



**Sugar prices reappreciating in the last weeks**

With some disappointing news coming from Brazil for the new 2011/12 campaign (p.9), the world sugar prices have reappreciated in the last weeks : on June 03, raw sugar - for delivery in July 2011 - was traded 528 \$/t (364 €/t) while white sugar reached 695 \$/t (480 €/t) for delivery in August 2011.

In these conditions, the nominal white premium (Jul/Aug) is now above 150 \$/t (p.3).

On the period reviewed, sugar prices like other agricultural commodities (p.5) were also supported by the depreciation of dollar against other currencies (p.7) : EUR/USD parity is now close to 1,45 against 1,42 three weeks ago.

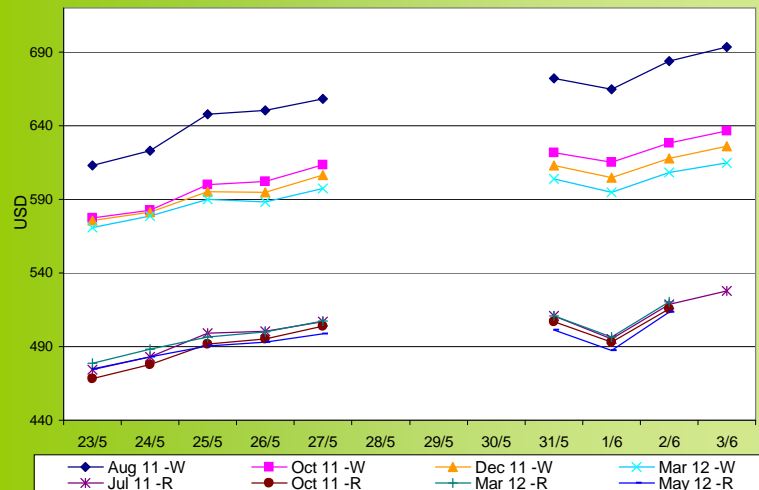
Looking at energy markets, crude oil slightly improved and is now above 100\$ per barrel. On the US ethanol market, the increase of corn prices and the stability of gasoline have favoured prices to remain firm at 70 \$/hl (p.4). In Brazil and after the sharp adjustment of ethanol prices due to the start of new 2011/12 campaign, prices are now close to 72 \$/hl for anhydrous and 64 \$/hl for hydrous. Currently, 60% of harvested brazilian 2011/12 sugarcane is dedicated to the ethanol production. In the EU, prices are still very flat at 62/63 €/hl on Rotterdam T2.

It is also worth noting that beet pulp pellets and cane molasses 's prices remain quite supportive (p.6) on by-products markets. While fertilizers's prices are on the rise, freight indexes remain stable with Supramax still close to 1445 points.

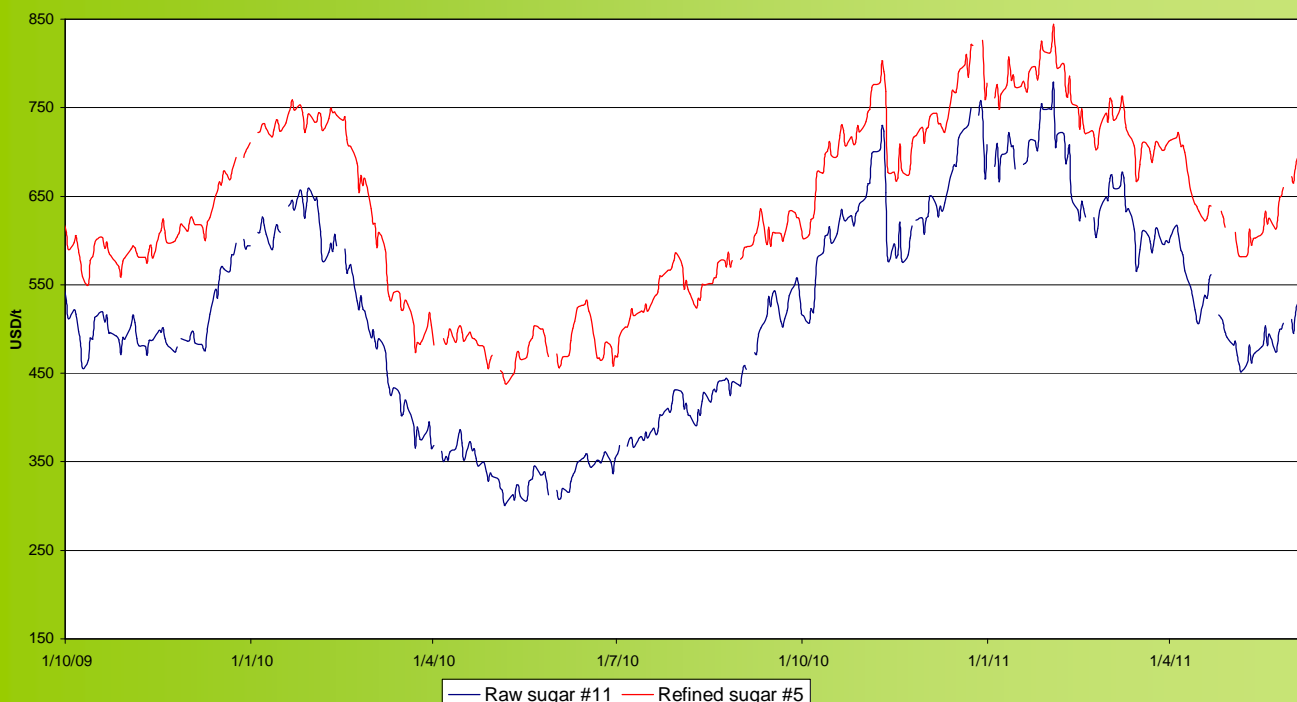
**SUGAR #11 and #5 - Prices**

Settling date	Previous week	Current week	Difference
<b>Refined sugar price - London Euronext (USD/t)</b>			
Aug 11	638.5	678.5	39.9
Oct 11	595.1	625.5	30.4
Dec 11	590.8	615.5	24.7
Mar 12	585.0	605.5	20.4
<b>Raw sugar - ICE #11 (USD/t)</b>			
Jul 11	492.7	513.2	20.5
Oct 11	487.4	505.1	17.6
Mar 12	494.2	509.2	15.0
May 12	488.0	500.7	12.7
<b>Raw sugar - ICE #11 (cts/lb)</b>			
Jul 11	22.35	23.28	0.93
Oct 11	22.11	23.09	0.97
Mar 12	22.42	23.27	0.85
<b>White premium (USD/t)</b>			
Jul/Aug	145.9	165.3	19.4

