



October 2011

Strong volatility fuelled by macroeconomic uncertainties

World sugar prices have been very erratic during the past October months. Volatility was fuelled by macroeconomic uncertainties regarding the euro-debt crisis issue and operators are still looking for a clear direction. On October 28, white sugar price - delivery in december 2011 - was quoted at 702 USD per ton (against 652 USD per ton on October 3) while raw sugar - delivery in March 2012 - reached 576 USD per ton (against 547 USD per ton on October 3) : white premium (basis March/March) is currently close to 90 USD.

On the currency market, the US dollar has depreciated against other currencies on the last two weeks, favouring upward pressure on prices when trying to maintain the same return on sugar sales in national currencies.

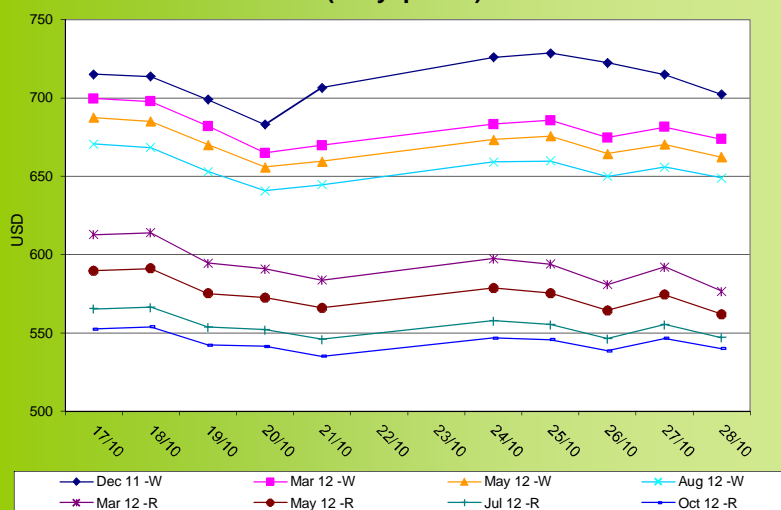
On the energy market, crude oil (WTI) appreciated and is now traded at 92 USD/barel against 80 USD/barel in late september. Together with rising agricultural commodity prices and especially corn, US ethanol is on the rise and quoted 72 USD/hl on October 28 against 63 USD/hl on October 3. In Brazil the trend is similar and prices are also on the rise due to limited sugarcane crop in Centre/South region for marketing year 2011-2012. Anhydrous ethanol reached 79 USD/hl while hydrous ethanol quoted 72 USD/hl on 28 October. In the EU, the Rotterdam quotation remains flat at around 61 EUR/hl.

For by-products, prices still remain high for pulp and molasses (p.6). While freight index remain quite stable, fertilizers prices are on the rise increasing the financial burden on both sugarbeet and sugarcane growers.

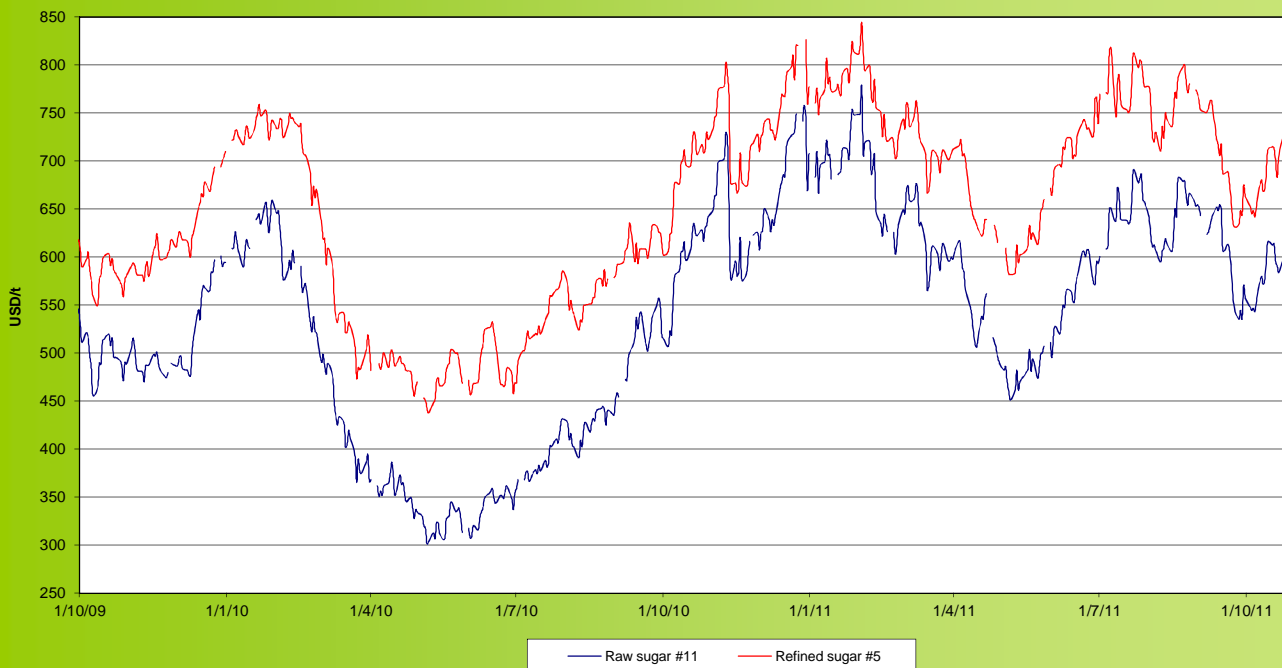
SUGAR #11 and #5 - Prices

Settling date	Previous week	Current week	Difference
Refined sugar price - London Euronext (USD/t)			
Dec 11	703,4	718,8	15,4
Mar 12	682,7	679,7	-3,1
May 12	671,6	669,2	-2,4
Aug 12	655,4	654,6	-0,8
Raw sugar - ICE #11 (USD/t)			
Mar 12	599,2	588,2	-11,0
May 12	578,8	573,1	-5,7
Jul 12	556,6	553,7	-2,9
Oct 12	545,0	544,4	-0,7
Raw sugar - ICE #11 (cts/lb)			
Mar 12	27,18	26,68	-0,50
May 12	26,26	25,90	-0,36
Jul 12	25,25	25,05	-0,19
White premium (USD/t)			
Mar/Mar	83,5	91,5	7,9

