

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

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Australia

Sugar Semi-annual

2012

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Report Highlights:

Post's estimate for Australian 2012/13 sugar production has been revised downwards (4%) to 4.3 MMT. While rains earlier in the season supported cane growth, they also negatively affected sugar content and delayed harvest and crushing. Despite the decline in the estimated production level, Post's estimate for sugar exports was increased (3%) to 3.1 MMT

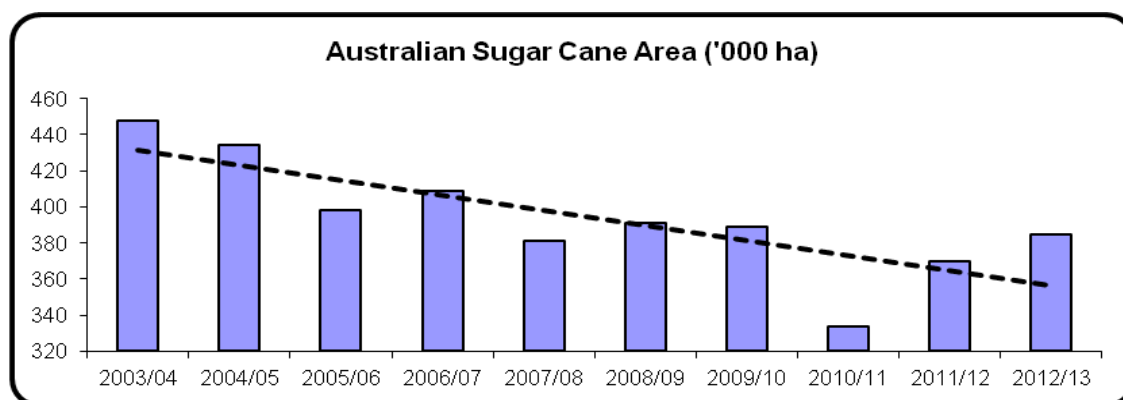
Commodities:

Sugar Cane for Centrifugal

Sugar, Centrifugal

Total Cane Area (cut for crushing)

Forecast cane area for 2012/13 remains unchanged at 380,000 hectares. While world sugar prices in 2012/13 are down relative to last year, they remain above the historical 10-year average. Consequently, area planted to cane is expected to remain strong in the near-term.



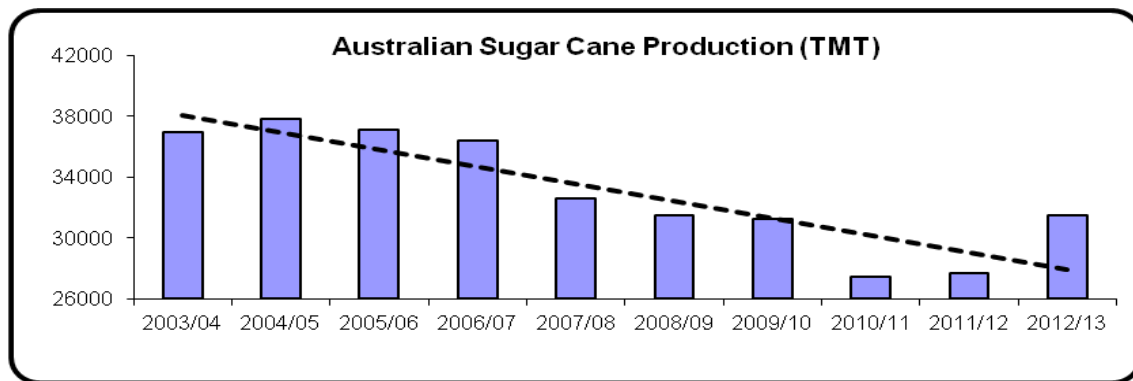
Source: ABARES Data

The 2011/12 area estimate remains unchanged at 366,000 hectares. The 2011/12 harvest was cut short by heavy rainfall during the second half of the harvest. Industry sources report that area left un-harvested at the conclusion of the 2011/12 season has been harvested in 2012/13.

Sugar Cane Production

Post's estimate of sugar cane production for 2012/13 was increased (1.6%) to 31.5 MMT, as early season rains encouraged cane growth. Additionally, un-harvested cane from 2011/12 has been harvested in the current 2012/13 crop.

Estimated cane production for 2011/12 is unchanged at 28.0 MMT, in line with recently published industry data. Difficult harvesting conditions left significant quantities of the 2011/12 cane crop un-harvested and this reduced the overall level of production.



Source: ABARES Data

Sugar Production

Post's estimated 2012/13 sugar production has been revised downwards (4%) to 4.3 MMT (IPS), representing around 4.15 MMT of sugar in typical raw form (using a conversion factor of 1.037). While excellent growing and harvesting conditions have supported higher cane production, sugar content is reported to be down.

Post's estimate of 2011/12 sugar production remains unchanged at 3.9 MMT. Poor harvesting conditions together with a lower CCS, due to high rainfall and less sunshine, combined to limit last year's cane crush and overall sugar production.

Exports

The forecast for total sugar exports for 2012/13 was increased (3%) to 3.1 MMT. Despite this increase, exports at this level would be considered low, as the ten-year average stands at 3.52 MMT.

Post's estimate of 2011/12 sugar exports remains unchanged at 2.85 MMT.

Prices

The average mill-gate return for sugar cane to Australian growers is forecast to decline by about \$7/MT in 2012/13, to slightly below the 10-year average (\$36/MT). Queensland Sugar Limited ended the 2011/12 season with a pool return of \$518/MT, up from \$444/MT in 2010/11, and up on the 10-year average of \$496/MT.