**Raw and white sugar prices on the past two weeks USD/t (daily prices)**



**Sugar Prices #11 and #5 since October 2009**

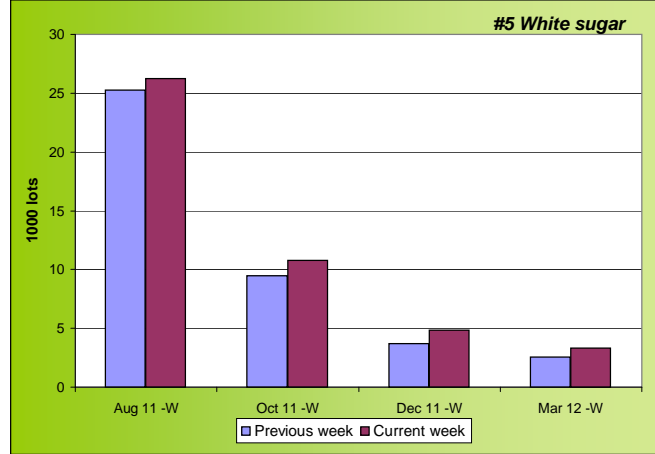
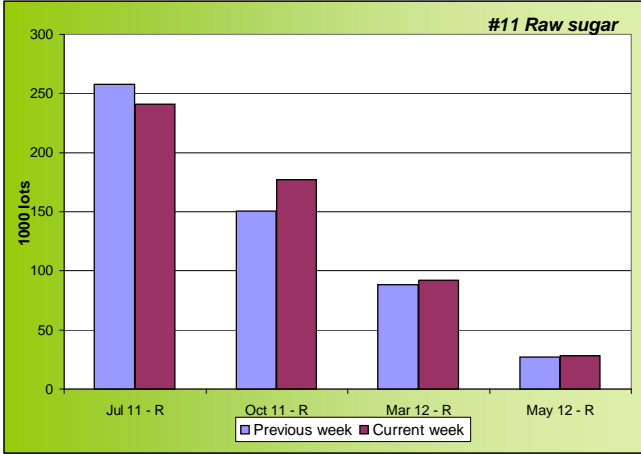




May 16 - June 03

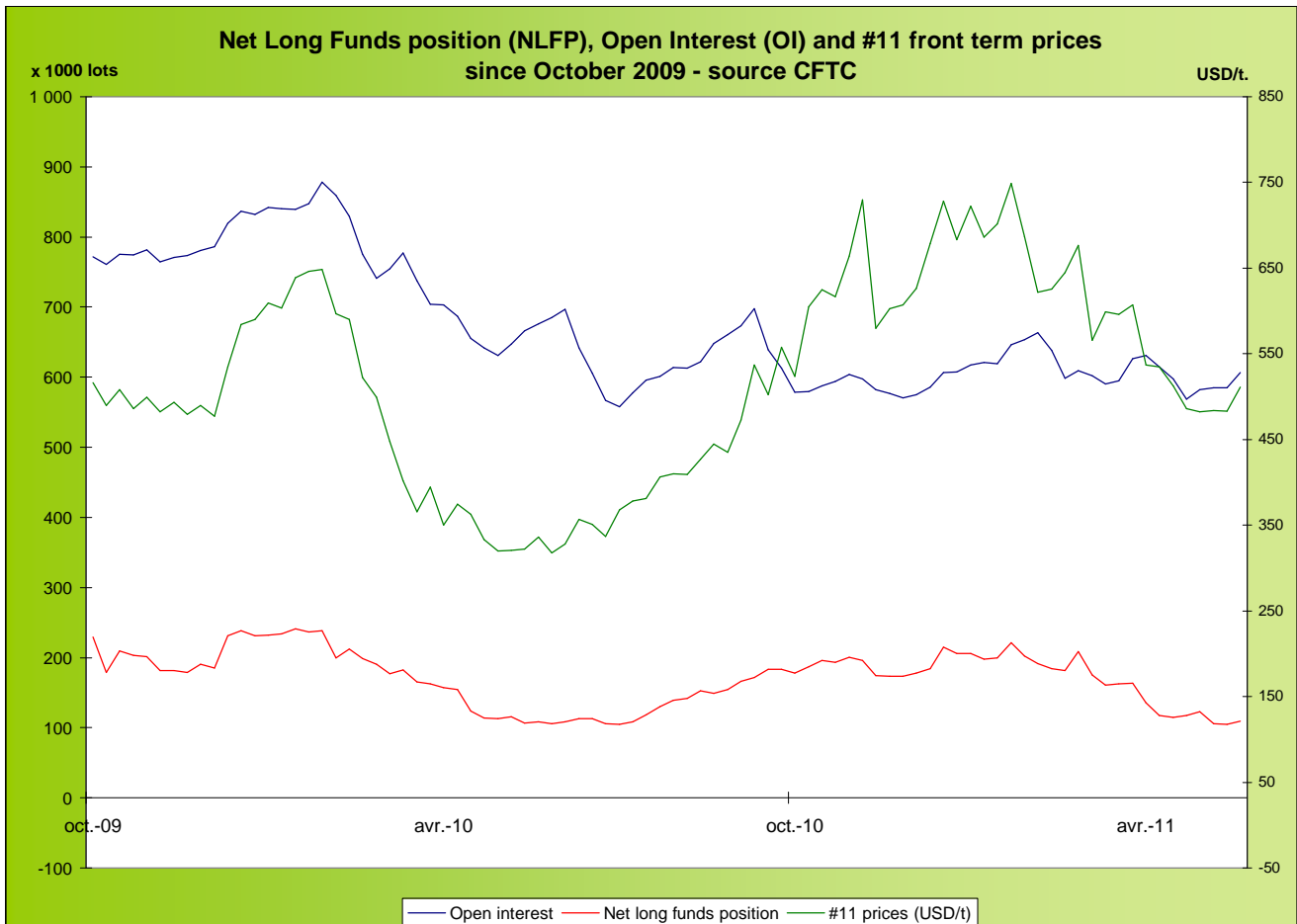
**SUGAR #11 & #5 - Open interest + Funds positions**

Average weekly Open Interest per settling date contract (1 lot= 50t)