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



Sugar Prices #11 and #5 since October 2009

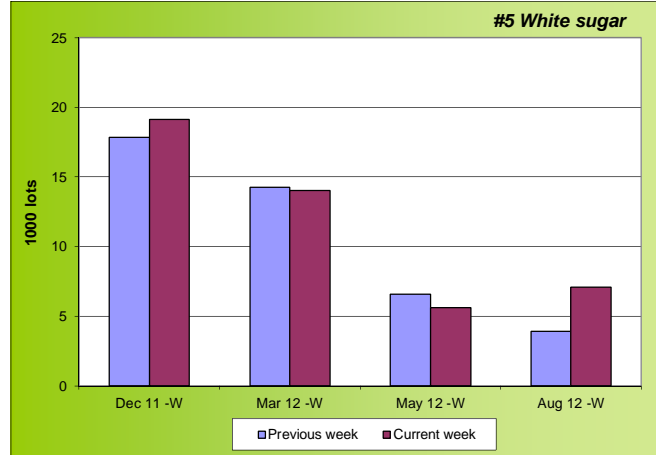
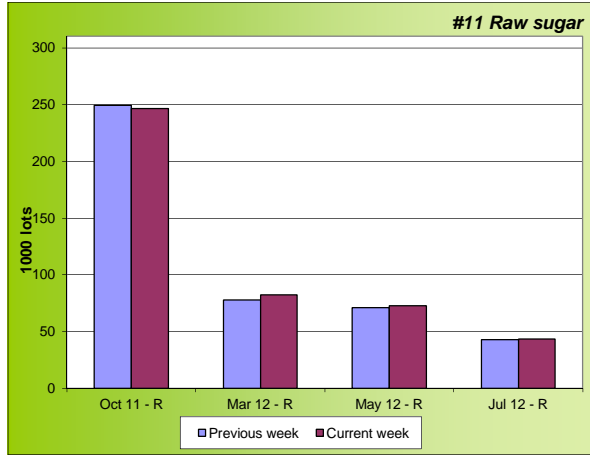




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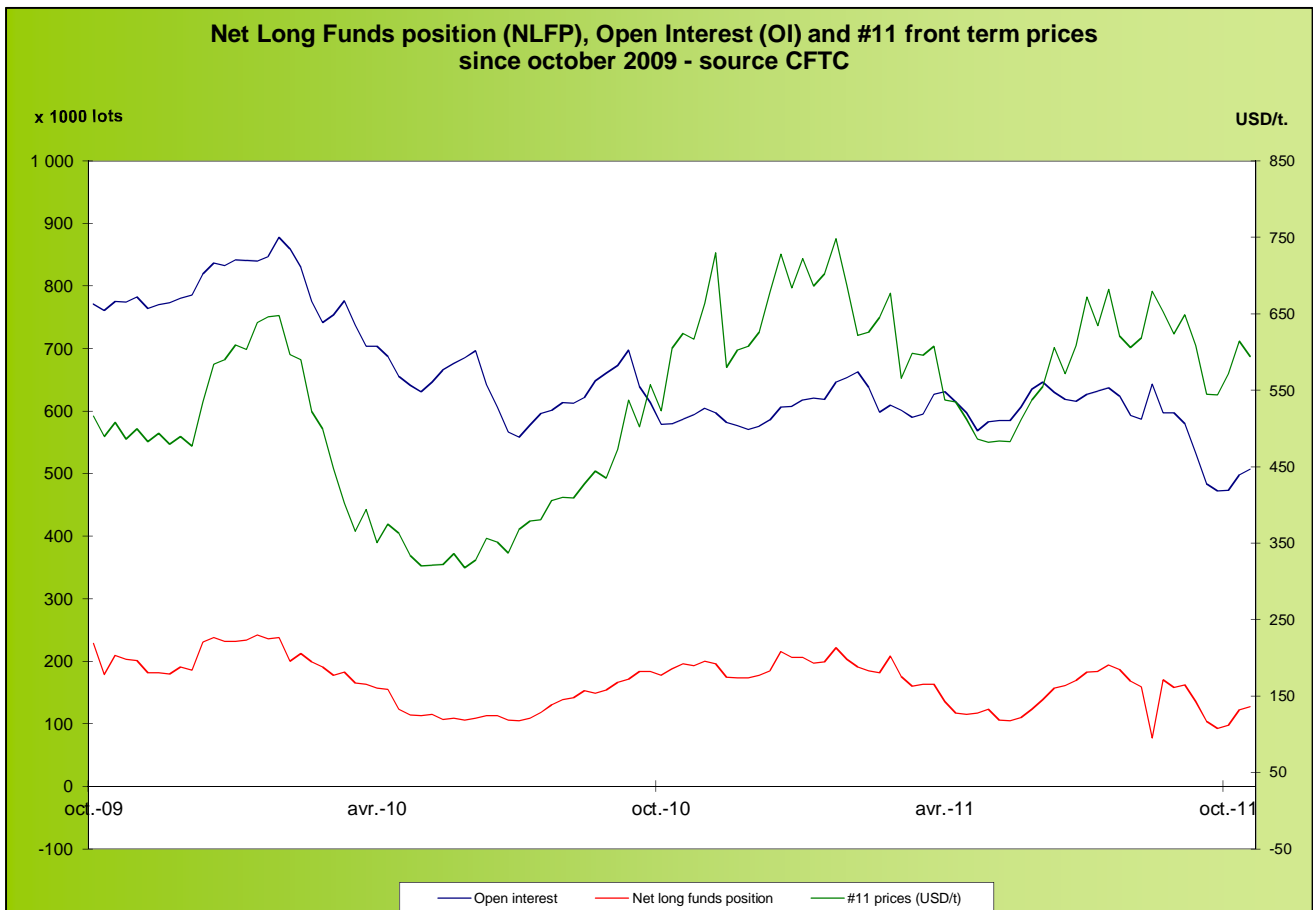
SUGAR #11 & #5 - Open interest + Funds positions

