



September 2011

**Sugar prices fall amid macroeconomic concerns**

Between 23 August and 23 September, raw sugar prices on the near term lost 19% in USD reaching 547 USD/t while white sugar lost 21 % in USD at 631 USD/t. This fall was however partially compensated by a general appreciation of the dollar vis-a-vis other currencies (p.7).

Looking at the sugar futures market (p.2), open interest has substantially decreased in September, therefore illustrating a decrease in the global activity of the market: some non-commercial operators have apparently decided to leave the sugar market which is considered as a "risky" asset in the context of current macroeconomic situation.

With very promising crops in Europe, Thailand and India (p.9) producing white sugar quantities, the white premium (Dec/Oct or Mar/Mar)) has substantially decrease and should continue to do so in October. In Brazil, the market does not seem to expect anymore significant downward revision (p.9) : the upward pressure on prices on the n°11 contract has consequently "disappeared" in September.

On the energy market (p.4), oil has also decreased to less than 80 USD/barel on the NYMEX by very late September due to an economic slowdown leading to expectations of a lower-than-expected consumption of oil worldwide in the next months. The downward trend is identical on the different national ethanol markets excepting the EU where FOB T2 quotation is stable at 63 EUR/hl. In the US ethanol is now traded at 68 USD/hl against 77 USD/hl in August. In Brazil, mainly due to the decrease of the blending percentage to 20% from October 1st onwards, the anhydrous ethanol reaches 75 USD/hl against 89 USD/hl in late August.

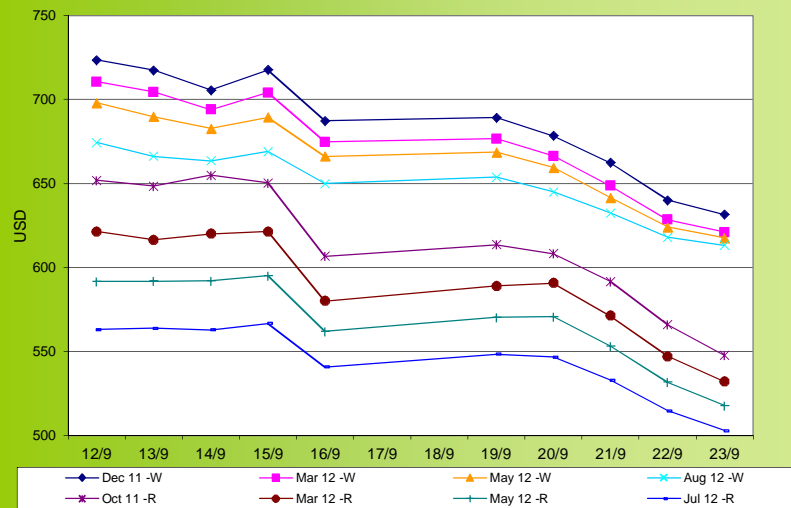
On other agricultural markets (p.5), the macroeconomic situation has favoured a global decrease in prices : corn is now traded at 264 USD/t , soybeans at 480 USD/t and wheat at 241 USD/t on the Chicago Board of Trade.

Last but not least, fertilizers prices are on the rise (p.8) while freight remain stable.

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

Settling date	Previous week	Current week	Difference
<b>Refined sugar price - London Euronext (USD/t)</b>			
Dec 11	710,3	660,3	-50,0
Mar 12	697,5	648,2	-49,3
May 12	685,2	642,2	-43,0
Aug 12	664,6	632,4	-32,1
<b>Raw sugar - ICE #11 (USD/t)</b>			
Oct 11	642,4	585,4	-57,1
Mar 12	611,8	574,4	-37,4
May 12	586,4	556,4	-30,0
Jul 12	559,4	535,6	-23,8
<b>Raw sugar - ICE #11 (cts/lb)</b>			
Oct 11	29,14	26,55	-2,59
Mar 12	27,75	25,67	-2,08
May 12	26,60	24,89	-1,71
<b>White premium (USD/t)</b>			
Dec/Oct	67,8	74,9	7,1

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



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

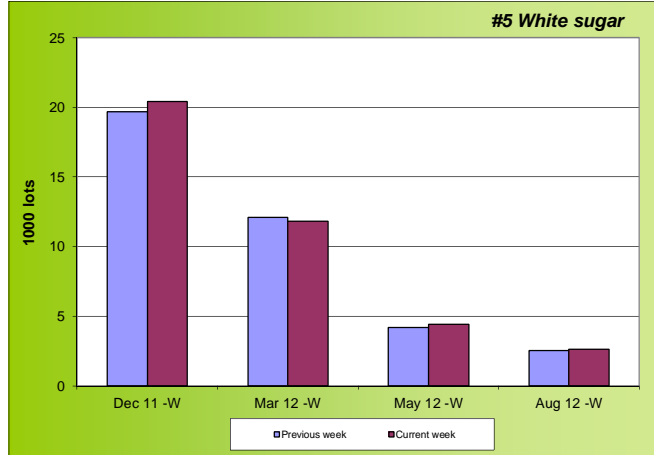
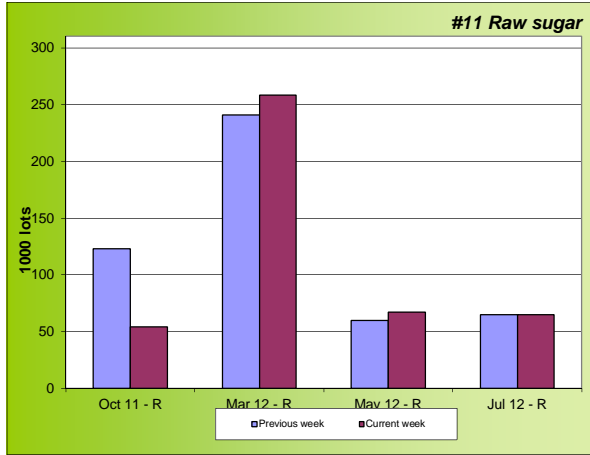




