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A Weekly Review of Business Opportunities

## Sugar up due to global deficit

The expected global deficit for the 2009/10 crop, along with reduced sugarcane production in India and excessive rain in Brazil's center-south, boosted sugar future prices in August. It was the month's highlight among the main agricultural commodities traded on the New York Stock Exchange, particularly "soft commodities" (sugar, coffee, cocoa, orange juice and cotton). It was also ahead of soybean, corn and wheat on the Chicago Stock Exchange; these are the agricultural commodities most traded internationally. Countries such as Mexico and the US said they would raise import quotas last month, which helped raise prices. On August 31, sugar reached the highest price in 28 years on the New York Stock Exchange, with the January future settled at 25.32 cents a pound for sugar, 112 points higher. Based on Valor Data estimates, average prices in C contracts in August were 22.49, 21.77% higher than July. In 2009, the increase has reached 89.56%. *Source: Valor Econômico*

## Biodiesel in Rio Grande do Sul

Câmera Agroalimentos has announced the construction of a plant to produce biodiesel from vegetable oils and animal fat in Ijuí (Rio Grande do Sul state). The investment will be 30 million reais and the plant will have the capacity to produce 300,000 liters a day. Based in Santa Rosa (Rio Grande do Sul), Câmera trades grains and produces soybean, sunflower and canola oil. *Source: Valor Econômico*

## Italac boosts production with new facility in Rio Grande do Sul

The new milk processing plant launched this month in Passo Fundo, in northern Rio Grande do Sul state, has increased Italac Alimentos' processing capacity by 17% to 4.1 million liters a day. The plant, which started being built in April last year and can process 600,000 liters a day, is the company's second facility in the state and its eighth in Brazil, including its operations in Goiás, Rondônia and Pará states. Italac's president, Cláudio Teixeira, says production in Passo Fundo will reach 1.2 million liters a day in a "second stage". Italac has not disclosed the amount invested in Passo Fundo, but according to Rio Grande do Sul state environment agency Fepam, 60 million reais were invested. The executive added that Italac has established raw material collection centers in northern and northwestern Rio Grande do Sul, without disclosing the number of milk suppliers. *Source: Valor Econômico*

## BB fund to invest in agribusiness assets

In October, Banco do Brasil (BB) will launch the first investment fund for agribusiness stakes only. FIP Brasil Agronegócios, created by BB in partnership with BRZ Investimentos, a fund manager owned by GP Investimentos, will get up to 1.2 billion reais to acquire stakes in agricultural companies, projects and assets. FIP Agro has already received 800 million reais from sources including pension funds, as well as floating rate funds, stockbrokers and international private equity funds. The investment is focused on input, agriculture, livestock, processing, distribution, service, export, infrastructure and agribusiness production structure companies and should be for eight years on average. At the end of manager contracts, companies may again buy common shares or go public in the middle run. FIP Agro is looking for middle or large companies, business corporations or limited liability companies, but with financial organization and management reinforced with risk analysis instruments, governance, transparency and good business plans. *Source: Valor Econômico*

## Bunge closes ethanol transport deal

Bunge has closed an agreement with Vale to transport alcohol from its mill being built in Pedro Afonso, Tocantins state, to Itaqui port (Maranhão state) as from 2010. According to Martinho Silveira, Bunge's sugar and ethanol director, the multinational is building a plant in the municipality that will have the capacity to produce 4.4 million tons of sugarcane, and it was seeking alternatives to transport the fuel produced. "The mill will start operations in June 2010", said the executive. In the first year, it will crush 1.4 million tons of sugarcane. The ethanol will be transported by Vale through the North-South railroad to Itaqui port, where it will be exported from. The company will also set up storage infrastructure in the port and is still analyzing which terminal will be used. Bunge has plans to boost sugarcane production in Brazil's center-west region through facility in Tocantins and in Mato Grosso do Sul as well. *Source: Valor Econômico*