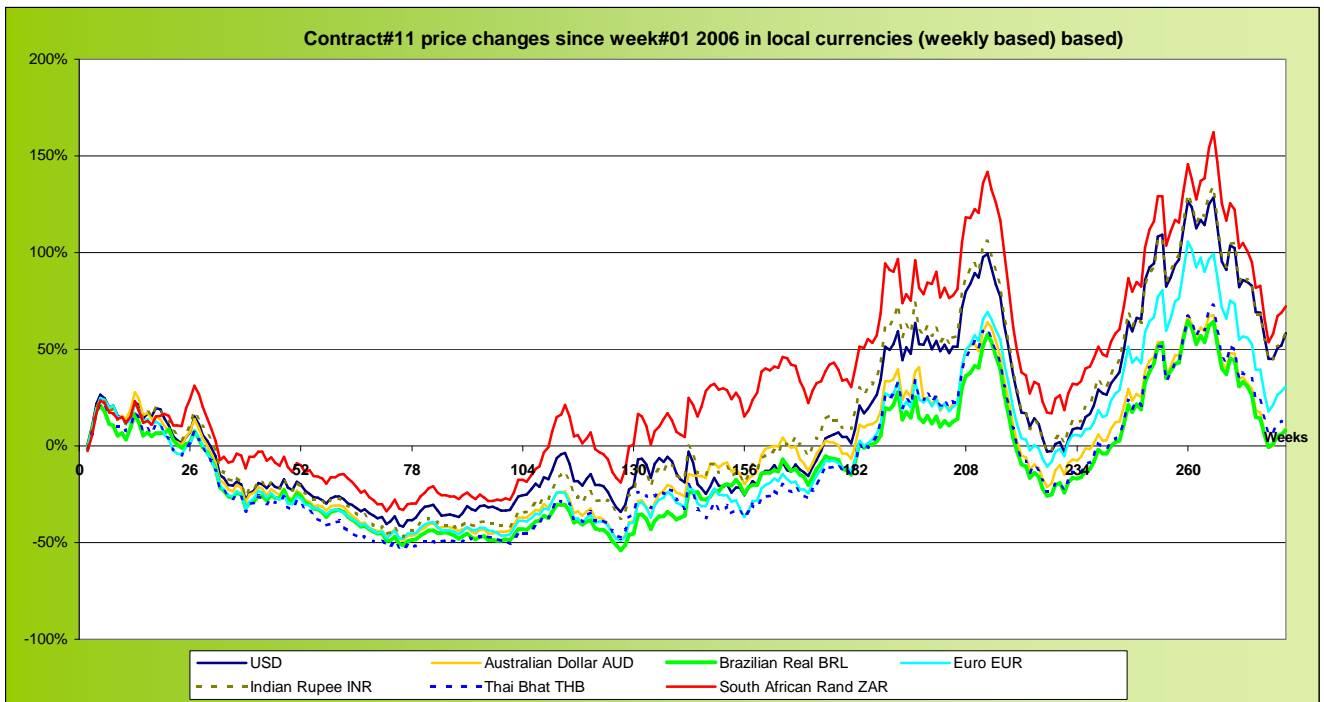
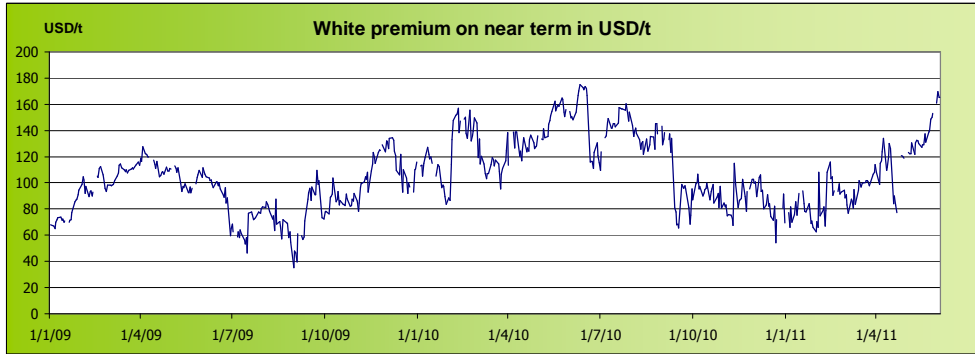
#11 Average weekly open interest				
(1000 lots)	Week n-1	Week n	Diff (lots)	Diff (%)
Jul 11 - R	258	241	-16.82	-7%
Oct 11 - R	150	177	26.85	18%
Mar 12 - R	88	92	3.90	4%
May 12 - R	27	28	1.30	5%
<b>Total</b>	<b>592</b>	<b>615</b>	<b>23.12</b>	<b>4%</b>

#5 Average weekly open interest				
(1000 lots)	Week n-1	Week n	Diff (lots)	Diff (%)
Aug 11 - W	25.3	26.2	1.0	4%
Oct 11 - W	9.5	10.8	1.3	14%
Dec 11 - W	3.7	4.9	1.1	31%
Mar 12 - W	2.6	3.3	0.8	29%
<b>Total</b>	<b>45</b>	<b>49</b>	<b>4.0</b>	<b>9%</b>





**SUGAR #11 - White premium + Prices in local currencies**



**Contract#11 sugar price changes from past week and from week#01 2006 in local currency and in percentage**

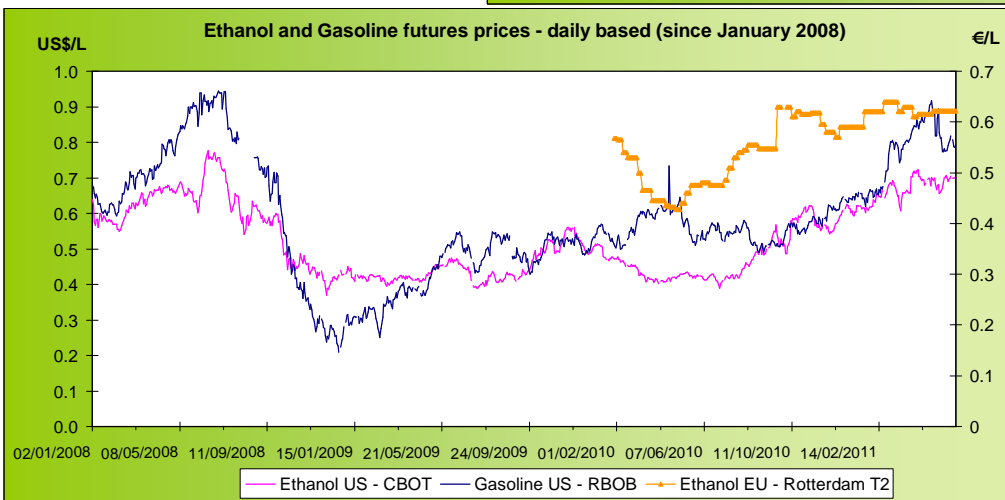
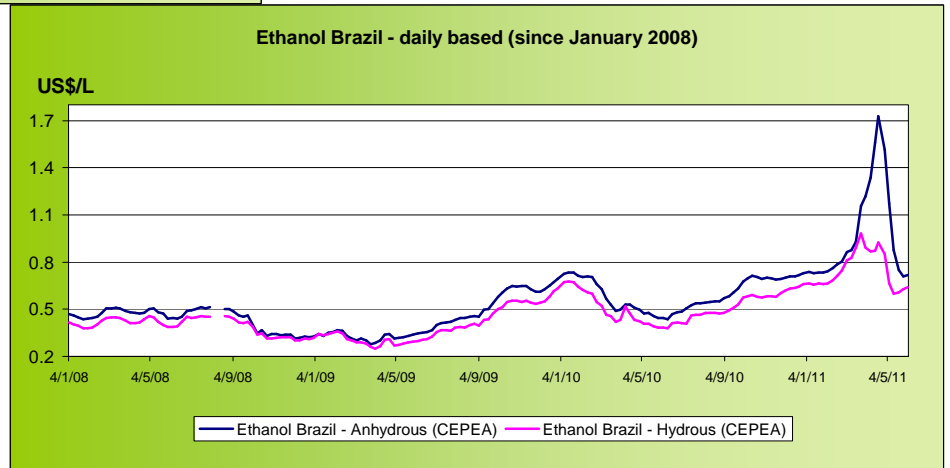
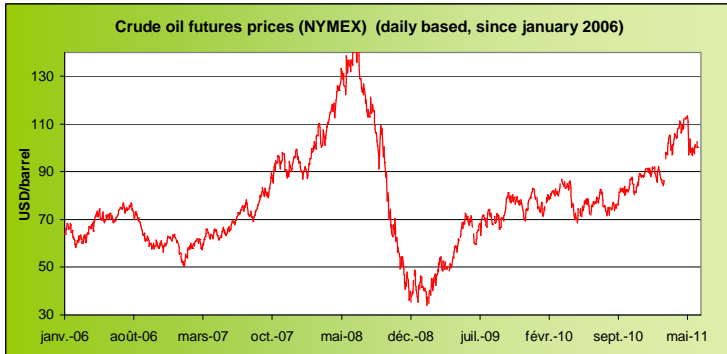
	Sugar prices in currency	Sugar prices in currency	Difference from previous week	Difference from previous week	Difference from week#1 2006
<i>Currencies</i>	Past week	Current week	In currency	In %	In %
<i>USD</i>	492.7	<b>513.2</b>	20.5	<b>4.2%</b>	58.4%
<i>Australian Dollar AUD</i>	464.5	<b>479.9</b>	15.4	<b>3.3%</b>	9.3%
<i>Brazilian Real BRL</i>	797.4	<b>813.2</b>	15.8	<b>2.0%</b>	8.1%
<i>Chinese Yuan CNY</i>	3197.6	<b>3323.6</b>	126.1	<b>3.9%</b>	27.2%
<i>Euro EUR</i>	348.2	<b>355.8</b>	7.6	<b>2.2%</b>	30.9%
<i>Indian Rupee INR</i>	22233.3	<b>23014.7</b>	781.4	<b>3.5%</b>	58.4%
<i>Mexican Peso MXN</i>	5743.4	<b>5959.7</b>	216.3	<b>3.8%</b>	73.4%
<i>Russian Rouble RUB</i>	13912.0	<b>14337.1</b>	425.1	<b>3.1%</b>	54.1%
<i>Thai Bhat THB</i>	14870.9	<b>15454.9</b>	584.1	<b>3.9%</b>	17.2%
<i>South African Rand ZAR</i>	3424.5	<b>3490.5</b>	66.1	<b>1.9%</b>	72.3%