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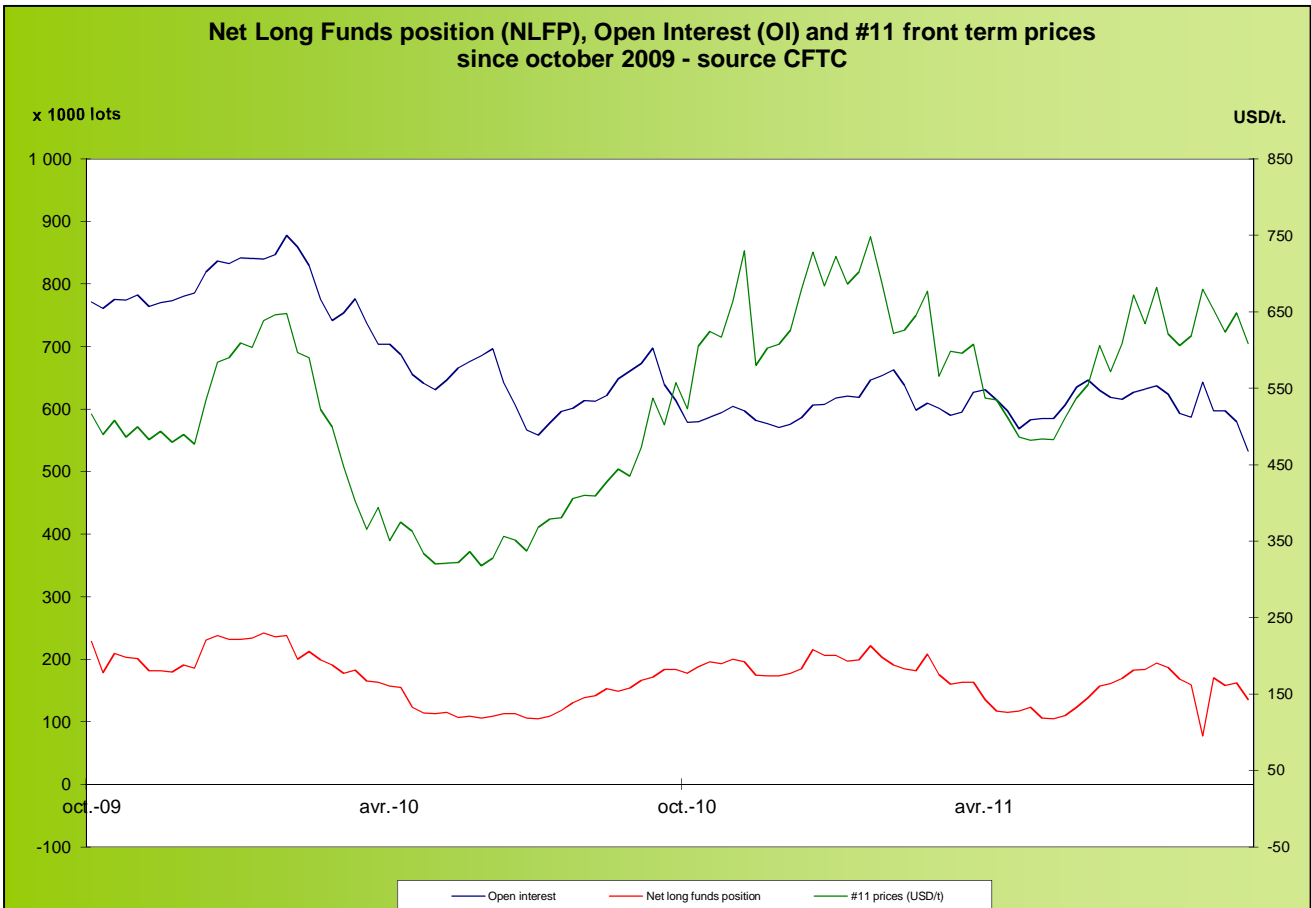
**SUGAR #11 & #5 - Open interest + Funds positions**

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 (%)
Oct 11 - R	123	54	-68,78	-56%
Mar 12 - R	241	258	17,32	7%
May 12 - R	60	67	7,01	12%
Jul 12 - R	65	65	-0,17	0%
<b>Total</b>	<b>569</b>	<b>528</b>	<b>-41,17</b>	<b>-7%</b>

