethanol production should reach 27 billion litres of ethanol in 2010/11, compared with 24.5 billion litres last season, reported Estado.

Canaplan said 57% of the cane crushed should go to ethanol, with the rest directed to sugar, Estado reported.

INDIA: Consumers may soon be able to hold 15-day stocks

India may soon allow bulk consumers to hold sugar stocks sufficient to meet their average demand for 15 days, up from 10 days now, according to Dow Jones.

The restriction on stock holding is being eased in the world's largest sugar consuming nation to boost demand as traders have slowed purchases following a decline in prices, forcing mills to sell at a cheaper rate, a senior official at the Ministry of Consumer Affairs, Food and Public Distribution told Dow Jones Newswires, requesting not to be named.

AUSTRALIA: Strong sugar prices supporting property values

Strong sugar prices have reinvigorated the property market in Far North Queensland, according to the Australian Broadcasting Corp.

Prices are currently around A$420 (US$391) a tonne of sugar, well above the average of the past decade.

Around Innisfail, cane property values have increased as a result.

Cane grower Wayne Gattera says there's plenty of competition for farms on the market.

"Growers realise the cane price has improved the value of their farms, and there's probably more growers around looking to buy than there has been in the last 10 years, probably more now than ever before," he says.

"This is an opportunity for growers looking to exit the industry to probably get the best price they can for their farms."

India may put tax on sugar imports

India could slap an import tax on sugar before the start of its 2010/11 season in October, to protect farmers and millers from a flood of foreign supplies as global prices crash and the rupee hovers at a 19-month peak, according to Reuters.

A tax by the world's top sugar consumer would discourage the imports India needs to build up stocks and put more pressure on New York raw sugar futures SBc1, which crashed to an 11-month low in April from a 29-year peak two months ago.

India's sugar cycle is also set to flip to a surplus, from the sharp deficit that boosted New York prices, as farmers have planted more cane in response to higher prices last year.

"The government will certainly impose a duty on imports," said Veeresh Hiremath, a senior analyst with commodity brokerage Karvy Comtrade. "But it will not do anything in a hurry."

"The cane price was very high this year, and so was the production cost, said Ashok Jain, president of the Bombay Sugar Merchants Association (BSMA), referring to the crop year that began in October 2009.

"It was around INR28 to INR29," he added, citing a figure equivalent to about US$0.63 to US$0.65 per kg.

"Now millers are putting pressure on the government to stabilise falling prices."

In the changed market situation, millers and industry officials said, unfettered sugar imports could cut domestic prices to a level where sugar makers would suffer losses and default on payments to farmers.

"They should impose an import duty to protect the farmers," said M. Manickam, managing director at Sakthi Sugars who said millers were fighting to retain their margins.

A broker based in western Maharashtra, the country's top sugar-producing state, said imports would land on Indian shores at well below the domestic cost of production if prices stay at current levels.

"The international market is testing new support levels every day. The rupee is also strengthening. In the second half of the year the landed cost of imported sugar would be around INR21 to INR22," said the broker, who deals mainly in raw sugar.

MEXICO: More exports seen going to the US

Mexico's sugar millers said on Thursday there will be no need for more sugar imports this year since lower-priced high fructose corn syrup use has doubled and sugar production is seen hitting the high-end of a government forecast, according to Reuters.

Juan Cortina, the head of the sugar millers chamber, said he expected the 2009/10 sugar harvest to reach 4.8 million tonnes, in line with forecasts from the cane growers union and the agriculture ministry.

Earlier in the season, when the cane fields were battered by bad weather, the agriculture minister said sugar production would be between 4.5 million and 4.9 million tonnes.

But the food manufacturers are loggerheads with cane growers and sugar millers who worry new imports will hurt local producers by lowering prices.

"I don't think that Mexico will need more quotas than what we already have. Even more, I think it's likely that by the second half of the year we will be able to export more," Cortina told Reuters in a phone interview.

Mexico already has committed to around 330,000 tonnes of exports to the United States, which is also facing a shortfall, and could potentially export up to 200,000 additional tonnes to its northern neighbor this year, Cortina said.

Mexico's consumption of high fructose corn syrup as a substitute sweetener has doubled this year since it is cheaper than sugar, which would mean there is more unsold Mexican sugar that could be exported, he said.