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	249	246	-2,87	-1%
Mar 12 - R	78	83	4,58	6%
May 12 - R	71	73	1,33	2%
Jul 12 - R	43	44	1,08	3%
Total	500	506	6,35	1%

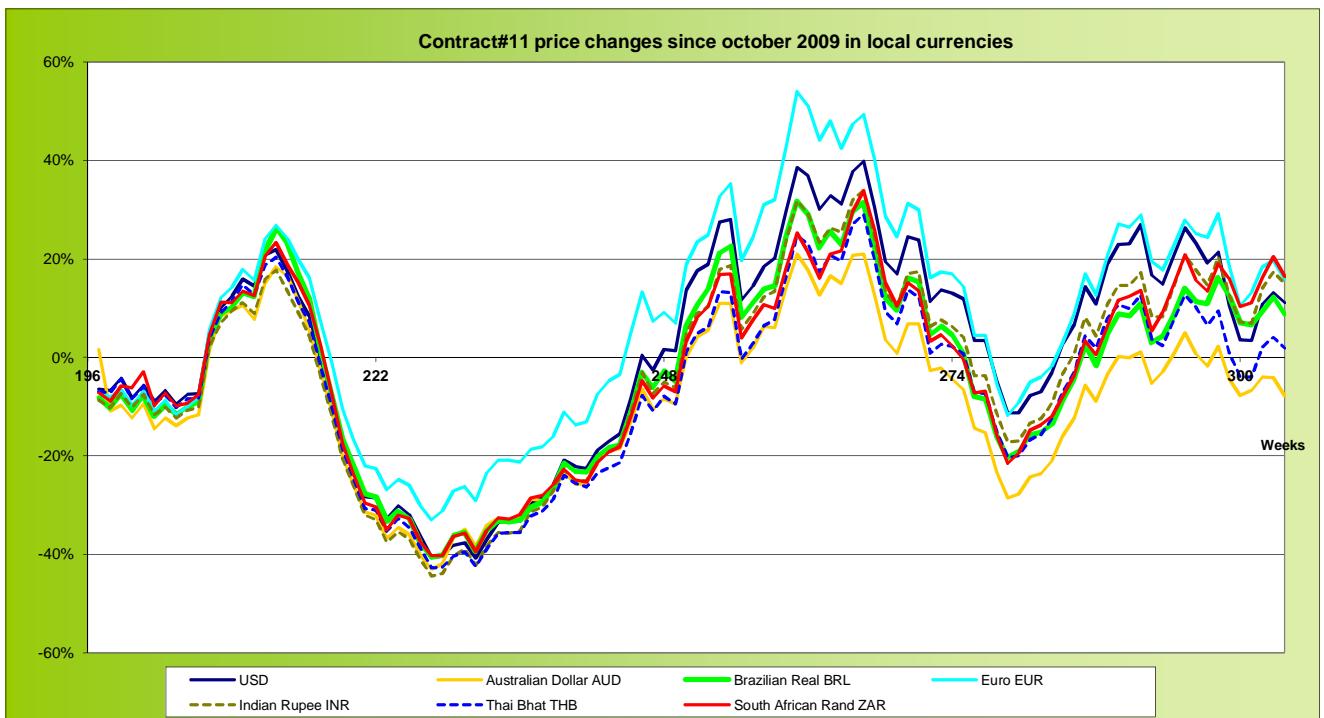
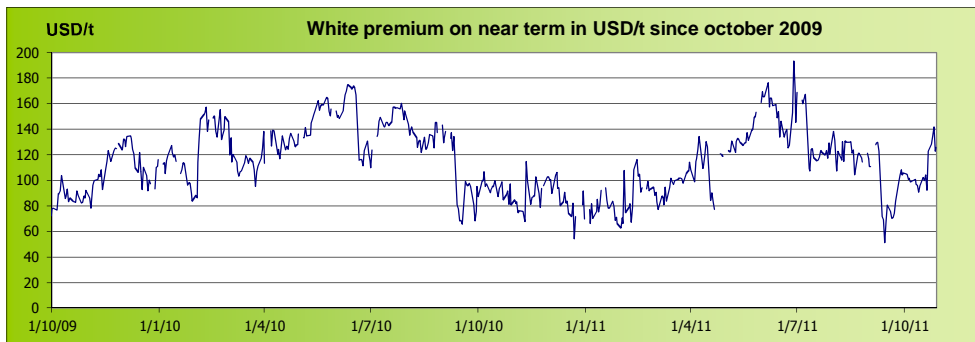
#5 Average weekly open interest				
(1000 lots)	Week n-1	Week n	Diff (lots)	Diff (%)
Dec 11 - W	17,8	19,1	1,3	7%
Mar 12 - W	14,3	14,0	-0,2	-2%
May 12 - W	6,6	5,6	-1,0	-15%
Aug 12 - W	3,9	7,1	3,2	81%
Total	47	51	4,5	10%