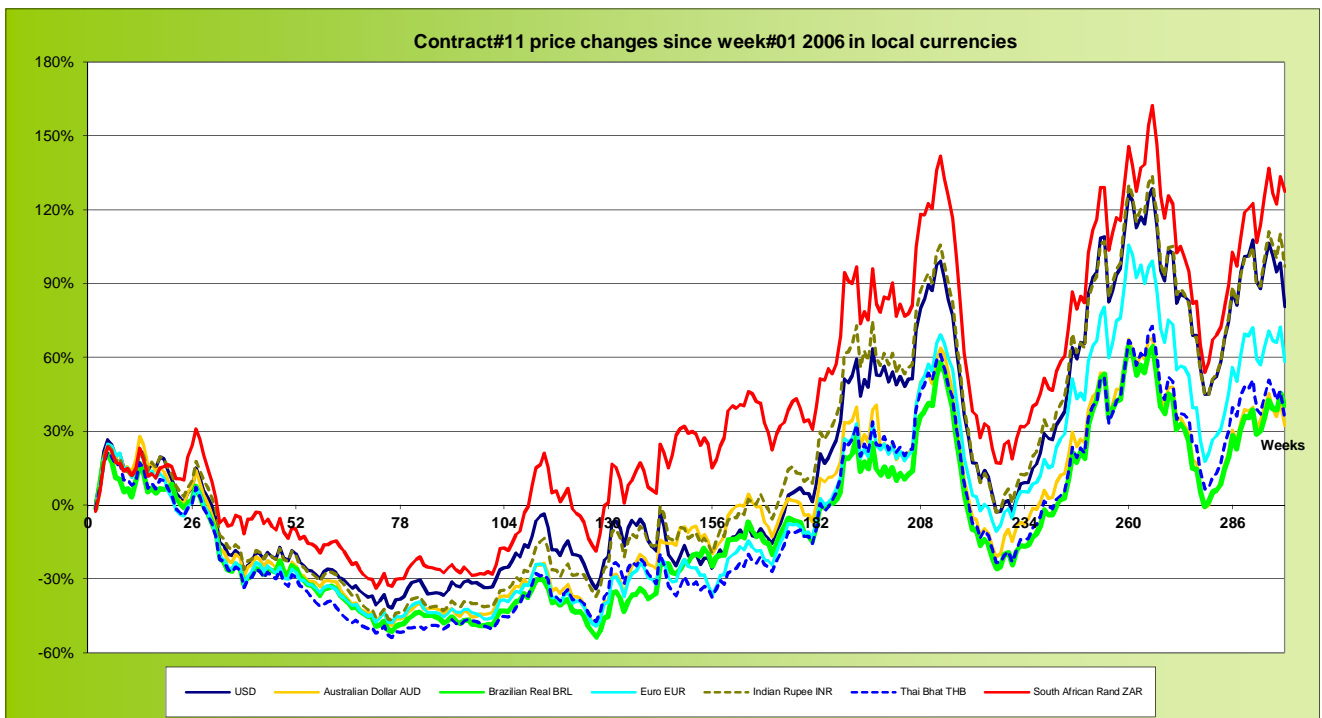
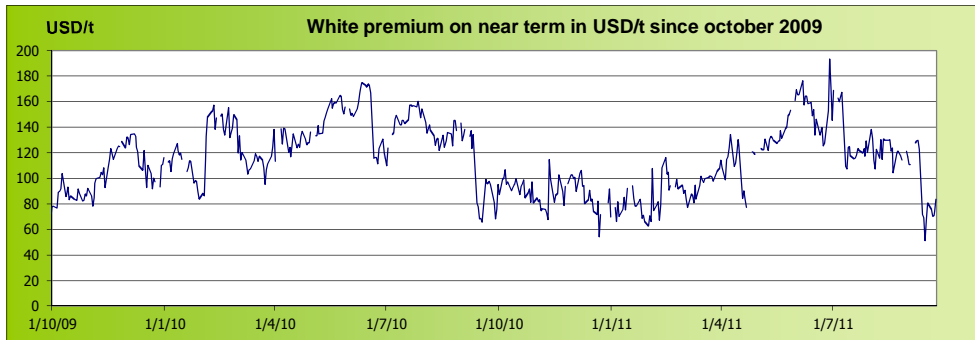
#5 Average weekly open interest				
(1000 lots)	Week n-1	Week n	Diff (lots)	Diff (%)
Dec 11 -W	19,7	20,4	0,7	4%
Mar 12 -W	12,1	11,8	-0,2	-2%
May 12 -W	4,2	4,4	0,3	6%
Aug 12 -W	2,5	2,6	0,1	4%
<b>Total</b>	<b>46</b>	<b>42</b>	<b>-4,0</b>	<b>-9%</b>





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**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**

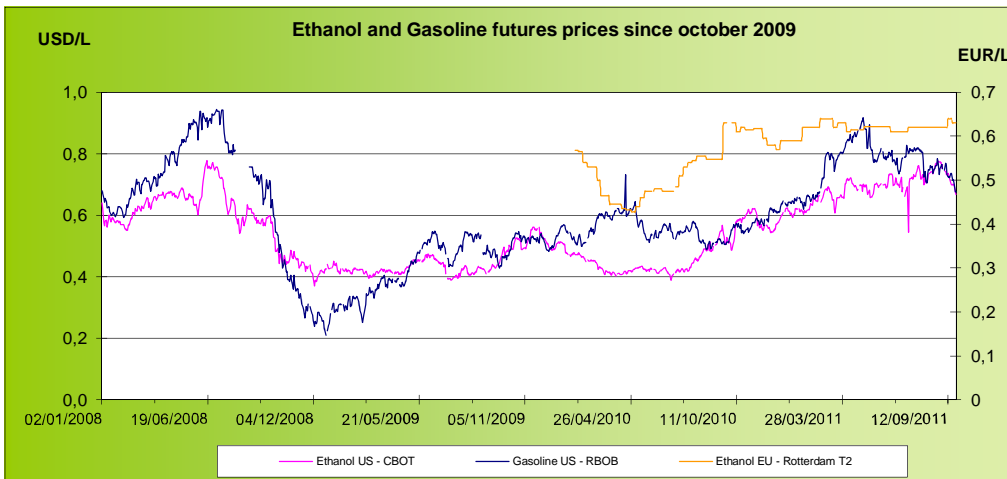
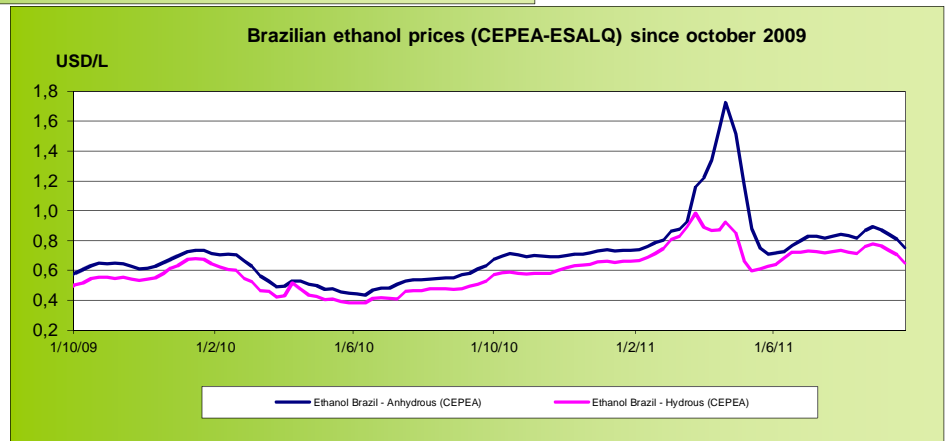
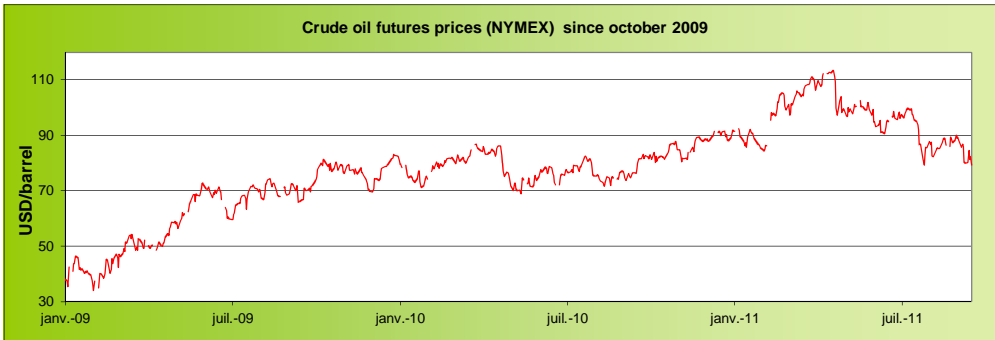
Currencies	Sugar prices in currency	Sugar prices in currency	Difference from previous week	Difference from previous week	Difference from week#1 2006
	Past week	Current week	In currency	In %	In %
USD	642,4	<b>585,4</b>	-57,1	<b>-8,9%</b>	80,7%
Australian Dollar AUD	621,2	<b>581,0</b>	-40,2	<b>-6,5%</b>	32,3%
Brazilian Real BRL	1093,2	<b>1056,5</b>	-36,7	<b>-3,4%</b>	40,5%
Chinese Yuan CNY	4095,0	<b>3733,9</b>	-361,2	<b>-8,8%</b>	42,9%
Euro EUR	468,3	<b>429,8</b>	-38,4	<b>-8,2%</b>	58,2%
Indian Rupee INR	30536,8	<b>28627,5</b>	-1909,2	<b>-6,3%</b>	97,0%
Mexican Peso MXN	8269,7	<b>7876,5</b>	-393,2	<b>-4,8%</b>	129,1%
Russian Rouble RUB	19470,6	<b>18415,9</b>	-1054,7	<b>-5,4%</b>	97,9%
Thai Bhat THB	19304,5	<b>17815,4</b>	-1489,2	<b>-7,7%</b>	35,1%
South African Rand ZAR	4728,0	<b>4609,0</b>	-118,9	<b>-2,5%</b>	127,5%