*Sugar prices and currencies data are based on weekly average.*



May 16 - June 03

**ENERGY MARKETS - Ethanol, Crude oil and Gazoline**



**Oil, gasoline and ethanol price changes from past week and from week#01 2006**

	Price in USD	Price in USD	Difference	Difference past week	Difference from the week#1
<i>Products</i>	Past week	Current week	In USD	In %	In %
<i>Ethanol CBOT (USD/l)</i>	0.6981	0.6995	0.0014	<b>0.20%</b>	22.2%
<i>Ethanol CBOT (USD/gal)</i>	2.6388	<b>2.6440</b>	0.0052		
<i>Oil (USD/barrel)</i>	99.89	<b>100.90</b>	1.02	<b>1.02%</b>	58.5%
<i>Gazoline RBOB (USD/l)</i>	0.7983	<b>0.7929</b>	-0.005	<b>-0.68%</b>	164.0%
<i>Sugar #11 (USD/t)</i>	492.69	<b>513.18</b>	20.5	<b>4.16%</b>	58.4%
<i>Products</i>	Past week	Current week	In USD	In %	In %
<i>Ethanol CEPEA (USD/l) - Anyhydrous</i>	0.7088	0.7186	0.0098	<b>1.38%</b>	52.9%
<i>Ethanol CEPEA (USD/l) - Hydrous</i>	0.6277	0.6386	0.0109	<b>1.74%</b>	42.3%
<i>Products</i>	Past week (€/l)	Current week (€/l)	In €	In %	In %
<i>Ethanol EU - Rotterdam T2</i>	0.622	0.622	0	0.00	



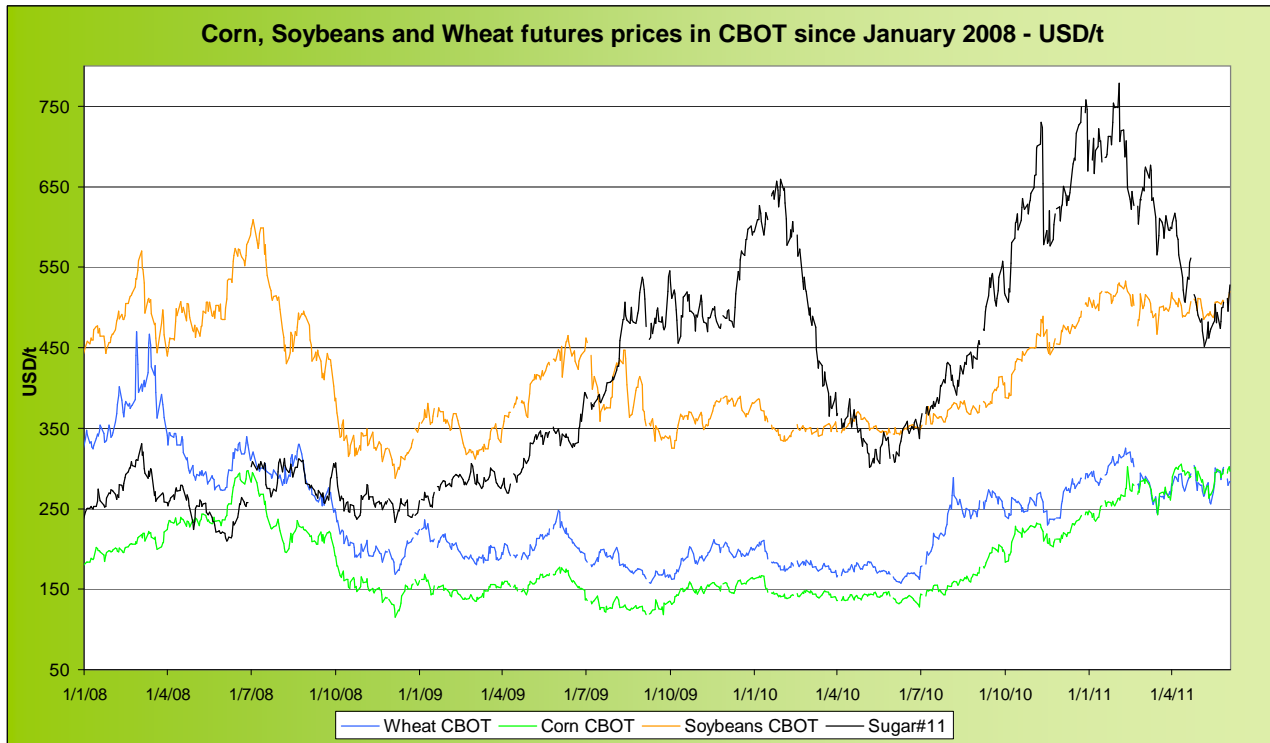
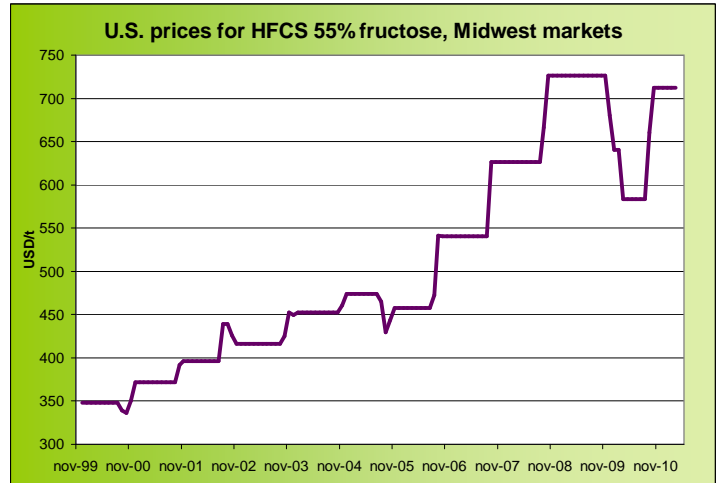
May 16 - June 03