Mexico could use as much as 1.3 million tonnes of fructose in 2009/10 compared with just 670,000 tonnes consumed in the previous cycle, he said.

If fructose imports continue at high rates and the 2010/11 crop recovers, Mexico could export up to 1 million tonnes of sugar to the United States, on par with exports in the 2008/09 season.

UK: British Sugar proposes taking over beet transport

Sugarbeet growers are being asked to consider receiving an ex-farm price for their beet with British Sugar co-ordinating all beet haulage with hauliers operating in defined territories to standardised haulage rates, according to the UK's Farmers Weekly.

This radical proposal revealed by British Sugar and the NFU at a series of meetings last month is the result of a transport efficiency study carried out by independent consultants last year. The new approach is to be trialed in a pilot scheme at the Newark and Wissington factories later this year.

When they commissioned the study last year, their aim was clear. The independent consultants were asked to identify the costs involved in the beet transport process, highlight any areas where there was scope for efficiency improvements and recommend a strategy for the future.

Savings of up to GBP8 million (US$12.3 million) of the total GBP27.6 million operating cost and a reduction in the number of lorries involved in the operation from over 2000 to fewer than 400 would be the end result, according to Chris Douglas of consultants TTR, who carried out the study.

"At the moment, there are large numbers of small haulage operations involved in the transport of beet," he says. "Typically, they run small fleets - four vehicles or less - and transport a small number of loads during the campaign."

In fact, one third of the vehicles involved transport fewer than 50 loads during the campaign, which equates to fewer than two loads per week, he adds.

"What's more, a significant proportion of the fleet is more than nine years old and only 10% is less than two years old. That's important in an efficiency study because newer vehicles are cleaner and use less fuel."

Furthermore, 10% of loads are carried by vehicles with payloads of 26 tonnes or less, he notes.

"We also found that the haulier has a dominant role once the campaign gets underway," continues Douglas. "The relationships between growers and hauliers tend to be long established and based on history, rather than business arrangements involving an annual negotiation."

The study also recognises that time spent queuing at factory sites is inefficient and that current peaks in delivery demand make it impossible for hauliers to achieve a smooth flow during the working week.

"And that makes it more difficult to co-ordinate harvesting and haulage, or stick to a detailed plan. This co-ordination of harvesting and hauling was a repeat complaint from growers."

Douglas adds that there is general support among both hauliers and growers to consider alternatives to the existing system.

"For many hauliers, the opportunity to get additional volume and better vehicle/driver utilisation is just what they've been waiting for. And growers were united in the opinion that the transport allowance doesn't cover haulage costs."

The use of fewer vehicles, more competitive haulage rates and extended factory opening hours have all been highlighted as areas for improvement - with a series of measures including best practice guidelines, longer servicing hours and new operational standards being proposed as the way to achieve these.

White Cross Beet Syndicate, Norfolk, which is formed of up to 30 growers, already operates as one delivery group and is seen by British Sugar as a shining example of what can be achieved.

EU: CME launches new biofuel swaps contracts

The Chicago Mercantile Exchange has announced the launch of trading and clearing services for four new European biofuel swap futures contracts, according to CommodityOnline.

Trading will be available on the New York trading floor and clearing services through CME ClearPort, a set of flexible clearing services open to over-the-counter (OTC) market participants to substantially mitigate counterparty risk and provide neutral settlement prices across asset classes. Trading and clearing are scheduled to begin on April 25 for trade date April 26. These contracts will be listed by NYMEX and subject to the rules and regulations of NYMEX and CME.

The new swap futures contracts and their commodity codes will be:
- RME biodiesel (Argus) FOB Rdam vs. ICE gasoil spread (KE)
-FAME 0 biodiesel (Argus) FOB Rdam vs. ICE gasoil spread (LE)
-Ethanol (Argus) T1 FOB Rdam excluding duty (WE)
-Ethanol (Argus) T2 FOB Rdam including duty (YE)

The contracts will be listed for 24 consecutive months with the first listed month being the May 2010 contract. The ethanol contracts will be 100 cubic meters in size, with a minimum price fluctuation of US$0.001 per tick (T1) and EUR0.001 per tick (T2). The biodiesel contracts will be 100 metric tons in size, with a minimum price fluctuation of US$0.001 per tick.