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



September 2011

**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>	0,7167	0,6887	-0,0280	<b>-3,91%</b>	16,7%
<i>Ethanol CBOT (USD/gal)</i>	2,7090	<b>2,6032</b>	-0,1058		
<i>Oil (USD/barrel)</i>	88,93	<b>83,80</b>	-5,13	<b>-5,77%</b>	31,6%
<i>Gazoline RBOB (USD/l)</i>	0,7287	<b>0,6973</b>	-0,031	<b>-4,31%</b>	164,0%
<i>Sugar #11 (USD/t)</i>	642,43	<b>585,37</b>	-57,1	<b>-8,88%</b>	80,7%
<i>Products</i>	Past week	Current week	In USD	In %	In %
<i>Ethanol CEPEA (USD/l) - Anhydrous</i>	0,8058	0,7510	-0,0548	<b>-6,80%</b>	59,8%
<i>Ethanol CEPEA (USD/l) - Hydrous</i>	0,7058	0,6481	-0,0577	<b>-8,18%</b>	44,4%
<i>Products</i>	Past week (€/l)	Current week (€/l)	In €	In %	In %
<i>Ethanol EU - Rotterdam T2</i>	0,64	0,64	0	0.00	



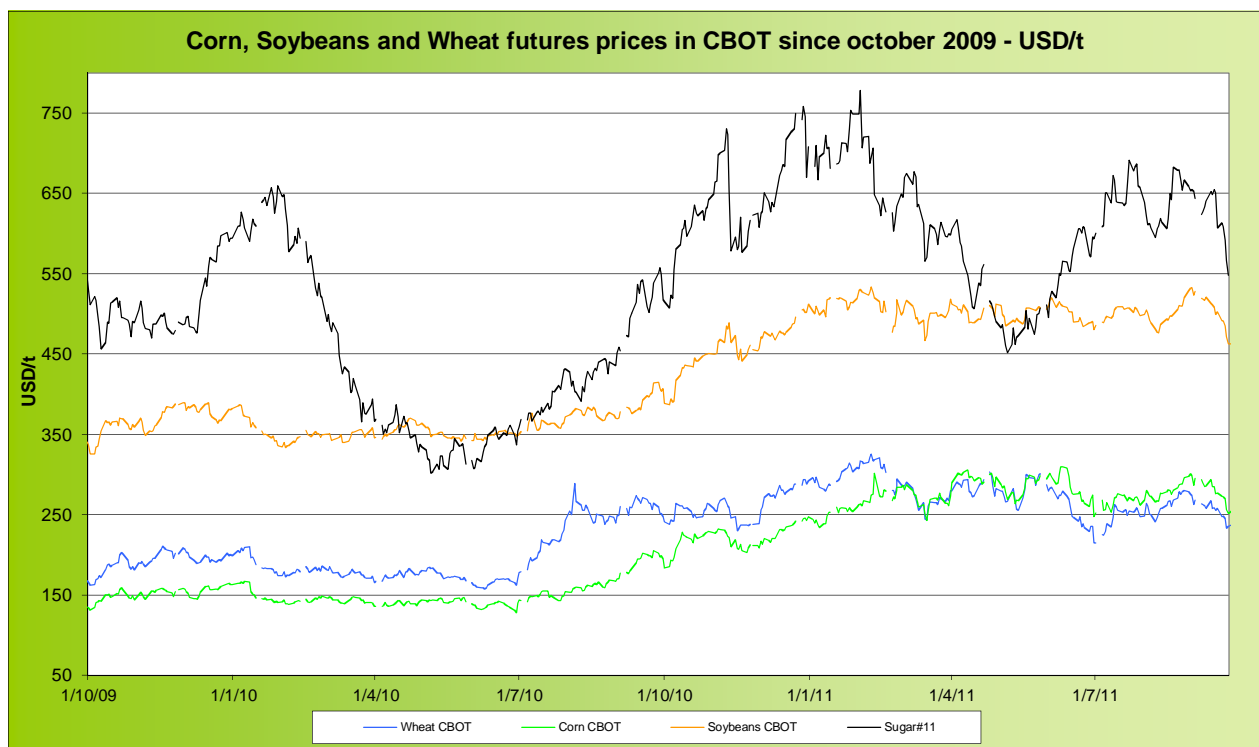
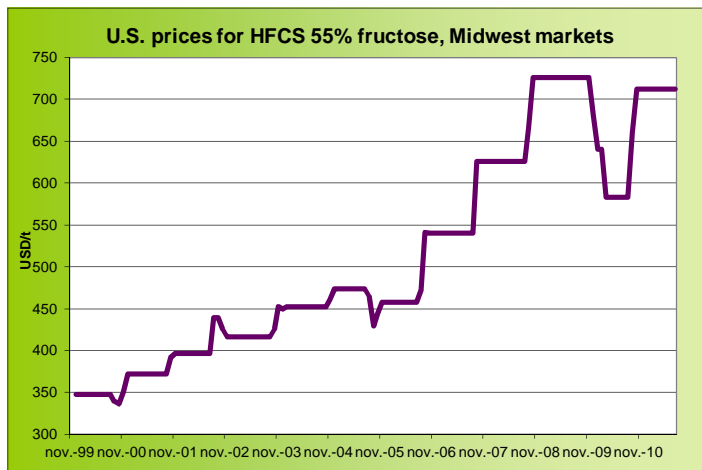
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**GRAINS MARKETS - Corn, Soybeans, Wheat and HFCS**