**GRAINS MARKETS - Corn, Soybeans, Wheat and HFCS**

**Price changes**

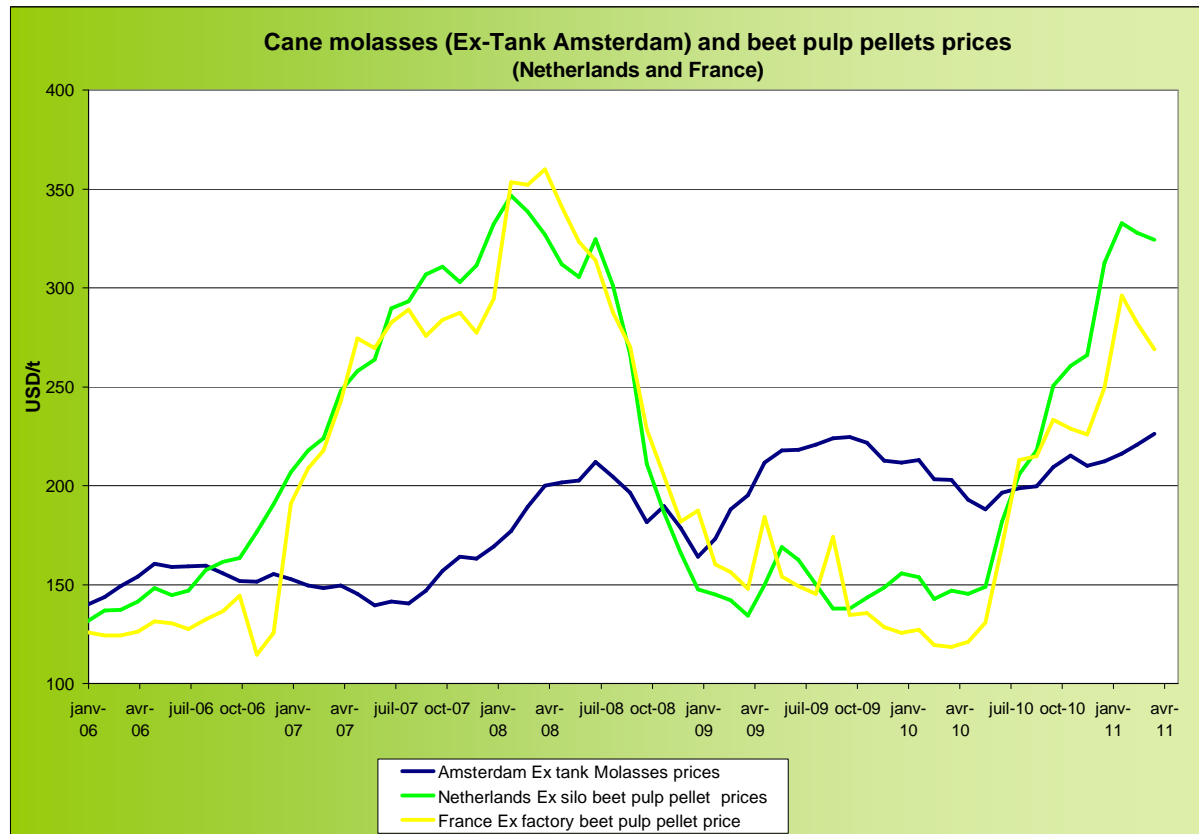
	Current month-3	Current Month-2	In USD
<b>HFCS 55 - USD/t</b>	712.11	712.11	0.00
<b>HFCS 55 - cts/lb</b>	32.31	32.31	0.00

Dry weight, monthly averages, source Milling and baking news



**Corn, soybeans and wheat prices, changes from the past week and from the week#01 2006 in USD/t and in percentage**

		Front term	Front term	Difference	Difference	Diff week#1 2006
<b>Products</b>		Past week	Current week	In USD	In %	In %
<b>Corn (CBOT)</b>	<b>USD/t</b>	293.95	<b>297.85</b>	<b>3.90</b>	<b>1.3%</b>	250.7%
	<b>cts/bsl</b>	746.64	756.55	9.91		
<b>Soybeans (CBOT)</b>	<b>USD/t</b>	506.06	<b>512.85</b>	<b>6.80</b>	<b>1.3%</b>	129.4%
	<b>cts/bsl</b>	1377.40	1395.90	18.50		
<b>Wheat (CBOT)</b>	<b>USD/t</b>	294.88	<b>283.32</b>	<b>-11.55</b>	<b>-3.9%</b>	127.4%
	<b>cts/bsl</b>	802.60	771.15	-31.45		

**BY-PRODUCTS - Molasses and Beet Pulp**

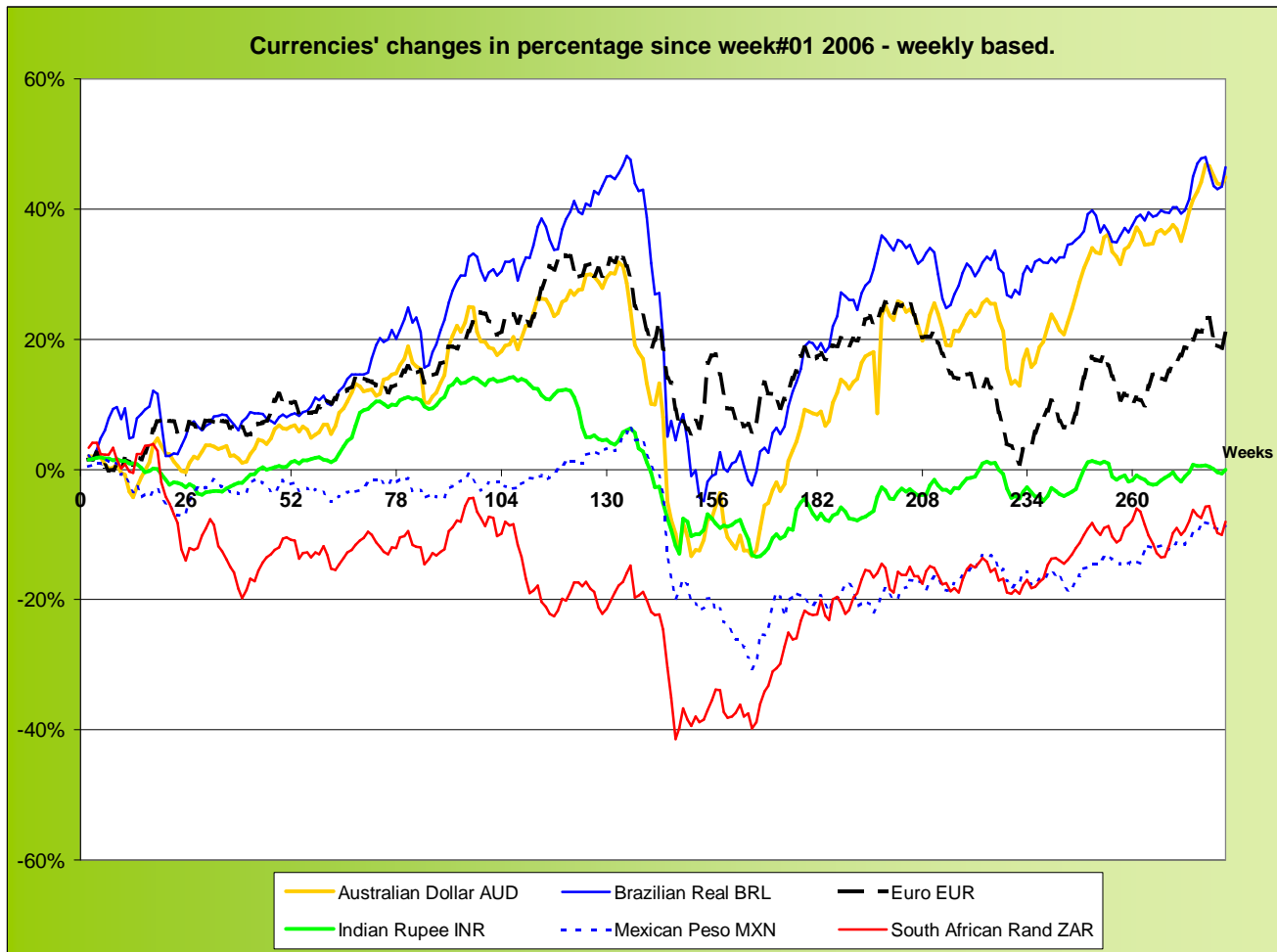
**Molasses and beet pulp pellets prices and changes  
between three and two months before and from month#01 2006**