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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

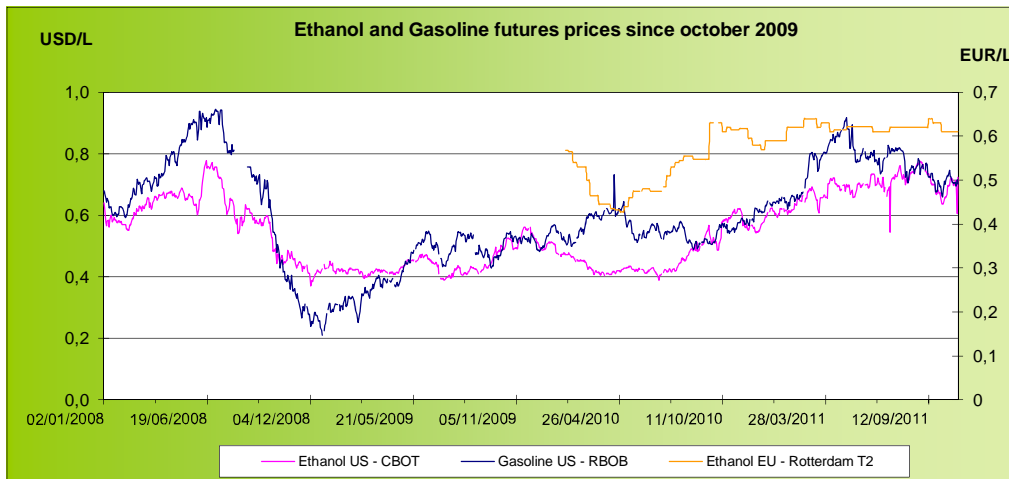
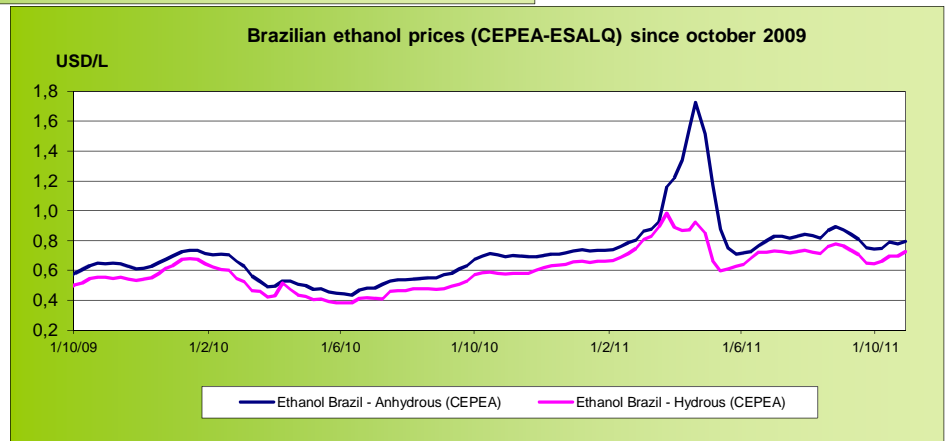
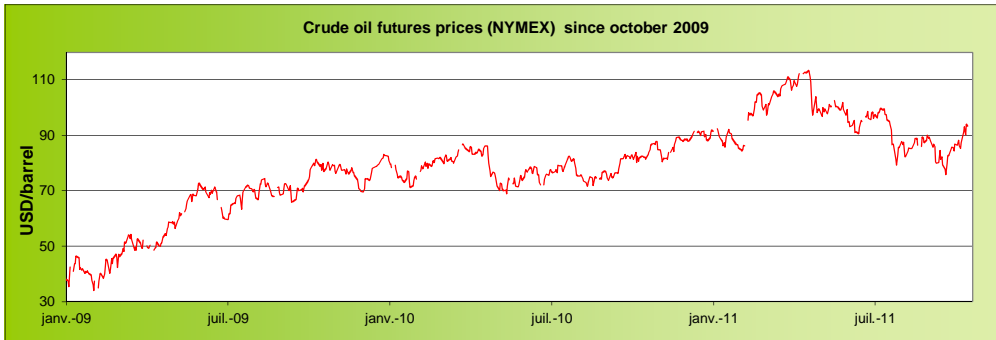
Currencies	Sugar prices in currency	Sugar prices in currency	Difference from previous week	Difference from previous week	Difference from week#1 2006
	Past week	Current week	In currency	In %	In %
USD	548,7	548,7	0,0	0,0%	11,1%
Australian Dollar AUD	560,5	560,5	0,0	0,0%	-7,9%
Brazilian Real BRL	1006,3	1006,3	0,0	0,0%	8,9%
Chinese Yuan CNY	3503,3	3503,3	0,0	0,0%	3,5%
Euro EUR	400,5	400,5	0,0	0,0%	16,0%
Indian Rupee INR	27200,3	27200,3	0,0	0,0%	15,0%
Mexican Peso MXN	7458,2	7458,2	0,0	0,0%	9,2%
Russian Rouble RUB	17579,4	17579,4	0,0	0,0%	12,1%
Thai Bhat THB	16942,6	16942,6	0,0	0,0%	1,9%
South African Rand ZAR	4383,1	4383,1	0,0	0,0%	16,4%

Sugar prices and currencies data are based on weekly average.