**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.

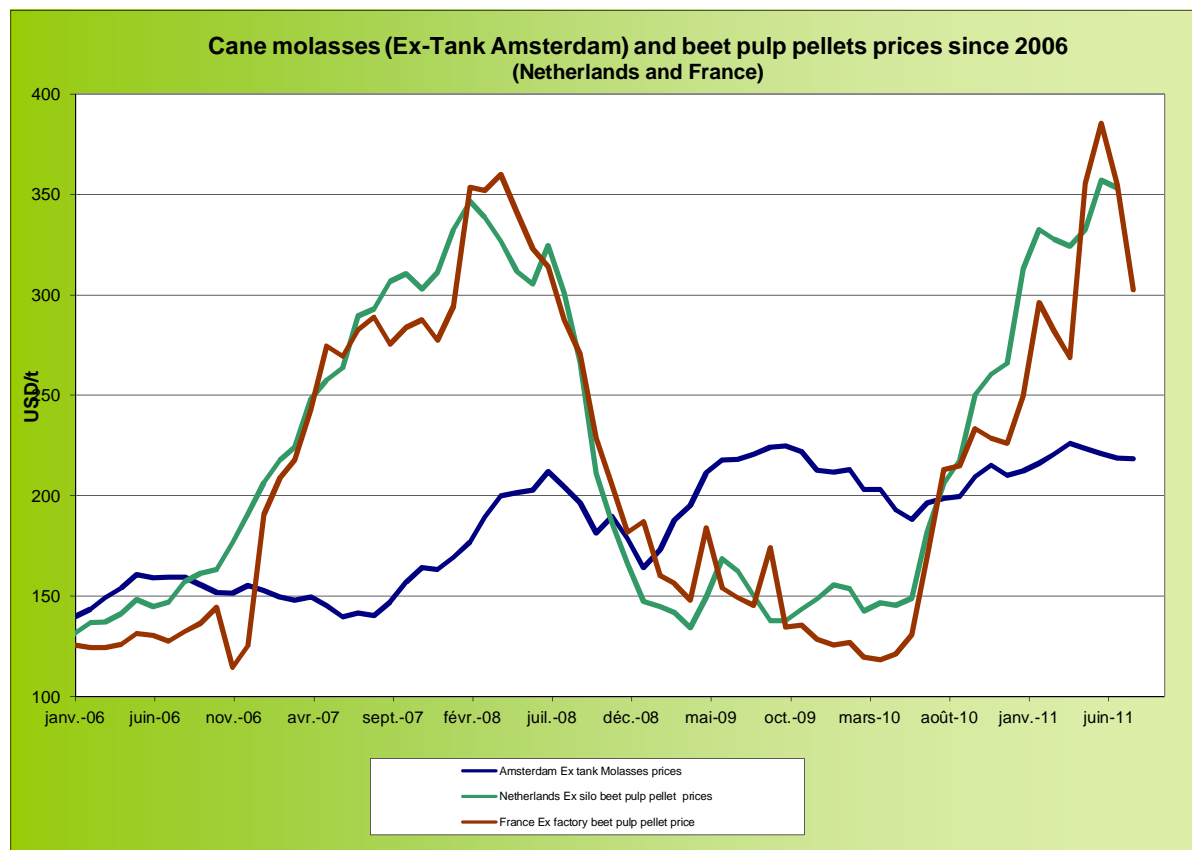


**Corn, soybeans and wheat prices, changes from the past week and from the week#01 2006 in USD/t and in percentage**

Products		Front term	Front term	Difference	Difference	Diff week#1
		Past week	Current week	In USD	In %	2006
<b>Corn (CBOT)</b>	<b>USD/t</b>	283,20	<b>264,28</b>	<b>-18,91</b>	<b>-6,7%</b>	211,1%
	<b>cts/bsl</b>	719,32	671,28	-48,04		
<b>Soybeans (CBOT)</b>	<b>USD/t</b>	506,73	<b>480,22</b>	<b>-26,51</b>	<b>-5,2%</b>	129,7%
	<b>cts/bsl</b>	1379,24	1307,08	-72,16		
<b>Wheat (CBOT)</b>	<b>USD/t</b>	259,43	<b>241,63</b>	<b>-17,80</b>	<b>-6,9%</b>	93,9%
	<b>cts/bsl</b>	706,12	657,68	-48,44		