		Commodity	Commodity	Difference from previous month	Difference from previous month	Difference from month#1 2006
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
<b>Amsterdam Ex tank Cane Molasses</b>	<i>USD/t</i>	220.66	226.24	5.57	2.5%	61.9%
	<i>EUR/t</i>	157.60	156.70	-0.90	-0.6%	35.6%
<b>Netherlands Beet Pulp Pellets</b>	<i>USD/t</i>	327.91	324.34	-3.57	-1.1%	146.9%
	<i>EUR/t</i>	234.20	224.65	-9.55	-4.1%	106.8%
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
<b>France Beet Pulp Pellets</b>	<i>USD/t</i>	282.27	268.83	-13.44	-4.8%	113.8%
	<i>EUR/t</i>	201.60	186.20	-15.40	-7.6%	79.0%



May 16 - June 03

**EXCHANGE RATES**

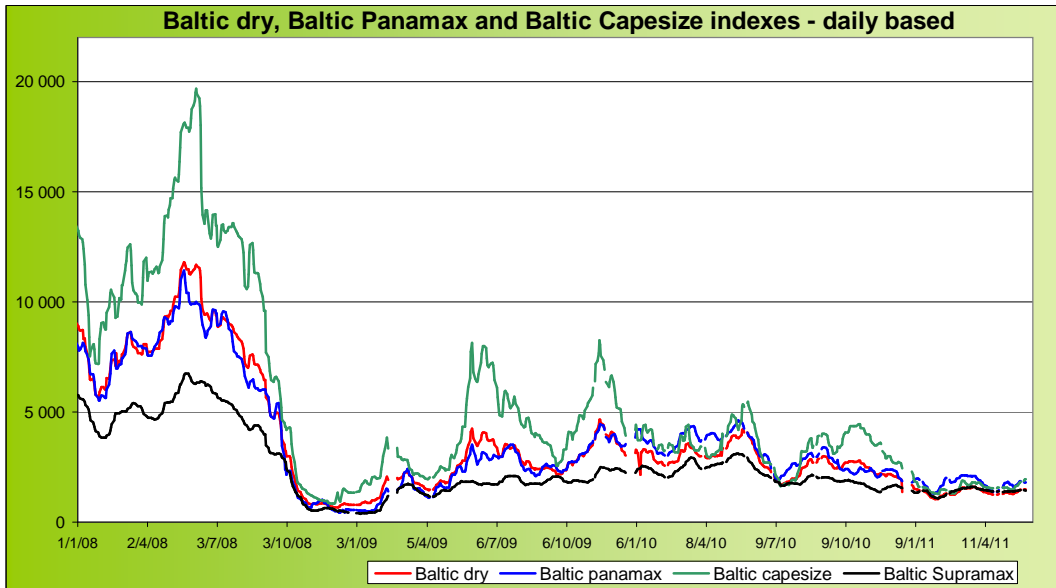


**Currencies' changes from the past week and from the week#01 2006  
in USD and in percentage**

	Currencies in USD - Week#:	Currencies in USD - Week#:	Difference from previous week	Difference from previous week	Difference from week#1 2006
<i>Currencies</i>	Past week	Current week	In USD	In %	In %
<i>Australian Dollar AUD</i>	1.0607	<b>1.0693</b>	0.00859	<b>0.8%</b>	44.9%
<i>Brazilian Real BRL</i>	0.6179	<b>0.6310</b>	0.01316	<b>2.1%</b>	46.5%
<i>Chinese Yuan CNY</i>	0.1541	<b>0.1544</b>	0.00032	<b>0.2%</b>	24.6%
<i>Euro EUR</i>	1.4150	<b>1.4424</b>	0.02731	<b>1.9%</b>	21.0%
<i>Indian Rupee INR</i>	0.0222	<b>0.0223</b>	0.00014	<b>0.6%</b>	0.0%
<i>Mexican Peso MXN</i>	0.0858	<b>0.0861</b>	0.00032	<b>0.4%</b>	-8.6%
<i>Russian Rouble RUB</i>	0.0354	<b>0.0358</b>	0.00038	<b>1.1%</b>	2.8%
<i>Thai Bhat THB</i>	0.0331	<b>0.0332</b>	0.00007	<b>0.2%</b>	35.1%
<i>South African Rand ZAR</i>	0.1439	<b>0.1470</b>	0.00315	<b>2.2%</b>	-8.1%