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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>	0,7126	0,6905	-0,0222	-3,11%	26,6%
<i>Ethanol CBOT (USD/gal)</i>	2,6846	2,6296	-0,0550		
<i>Oil (USD/barrel)</i>	86,71	92,38	5,68	6,55%	45,1%
<i>Gazoline RBOB (USD/l)</i>	0,7140	0,7050	-0,009	-1,27%	164,0%
<i>Sugar #11 (USD/t)</i>	599,17	588,19	-11,0	-1,83%	81,5%
<i>Products</i>	Past week	Current week	In USD	In %	In %
<i>Ethanol CEPEA (USD/l) - Anhydrous</i>	0,7790	0,7960	0,0170	2,18%	69,4%
<i>Ethanol CEPEA (USD/l) - Hydrous</i>	0,6944	0,7258	0,0314	4,52%	61,8%
<i>Products</i>	Past week (€/l)	Current week (€/l)	In €	In %	In %
<i>Ethanol EU - Rotterdam T2</i>	0,61	0,61	0	0.00	



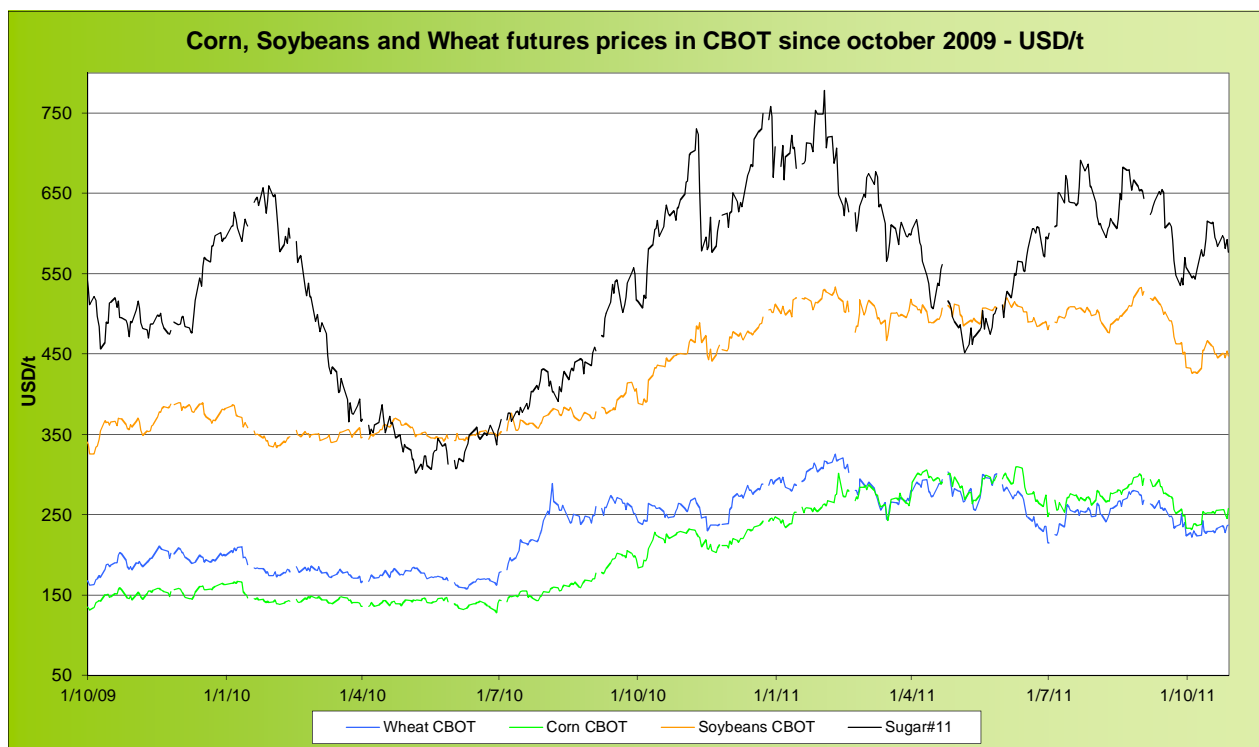
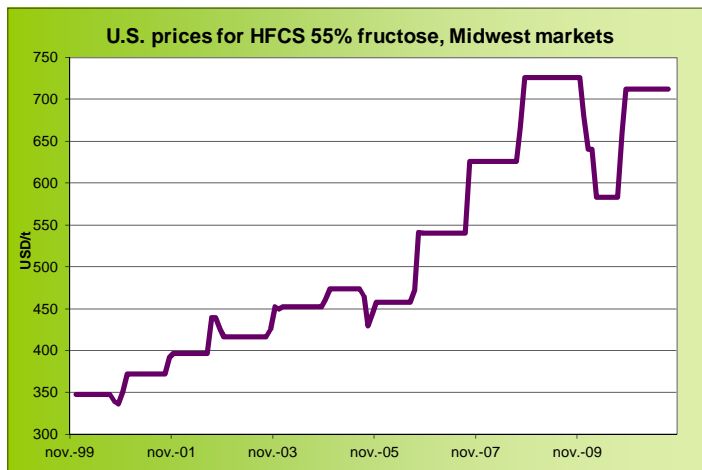
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GRAINS MARKETS - Corn, Soybeans, Wheat and HFCS

Price changes

	Current month-3	Current Month-2	In USD
HFCS 55 - USD/t	712,11	712,11	0,00
HFCS 55 - cts/lb	32,31	32,31	0,00

Dry weight, monthly averages, source Milling and baking news.