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



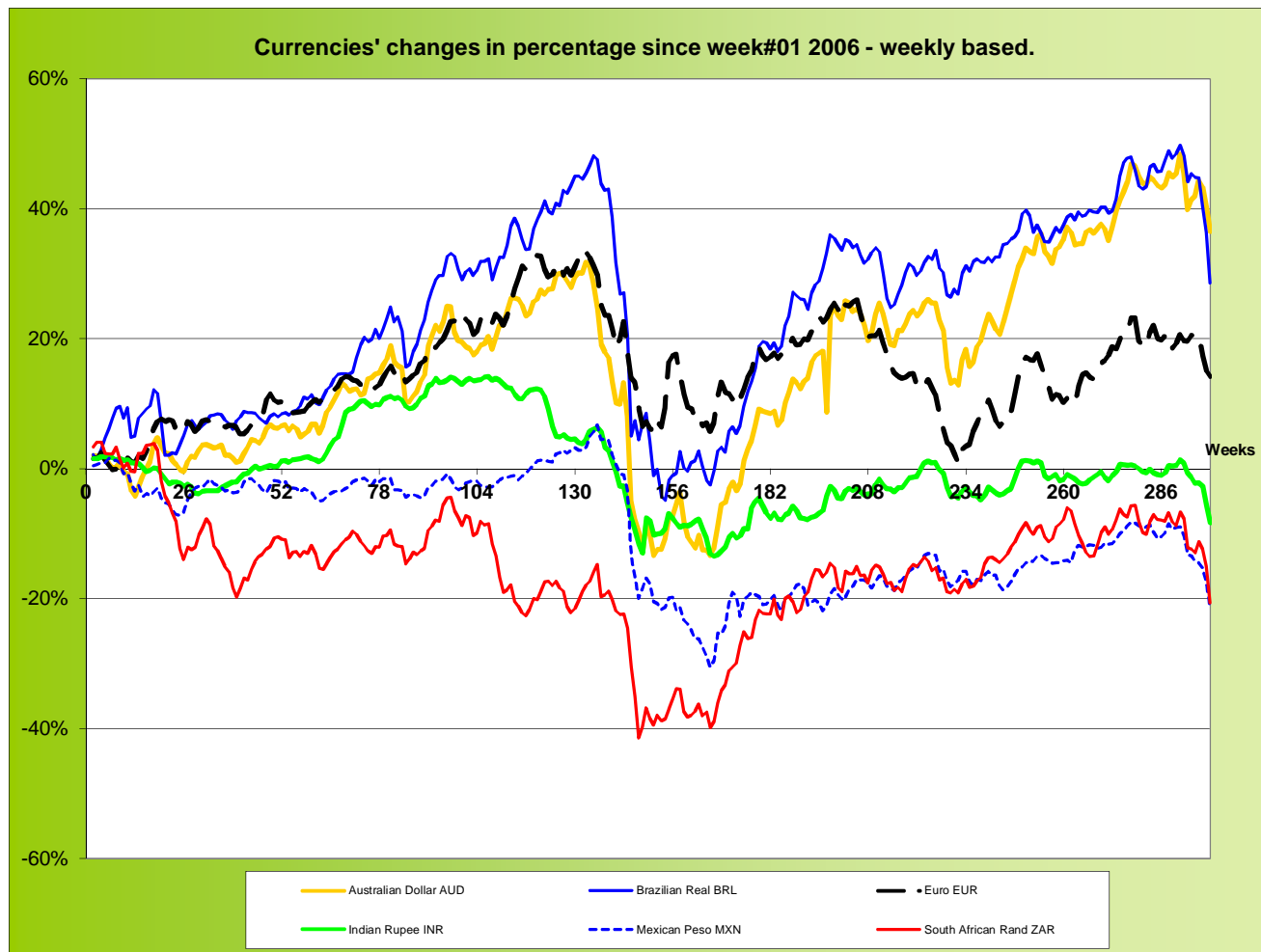
**Molasses and beet pulp pellets prices and changes between three and two months before and from month#01 2006**

		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>	USD/t	220,91	218,60	-2,31	-1,0%	56,5%
	EUR/t	153,60	152,80	-0,80	-0,5%	32,2%
<b>Netherlands Beet Pulp Pellets</b>	USD/t	357,18	353,37	-3,81	-1,1%	169,0%
	EUR/t	248,35	247,00	-1,35	-0,5%	127,3%
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
<b>France Beet Pulp Pellets</b>	USD/t	385,45	354,80	-30,64	-7,9%	182,1%
	EUR/t	268,00	248,00	-20,00	-7,5%	138,5%



August 2011

**EXCHANGE RATES**

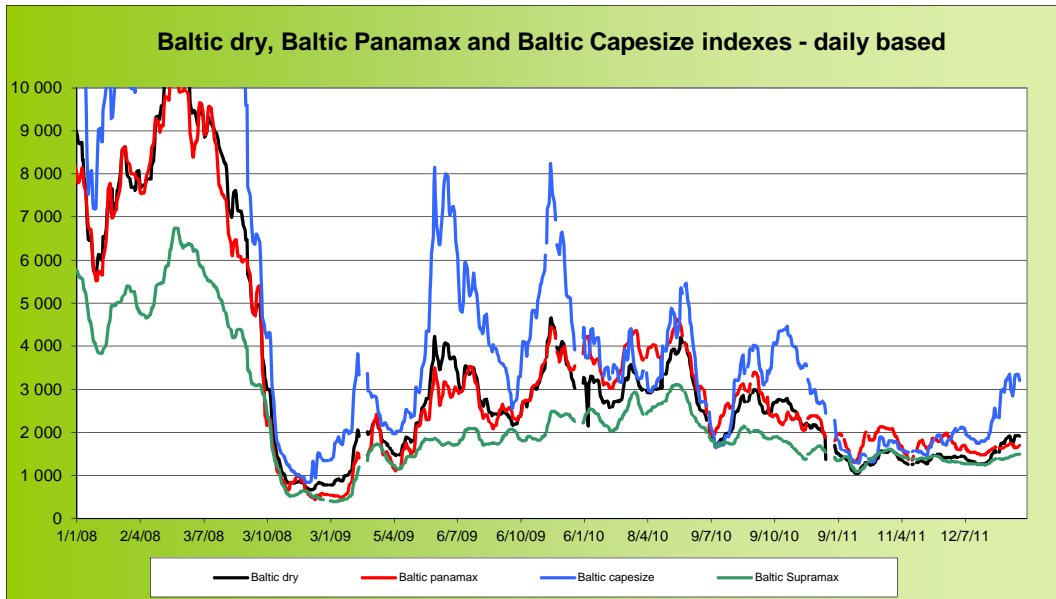


**Currencies' changes from the past week and from the week#01 2006  
in USD and in percentage**

Currencies	Currencies in USD - Week#:	Currencies in USD - Week#:	Difference from previous week	Difference from previous week	Difference from week#1 2006
	Past week	Current week	In USD	In %	In %
<i>Australian Dollar AUD</i>	1,0342	<b>1,0076</b>	-0,02667	<b>-2,6%</b>	36,6%
<i>Brazilian Real BRL</i>	0,5877	<b>0,5541</b>	-0,03360	<b>-5,7%</b>	28,6%
<i>Chinese Yuan CNY</i>	0,1569	<b>0,1568</b>	-0,00011	<b>-0,1%</b>	26,5%
<i>Euro EUR</i>	1,3719	<b>1,3618</b>	-0,01005	<b>-0,7%</b>	14,2%
<i>Indian Rupee INR</i>	0,0210	<b>0,0204</b>	-0,00059	<b>-2,8%</b>	-8,3%
<i>Mexican Peso MXN</i>	0,0777	<b>0,0743</b>	-0,00337	<b>-4,3%</b>	-21,2%
<i>Russian Rouble RUB</i>	0,0330	<b>0,0318</b>	-0,00121	<b>-3,7%</b>	-8,7%
<i>Thai Bhat THB</i>	0,0333	<b>0,0329</b>	-0,00042	<b>-1,3%</b>	33,7%
<i>South African Rand ZAR</i>	0,1359	<b>0,1270</b>	-0,00887	<b>-6,5%</b>	-20,6%