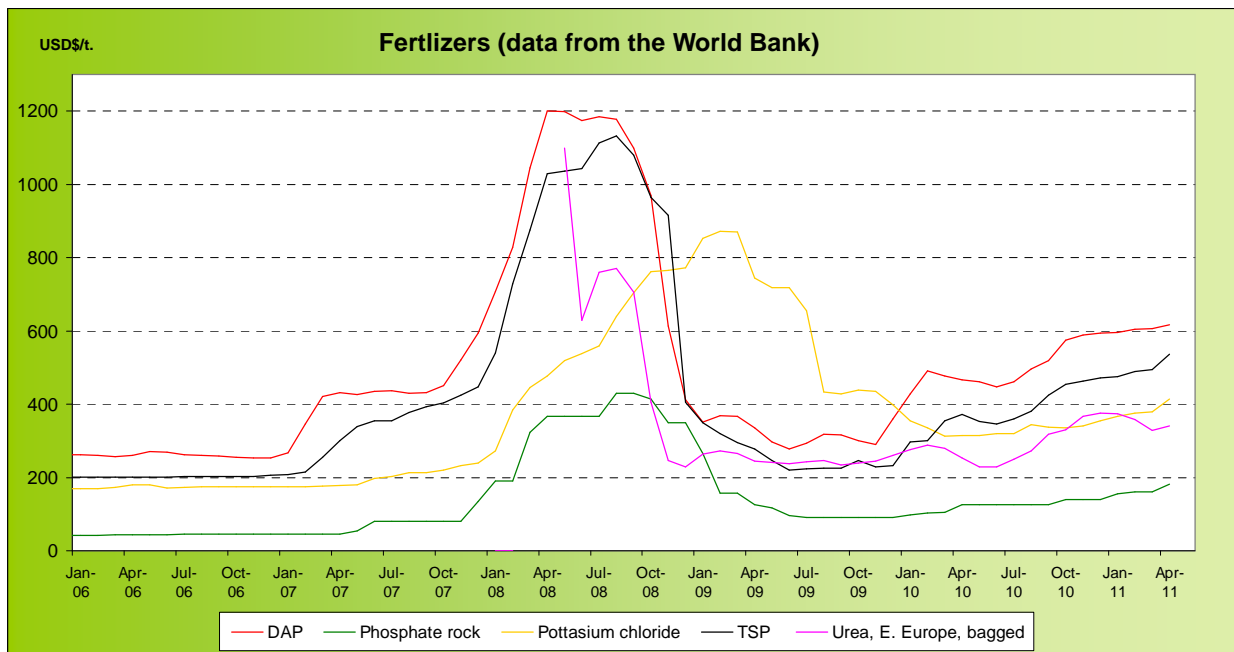


**FREIGHT - Baltic Indexes**



**Baltic indexes, changes from the past week and from the week#01 2007**

	Freight indexes	Freight indexes	Difference from previous week	Difference from previous week	Difference from week#01 2007
Indexes	Past week	Current week	Index	In %	In %
<i>Baltic dry</i>	1430.8	1485.8	55.0	<b>3.8%</b>	-69.0%
<i>Baltic Supramax</i>	1437.0	1444.8	7.8	<b>0.5%</b>	-51.7%
<i>Baltic panamax</i>	1806.2	1806.3	0.0	<b>0.0%</b>	-58.3%
<i>Baltic capesize</i>	1743.0	1914.8	171.8	<b>9.9%</b>	-68.9%



**Explanations :**  
 DAP (diammonium phosphate), standard size, bulk, spot, f.o.b. US Gulf  
 Phosphate rock (Moroccan), 70% BPL, contract, f.a.s. Casablanca  
 Potassium chloride (muriate of potash), standard grade, spot, f.o.b. Vancouver  
 TSP (triple superphosphate), onwards Tunisian, granular, f.o.b.  
 Urea, (Black Sea), bulk, spot, f.o.b. Black Sea (primarily Yuzhnyy)



May 16 - June 03

**MARKET OVERVIEW - The Grower Dashboard****Comparison of futures prices for sugar, ethanol, crude oil, grains  
in USD and in %**

	Commodity	Commodity	Difference from	Difference from	Difference from	
			previous week	previous week	week#1 2006	
	Products	Past week	Current week	In USD	In %	In %
<b>Sugar (#11)</b>	<b>USD/t</b>	492.69	<b>513.18</b>	20.49	<b>4.2%</b>	58.4%
	<b>Cts/lb</b>	22.35	<b>23.28</b>	0.93		
<b>Sugar #5</b>	<b>USD/t</b>	638.54	<b>678.48</b>	39.94	<b>6.3%</b>	92.2%
<b>Corn (CBOT)</b>	<b>USD/t</b>	293.95	<b>297.85</b>	3.90	<b>1.3%</b>	250.7%
	<b>cts/bsl</b>	746.64	<b>756.55</b>	9.91		
<b>Soybeans (CBOT)</b>	<b>USD/t</b>	506.06	512.85	6.80	<b>1.3%</b>	129.4%
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	<b>cts/bsl</b>	802.60	<b>771.15</b>	-31.45		
<b>Ethanol</b>	<b>EU (€/l)</b>	0.58	<b>0.58</b>	0.00	<b>0.0%</b>	
	<b>US (USD/l)</b>	0.6981	<b>0.6995</b>	0.00	<b>0.2%</b>	22.2%
	<b>Brazil (USD/l) Anhydrous</b>	0.7088	<b>0.7186</b>	0.01	<b>1.4%</b>	52.9%
<b>Crude oil</b>	<b>USD/barrel</b>	99.89	<b>100.90</b>	1.02	<b>1.0%</b>	58.5%
<b>Freight supramax</b>	<b>Index</b>	1437.00	<b>1444.75</b>	7.75	<b>0.5%</b>	-51.7%

**ABOUT THE NEW BRAZILIAN 2011/12 CAMPAIGN - Source: UNICA**

Sugarcane crushing in Brazil's key Centre/South region showed a sizeable acceleration, helped by drier weather from mid-April after the start of crushing was delayed by excess rains.

Mills in the region produced 1.545 mln tonnes of sugar, tel quel, in the two weeks to May 16, up sharply from just 581,000 tonnes in the second half of April but still down 17.3% from 1.867 mln tonnes produced in the first half of May last year. That brought total sugar output in 2011/12 through May 16 to 2.357 mln tonnes, compared with 4.423 mln in the same period in 2010/11.

Cane crushing reached 56.663 mln tonnes, down 39.5% from last year's 93.670 mln when harvesting started exceptionally early.

Ethanol output through May 16 totalled 2.165 bln litres, down 42.3% from 3.750 bln a year ago.

Sugar and ethanol plants directed 59.9% of the crushed cane to the production of the biofuel, up from 57.8% at the same time a year ago after prices hit record highs in the interharvest due to extremely low supplies, but the allocation fell from 64.6% as of May 1.

Unica once again noted that cane quality remains below expectations as the cane harvested through May 16 had on average 108.77 kg of sugars per tonne, down 7.3% from the same period in 2010. On top of that, there has been a "substantial" drop in the volume of cane per ha, Unica said, adding that if the situation persists it may need to revise its production forecast for the season.

More than 60 mills out of the 335 in the region had not come on stream by May 16 due to the limited availability of cane, Unica said. At this time last year, mills were in full swing crushing cane that had been left from the previous season.

**Brazil: CS Campaign Report - May 16, 2011**

	2011/12	2010/11
Cane (1,000 tonnes)	56,663.4	93,669.7
Sugar (1,000 tonnes)	2,356.6	4,422.7
Anhydrous alcohol (mln litres)	842.9	809.0
Hydrous alcohol (mln litres)	1,322.0	2,940.9
Total alcohol (mln litres)	2,164.9	3,749.9
ATR (1,000 tonnes)	6,163.4	10,986.0
ATR/TC (kg)	108.77	117.28
Production mix - sugar (%)	40.13	42.25
Production mix - alcohol (%)	59.87	57.75



May 16 - June 03

**NEWS IN BRIEF*****IN BRIEF*** (Source : FO Licht Sugar Daily)

According to the **International Sugar Organisation**, world sugar production is expected to rise by around 7% to 171.4 mln tonnes, while demand will grow by only 2.2% to 169.8 mln tonnes. This would give a surplus of 779,000 tonnes. In the mean time, sugar trader **Czarnikow** forecast world production in 2011/12 to rise by over 10 mln tonnes which would also point to another surplus.

**Indian sugar production** in 2010/11 is now forecast at 24.2 mln tonnes, white value, the Indian Sugar Mills Association said. This is 3.2% less than the previous forecast of 25 mln tonnes. Total output in 2010/11 was 18.9 mln tonnes. For 2011/12 (Oct/Sep) the Indian sugar production may rise between 7 and 10%. As a result the area under sugarcane could reach between 5.3 and 5.4 mln ha compared with 4.97 mln this year. Sugar output is forecast to rise to 26-26.5 mln tonnes, white value.

