

Sugar and ethanol outlook focus of conference

In the midst of a difficult global economy and some pessimism regarding the outlook for commodities, sugar and ethanol are managing to hold their own. The global sugar market is moving into a sharp deficit situation, something that last occurred in 2005–06.

Ethanol is facing two conflicting forces – lower global oil prices, but lower feedstock prices (corn, wheat) as well. There is some interaction between the two – the Brazilian sugar and ethanol industry is looking at a 10 per cent higher cane crop, but will need to focus on sugar at the expense of ethanol in order to supply global sugar market requirements.

Sugar prices have picked up during 2009 as some of the fear regarding the world economy has reduced, and it became apparent that India would become a major importer. Prices are currently just over 14 c/lb in the prompt futures contract, but improve to over 15 c/lb in more distant contracts.

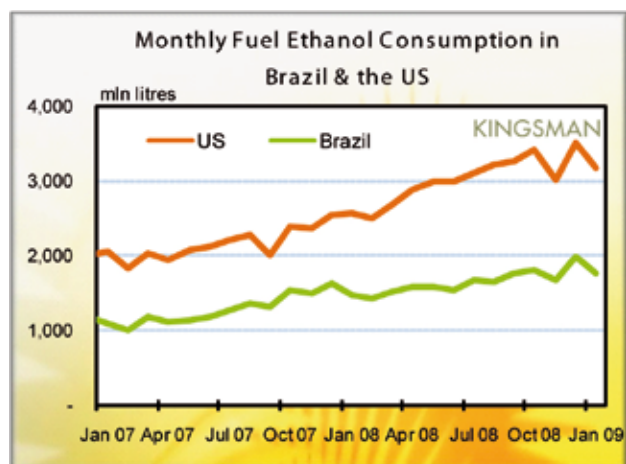
This is serious competition for ethanol in Brazil – the world's largest exporter with exports of more than five billion litres of ethanol last year. Domestic consumption of ethanol in Brazil is growing strongly due to vigorous adoption of flex-fuel vehicles, which can use either hydrous ethanol or petrol blended with ethanol.

Australia's ethanol situation is much more subdued, with cautious increases at a state level of mandates between two to 10 per cent for ethanol blended with petrol. Grain milling residues and molasses are the main source of ethanol in Australia from the two largest suppliers, Manildra and CSR Limited.

Nonetheless, a new grain ethanol plant has just been commissioned at Dalby on the Darling Downs, which will principally use sorghum as its feedstock. In the past year, some opponents of ethanol such as the Lot Feeders Association and consumer groups have said that usage of grains in ethanol increases grain and food prices generally.

These topics and more will be explored in detail at a sugar and ethanol conference in Cairns on June 1 and 2, and is already attracting a wide delegate list from the ethanol, sugar and grains sectors. The conference is being run by Kingsman, an international sugar and biofuels consultancy firm. Key addresses will be given by

- David Crombie President of the National Farmers Federation;
- SL Jain, President of the Indian Sugar Millers Association;
- Kevin Endres, CEO of the Dalby Ethanol Biorefinery;



- Ian Glasson, CEO of CSR Sugar and Ethanol; and,
- Andrew Lennon, Head of Commodities, Commonwealth Bank of Australia.

Kingsman Director Tom McNeill, based in Brisbane, said at least 200–250 delegates were expected to attend and would be treated to a vigorous discussion of the outlook for these sectors.

For more information about the Conference, go to www.kingsman.com/conferences or call 07 3878 6439. ■

2nd Kingsman Australian Sugar & Ethanol Conference
The Sebel, Cairns
May 31–June 2, 2009

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