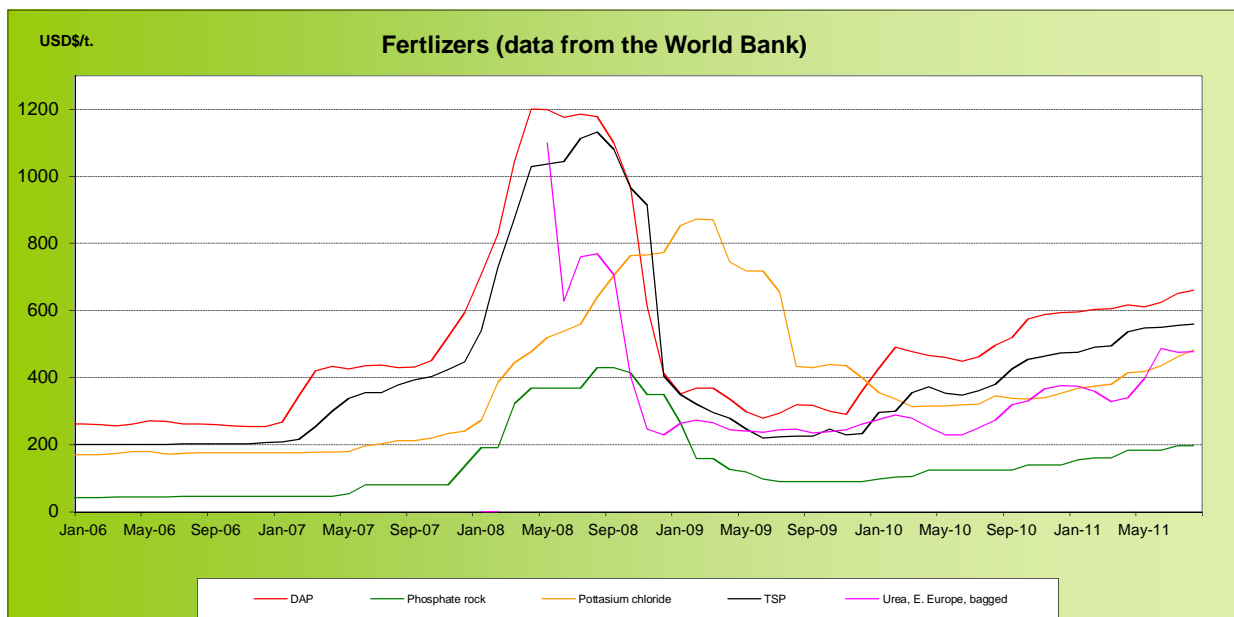


**FREIGHT - Baltic Indexes**



**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
<i>Indexes</i>	Past week	Current week	Index	In %	In %
<b>Baltic dry</b>	1885,0	1834,8	-50,2	<b>-2,7%</b>	-60,9%
<b>Baltic Supramax</b>	1427,0	1464,0	37,0	<b>2,6%</b>	-51,0%
<b>Baltic panamax</b>	1727,0	1677,4	-49,6	<b>-2,9%</b>	-61,3%
<b>Baltic capesize</b>	3239,2	3076,0	-163,2	<b>-5,0%</b>	-50,0%



**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)



**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 %
Sugar (#11)	USD/t	642,43	<b>585,37</b>	-57,06	<b>-8,9%</b>	80,7%
	Cts/lb	29,14	<b>26,55</b>	-2,59		
Sugar #5	USD/t	710,26	<b>660,26</b>	-50,00	<b>-7,0%</b>	87,1%
Corn (CBOT)	USD/t	283,20	<b>264,28</b>	-18,91	<b>-6,7%</b>	211,1%
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	cts/bsl	706,12	<b>657,68</b>	-48,44		
Ethanol	EU (€/l)	0,58	<b>0,58</b>	0,00	<b>0,0%</b>	
	US (USD/l)	0,7167	<b>0,6887</b>	-0,03	<b>-3,9%</b>	16,7%
	Brazil (USD/l) Anhydrous	0,8058	<b>0,7510</b>	-0,05	<b>-6,8%</b>	59,8%
Crude oil	USD/barrel	88,93	<b>83,80</b>	-5,13	<b>-5,8%</b>	31,6%
Freight supramax	Index	1427,00	<b>1464,00</b>	37,00	<b>2,6%</b>	-51,0%

**IN BRIEF**(Source : FO Licht Sugar Daily) 1/2

London trade house **Czarnikow** cut its estimate for the **global surplus in 2011/12 to 5.3 Mt from 10.3 Mt before**. The downgrade was largely due to a lower crop in top producer Brazil. Czarnikow now expects the sugarcane crop in the Centre/South region of Brazil to reach only 498 Mt compared with an initial estimate of 575 Mt. According to Czarnikow, Europe was set to deliver much of the growth in output in the 2011/12 season while other suppliers such as Brazil, Australia and South Africa will see production unchanged or lower.

**Australia** : Australia's official weather forecaster confirmed a similar forecast by the US Climate Prediction Center that climate modelling shows a growing risk of another La Nina weather pattern developing in southern hemisphere late this year. La Nina brings unfavourable weather conditions to several sugar producing regions across the world and led to an early end to Australia's 2010 sugarcane crush last year due to excessive wetness in the country's key northeastern cane areas during the summer months, from November to March.

**Belarus** : The country produced 72 000 t of beet white sugar in the season to September 22, up by 31% year-on-year. Taking into account the tonnage of processed beets, the extraction rate is so far estimated at 12.9 %.