In **Brazil**, shipping agencies pointed out that the number of ships loading, waiting or arriving to export sugar from Brazil's two main ports (Santos and Paranaguá) is growing. The line-up of ships expected to load sugar at Brazilian ports in coming weeks fell by one in the week to May 25, to 55 vessels, the Williams Brazil shipping agency said. The number was slightly different from data published by Unimar the previous day, according to which the sugar line-up at Brazilian ports totalled 60 ships as of May 24, up 2 from a week ago. Brazil's government will also offer a line of subsidised credit for the replanting of cane crops, as part of a larger push to stimulate production of ethanol, the Agriculture Ministry said. The new line of credit, directed at improving sugarcane yields through replanting of less productive fields, will be part of a low-carbon program with interest rates of 5.5% annually, below the 6.75% offered in other rural credit programs.

**EU's** sugar management committee voted on May 26 the opening of an additional duty-free import quota for 200,000 tonnes of raw or white sugar. The volume will come on top of the 300,000 tonnes of duty-free imports allowed on March 10, which received applications from operators of 16.6 mln tonnes. These licences are valid until September 30, whereas the import duty suspension for the additional 200,000 tonnes would be from July 1 to September 30. The committee also voted on a proposal to hold 8 tenders between June 29 and September 28 for sugar imports, in which operators would submit bids for volumes of between 20 and 45,000 tonnes and the level of import duties they would be prepared to pay. Each tenderer shall lodge a security of EUR150 per tonne of sugar to be imported under this scheme. The severe drought hurting much of Western Europe's wheat has not yet touched the region's beet crop, said Elisabeth Lacoste, the Secretary General of the **Confederation of European Beet Growers**. But she warned that beet farmers could face problems if the worst drought to hit parts of Europe for decades continues until the end of June. Lacoste added that the European Union area under beet cultivation for the 2011/12 season will expand by 5% to more than 1.6 mln ha, driven by higher prices and growing internal demand. She also remained adamant that market controls must be kept in place to protect the EU's sugar producers from more problems this year.

**USA's** cumulative production in Oct/Mar 2010/11 amounted to 6.168 mln tonnes, up from 5.968 mln produced the same period in 2010. Total sugar production in 2009/10 (Oct/Sep) was 7.235 mln tonnes, up from 6.833 mln produced in 2008/09. USA's cumulative imports in Oct/Mar 2010/11 amounted to 1.457 mln tonnes, up from 1.183 mln imported the same period in 2009/10. Total imports in 2009/10 (Oct/Sep) were 3.002 mln tonnes compared with 2.794 mln in 2008/09. Major countries of origin for raw sugar in Oct/Mar 2010/11 were Mexico with 252,526 tonnes against 65,794 tonnes and Brazil with 144,293 tonnes compared with 128,391 tonnes. Major countries of origin for white sugar in Oct/Mar 2010/11 were Mexico with 452,102 tonnes against 140,207 tonnes and Brazil with 28,061 tonnes compared with 24,012 tonnes. USA's cumulative exports in 2010/11 (Oct/Mar) amounted to 190,592 tonnes, up from 125,613 tonnes exported the same period in 2009/10. Total exports in 2009/10 (Oct/Sep) were 256,503 tonnes against 145,748 tonnes exported in 2008/09. The main country of destination for raw sugar in Oct/Mar 2010/11 was Mexico with 99,669 tonnes compared with 68,299 tonnes. The main country of destination for white sugar in Oct/Mar 2010/11 was Mexico with 48,556 tonnes against 37,330 tonnes.

The devastating 2010/11 La Nina weather event which cut the country's sugar output to the lowest volume since 1991/92 has ended, said the **Australian government's Bureau of Meteorology**. All computer models surveyed by the bureau suggest that neutral conditions are likely to persist through the Australian winter.

**Mexico's total output in 2010/11** amounted to 5.102 mln tonnes tel quel so far, up 9.0% from 4.679 mln produced in the same period in 2009/10. Most of the sugar mills have already closed down for the season so that total output can be expected to reach a little less than 5.2 mln tonnes.

**Russia's** sugar refining from imported raws between January 1 and May 16 amounted to 1.03 mln tonnes, white value, up from 609,000 tonnes in the same period a year ago, the Russian Sugar Producers Union said. However, stock figures indicate that refineries are running out of raw sugar. As of May 16 the total was only 109,000 tonnes compared with 309,000 on the same day last year. Moreover, the raw sugar import duty in the three-member customs union comprising Russia, Kazakhstan and Belarus will rise to \$85 per tonne from July 1 from the current \$50 between March and June, the Russian Sugar Producers Union said. July is the last month when a low raw sugar import duty is charged as the tariff band rises to between \$140 and \$270 per tonne from August 1.

**Thai** sugar production in 2010/11 (Nov/Oct) in the period ended May 19 amounted to 9.9 mln tonnes, raw value, up from 7.2 mln tonnes produced in the same period a year ago when the crop had already finished. Of the 2010/11 total 3.7 mln tonnes were whites (3.0 mln). The total cane crush rose to 94.1 mln tonnes compared with 68.5 mln in 2009/10. Molasses production was 4.1 mln tonnes compared with 3 mln tonnes in 2009/10.

For 2011/12 the **Pakistani** sugar industry forecasts production output to grow by 15% to 4.7 mln tonnes.

**China** imported 161,711 tonnes of sugar, raw value, in April 2011, up nine times from 17,967 in the same month last year, customs data showed. That brought total imports in the first seven months of 2010/11 (Oct/Sep) to 651,164 tonnes, up 189% from 225,002 tonnes imported in the same period in 2009/10 when full-season imports reached 1.493 mln tonnes. Given that the country's crushing season has now come to an end imports are expected to rise further in coming months.

**Morocco's** sole sugar producer Cosumar denied claims that threats from sugar beet farmers to hijack deliveries of the 2011 beet campaign that began on May 1 remained an issue, stating concerns over pay had been finalised, according to a spokesperson for the company. Cosumar confirmed disputes over remuneration last month with farmers in Doukkala, in the centre-west of Morocco, likely to have been triggered by elections in the area. In 2010, Cosumar produced 1.17 mln tonnes of white sugar, according to the company's website.

2010/11 sugar production in **Philippines** (Sep/Aug) is already above the target of 1.96 mln tonnes set for this year. As of May 15, the country's sugar output reached 2.03 mln tonnes, raw value. This will allow the country to meet any additional quota allocation for the US as US Trade Representative said it will allow the Philippines to export an additional 60,000 tonnes of sugar on top of the 136,000 tonnes exported by the end of May.

The government of **Vietnam** has ordered a halt to sugar imports on May 13 to help local producers get rid of a mounting surplus. As of April 15 the country had around 525,000 tonnes of sugar in stock, up 142,000 tonnes from 12 months ago. In February, the Ministry of Industry and Trade issued trade licences to 24 enterprises that would allow them to import 250,000 tonnes of raw and refined sugar in 2011. Two months later, the Sugar Association of Vietnam asked the government to delay the import, a request to which the government has now responded. Vietnam produced 1.13 mln tonnes of sugar, white value, in 2010/11 (Oct/Sep), up 25.6% from nearly 900,000 tonnes in 2009/10, said chairman Nguyen Thanh Long of the Vietnam Sugar and Cane Association.