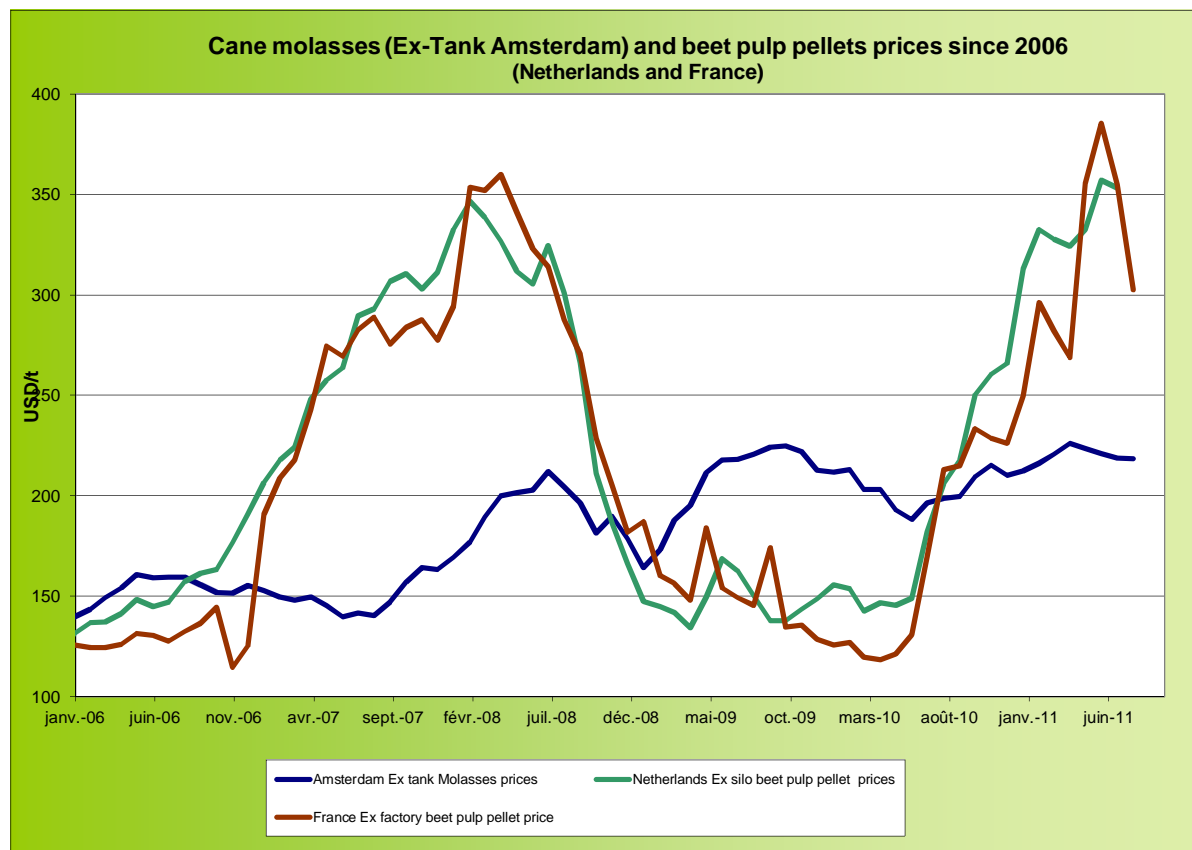


Corn, soybeans and wheat prices, changes from the past week and from the week#01 2006 in USD/t and in percentage

Products		Front term	Front term	Difference	Difference	Diff week#1
		Past week	Current week	In USD	In %	2006
Corn (CBOT)	USD/t	253,65	253,16	-0,49	-0,2%	198,1%
	cts/bsl	644,28	643,04	-1,24		
Soybeans (CBOT)	USD/t	453,06	449,29	-3,78	-0,8%	105,3%
	cts/bsl	1233,16	1222,88	-10,28		
Wheat (CBOT)	USD/t	230,24	234,14	3,89	1,7%	87,9%
	cts/bsl	626,68	637,28	10,60		