**Brazil** : The total sugarcane crush in Centre/South key region since the season started in April amounted to 375 Mt, 10.2 % less than the 417 Mt crush by the same time a year ago. Sugar production in the first half of September was however up 3.7 % on the year at 2.75 Mt, tel quel, compared with 2.65 Mt last year as mills increased the allocation of cane to sugar production by 4.98 % from a year ago to 51.38%. In the meantime, the sugar recovery per tonne of cane improved to 152.03 kg in the first half of September from 149.87 kg in the second half of August, which was still down 4.8% from last year's 159.77.  
Up to September 16, total sugar production now stands at 23.13 Mt, tel quel, which is still down 2.02 Mt from last year. Ethanol output reached 15.37 bln litres since the beginning of the season , 18.3% less than than the 18.82 bln litres produced by the same time last year.

**China** : China has auctioned another 200 000 tonnes of sugar from the state reserves on September 16. The sale is the ninth this year by the government, which aims to cool record prices and relieve a sugar deficit. The government previously sold a total of 1.677 Mt of sugar during season 2010/11 (Oct/Sept).

**Cuba** : The country expects raw sugar production in 2011/12 to reach 1.45 Mt against 1.2 Mt in the previous campaign which would reverse a 20-year decline in the industry. A total of 46 mills would grind during the harvest which begins in December and stretches into April compared with 39 in 2010/11. Moreover, the government has doubled the sugarcane price while at the same time forgiving grower debts.



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## NEWS IN BRIEF

### ***IN BRIEF*** (Source : FO Licht Sugar Daily) 2/2

**France** : The country is likely to harvest around 94 tonnes of sugarbeet per ha with an average sugar content of 16%. This would be equivalent to a sugar yield of 13.8 tonnes per ha, 0.2 tonnes more than in the previous record year in 2009. The big crop has prompted the industry to start slicing beet one week earlier than usual on September 13 on average. As a result the campaign is forecast to last an average of 106 days.

**Germany** : According to WVZ, German farmers have planted 394 267 ha of sugar beet for the 2011/12 crop, including areas dedicated to the production of fuel ethanol. Optimal weather conditions could help to increase beet yield to 73.3 tonnes/ha while sugar content could rise to 17.8 %. Consequently, the white sugar output could reach 4.583 Mt.

**India** : Indian sugar stocks reached 8,831 Mt as of August 31, industry data show, up from 6.376 Mt a year ago.

According to Mr Patel, president of the NFCSF, India is likely to produce 26.5 Mt of sugar white value in 2011/12, helped by higher acreage under cane. Mr Patel added that the government should therefore allow at least 4 Mt of exports under the OGL next year.

Sugarcane crushing in India's top sugar producing state of Maharashtra is likely to begin by mid-october with around 170 mills involved in crushing operations. The state should produce around 9.3 Mt of sugar, up from 9.07 Mt in 2010/11.

India is likely to decide on 2011/12 sugar exports in December, after the government sees first results from the upcoming sugarcane crush, Food Secretary B.C. Gupta said. He added that any decision on allowing more sugar exports will be made after a meeting scheduled on September 20. The government has so far allowed exports of 2.6 Mt for the 2010/11 campaign.

**Japan** : The country has revised down its sugar imports estimate for the year to September 2012 on expectations of higher local beet sugar production, government officials said. Total imports in 2011/12 are estimated at 1.304 Mt white value, down 3.7 % from a year ago. Domestic sugar production is seen rising to 755 000 tonnes from 655 000 the year before.

**Mexico** : Sugar exports of the first eleven months of 2010/11 more than doubled from the same period last year reaching 1.42 Mt tel quel. In total, shipments for the entire campaign could reach as much as 1.5 Mt. The sharp rise in Mexican sugar exports is primarily the result of higher production which reached 5.18 Mt compared with 4.83 Mt in the previous season. At the same time, increased domestic consumption of HFCS also made more sugar available for export.

**Pakistan** : According to the president of national farmer association Agri Forum Pakistan, the country's sugar production in 2011/12 (Nov/Oct) could reach 4.5 Mt, white value, which would be up further from 4.1 Mt in 2010/11 and 3.1 Mt in 2009/10. If correct, the country will not need any sugar imports in the upcoming season to cover its national consumption.

**Philippines** : Sugar exports of the country in the recently started 2011/12 (Sept/Aug) season may climb around 86% to 672 000 tonnes from an estimated 362 000 in 2010/11 due to ongoing strong output according to the chief of the state-run Sugar Regulatory Administration (SRA). The SRA previously said it expects sugar production to reach around 2.4 Mt in 2011/12, nearly flat from the 2.39 Mt produced in 2010/11.

**Russia** : The Agriculture Ministry said on September 23 the country may produce 5 Mt of white sugar from domestic beets in 2011/12 as the beet crop is estimated to reach 36-40 Mt. This compares with a previous forecast by the Russian Producer's Union of 5,3 Mt, while independent market analyst IKAR recently cautioned that the country may have only the capacity to produce 4,3 Mt. Russia produced 928 000 tonnes of beet white sugar to September 21, up sharply from 521 500 tonnes produced by the same date last year. Taking into account the tonnage of processed beets, the extraction rate is so far estimated at 11,83 %.

**Thailand** : Country's sugar mills may advance the start of the 2011/12 crushing season by two weeks to mid-November to avoid the problems encountered this season, most notably harvesting delays from May because rains set in, industry executives said. Some sources said Thailand's sugar production may hit a new record at 10 Mt, tel quel, if favourable weather conditions persist.

White sugar exports of the country are seen rising to 3.3 Mt in 2011/12 from 2.2 Mt in this season because of higher local output said Patrick Dean, global white sugar manager at Louis Dreyfus Commodities Suisse SA.

**Ukraine** : According to the National Association of Sugar Producers (Ukrtsukor), national sugar production in 2011/12 campaign has reached 300 000 tonnes white value so far, up by 35% from the same period a year ago. Taking into account the tonnage of processed beets, the extraction rate is so far estimated at 11,3 %.

**USA** : Us sugar beet growers had harvested 5% of this year's beet crop by September 25, up from 3% a week earlier but down sharply from 50% at this time last year. This year's harvest was expected to be late after excessively wet weather in the spring delayed sowing of the crop.