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

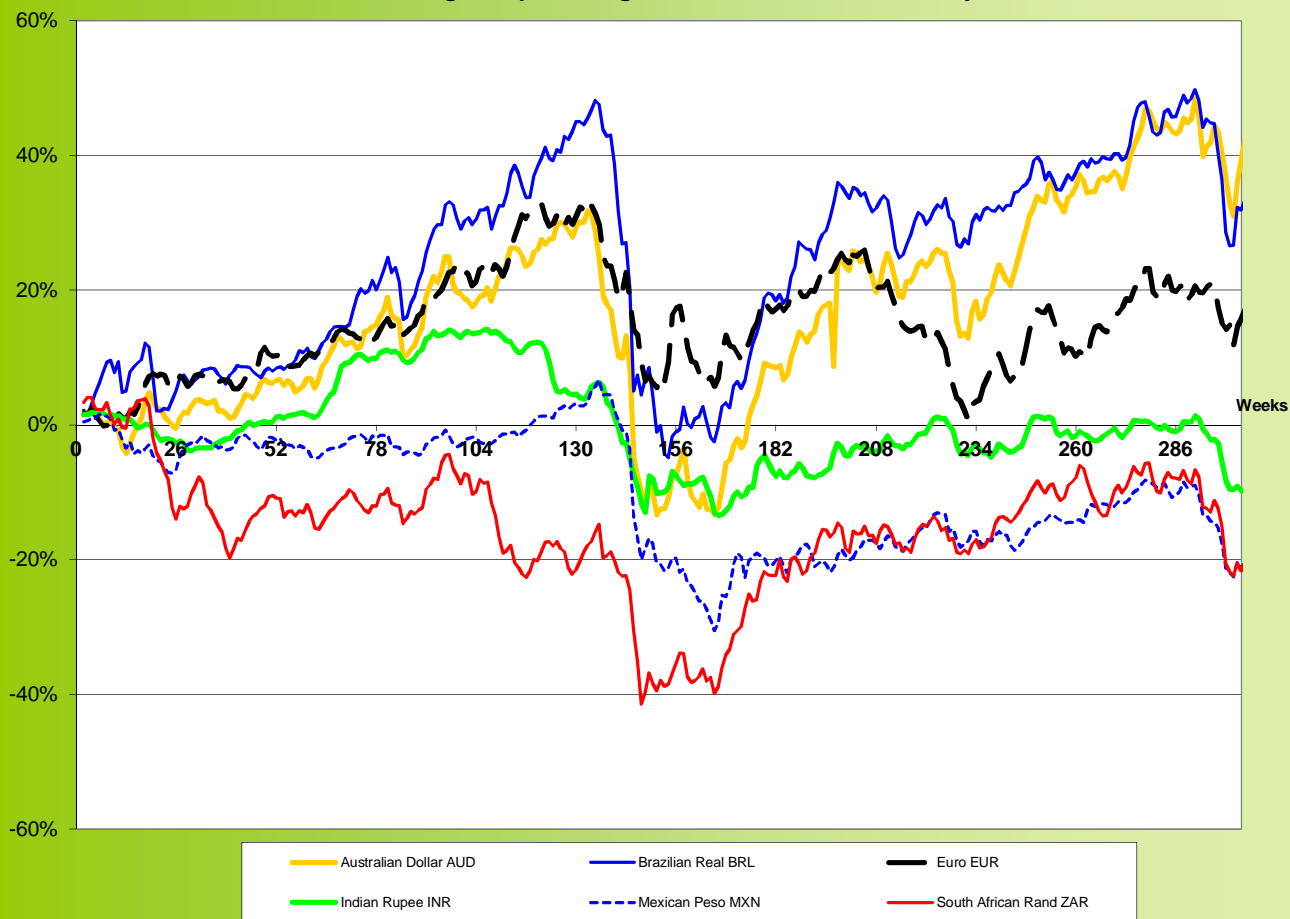
		Commodity	Commodity	Difference from previous month	Difference from previous month	Difference from month#1 2006
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
Amsterdam Ex tank Cane Molasses	<i>USD/t</i>	218,60	218,32	-0,28	-0,1%	56,3%
	<i>EUR/t</i>	152,80	152,20	-0,60	-0,4%	31,7%
Netherlands Beet Pulp Pellets	<i>USD/t</i>	353,37	NA			
	<i>EUR/t</i>	247,00	NA			
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
France Beet Pulp Pellets	<i>USD/t</i>	354,80	302,67	-52,14	-14,7%	140,7%
	<i>EUR/t</i>	248,00	211,00	-37,00	-14,9%	102,9%



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EXCHANGE RATES

Currencies' changes in percentage since week#01 2006 - weekly based.



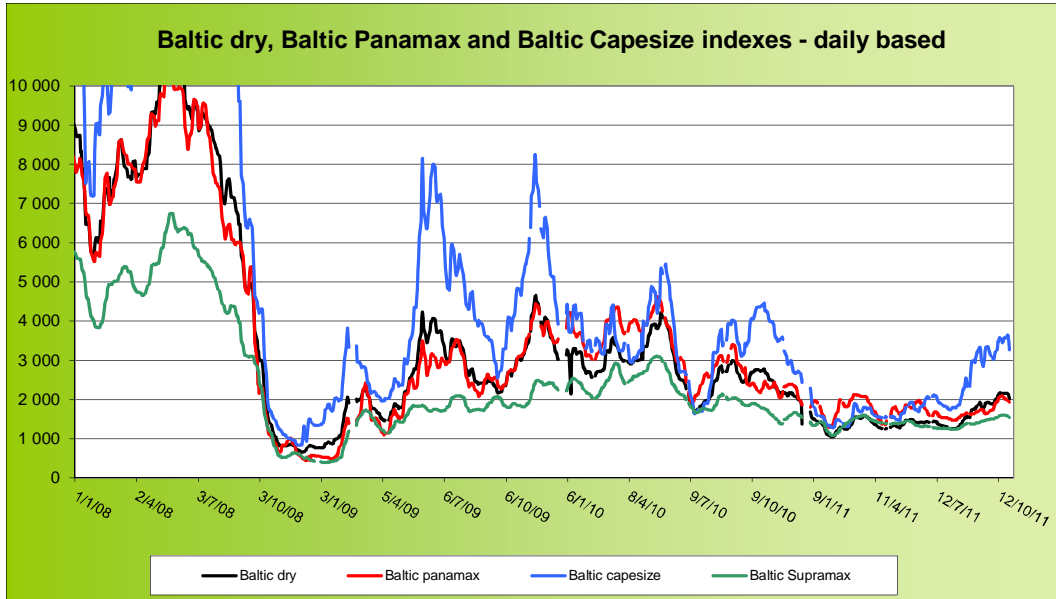
Currencies' changes from the past week and from the week#01 2006
in USD and in percentage

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 %
Australian Dollar AUD	1,0282	1,0512	0,02298	2,2%	42,5%
Brazilian Real BRL	0,5682	0,5748	0,00665	1,2%	33,4%
Chinese Yuan CNY	0,1569	0,1574	0,00047	0,3%	26,9%
Euro EUR	1,3812	1,3994	0,01828	1,3%	17,4%
Indian Rupee INR	0,0201	0,0202	0,00005	0,3%	-9,6%
Mexican Peso MXN	0,0744	0,0750	0,00060	0,8%	-20,5%
Russian Rouble RUB	0,0324	0,0330	0,00069	2,1%	-5,1%
Thai Bhat THB	0,0326	0,0327	0,00008	0,3%	33,2%
South African Rand ZAR	0,1253	0,1272	0,00191	1,5%	-20,4%



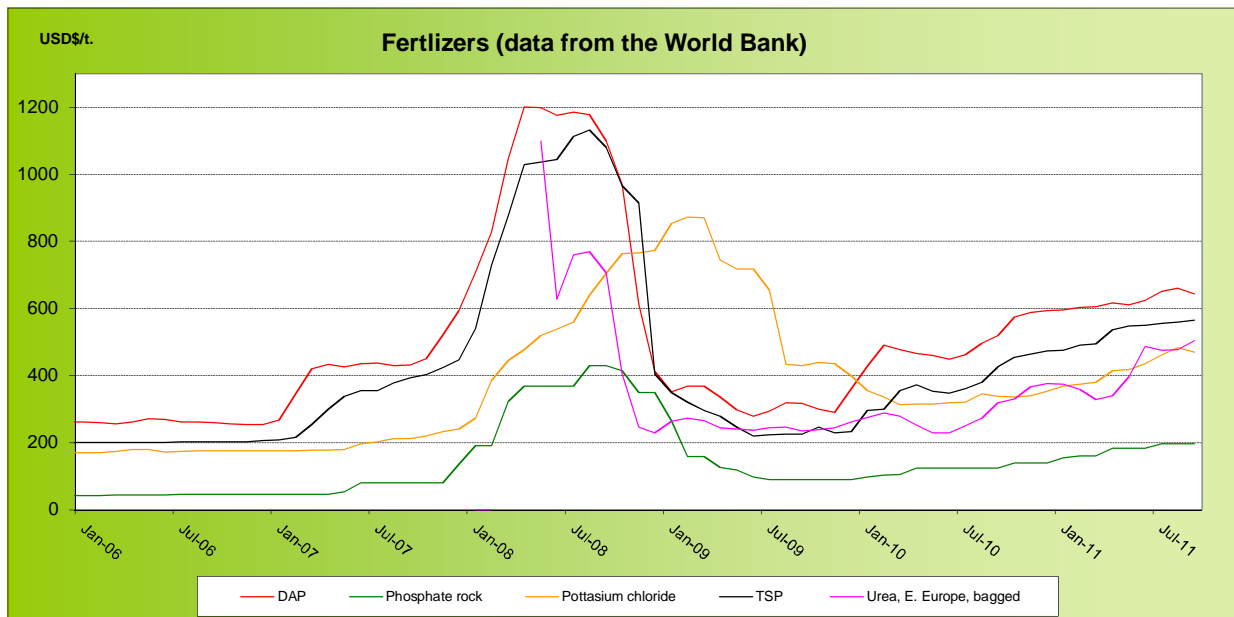
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FREIGHT - Baltic Indexes



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 %
Baltic dry	2150,0	2113,6	-36,4	-1,7%	-54,5%
Baltic Supramax	1608,8	1570,8	-38,0	-2,4%	-47,4%
Baltic panamax	2072,8	1964,0	-108,8	-5,2%	-54,7%
Baltic capesize	3518,8	3520,4	1,6	0,0%	-42,8%



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 %**

	Products	Commodity	Commodity	Difference from previous week	Difference from previous week	Difference from week#1 2006
		Past week	Current week	In USD	In %	In %
Sugar (#11)	USD/t	599,17	588,19	-10,98	-1,8%	81,5%
	Cts/lb	27,18	26,68	-0,50		
Sugar #5	USD/t	703,42	718,78	15,36	2,2%	103,7%
Corn (CBOT)	USD/t	253,65	253,16	-0,49	-0,2%	198,1%
	cts/bsl	644,28	643,04	-1,24		
Soybeans (CBOT)	USD/t	453,06	449,29	-3,78	-0,8%	105,3%
	cts/bsl	1233,16	1222,88	-10,28		
Wheat (CBOT)	USD/t	230,24	234,14	3,89	1,7%	87,9%
	cts/bsl	626,68	637,28	10,60		
Ethanol	EU (€/l)	0,58	0,58	0,00	0,0%	
	US (USD/l)	0,7126	0,6905	-0,02	-3,1%	26,6%
	Brazil (USD/l) Anhydrous	0,7790	0,7960	0,02	2,2%	69,4%
Crude oil	USD/barrel	86,71	92,38	5,68	6,5%	45,1%
Freight supramax	Index	1608,80	1570,80	-38,00	-2,4%	-47,4%

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

According to FO Licht first estimates released in October, the 2011-2012 world sugar production could reach 174,5 Mt against 165,7 Mt in 2010-2011. Beet sugar production is estimated at 37,8 Mt while cane sugar production is to reach 136,7 Mt. When compared to 2010-2011 campaign, notable increase in production are expected in the EU (+ 2,2 Mt), Russia (+2,5 Mt), India (+ 2 Mt). These estimates do not include sugar equivalent corresponding to alcohol-ethanol output produced with beet and/or cane.

Australia : According to the Australian Bureau of Meteorology, the country is likely to face a wet ending to the year with the likelihood of receiving above median rainfall during the November-January period at between 60% and 80% for parts of the country including cane growing areas in Queensland and New South Wales. While rainfalls may aid the development of the cane crop for next year's cane harvest, too much of it could also cause wash-outs of freshly planted cane.

According to CANEGROWERS Australia, 2012-2013 production should push towards 4,5 Mt as planting of cane for next year is really up and almost finished so barring major weather events, next year's crop should see a sharp increase in cane harvested and a subsequent lift in sugar output. CANEGROWERS pegged next year's cane harvest at well above 30 Mt, rising from an expected 28 Mt this crop year and an actual 27,4 Mt in 2010-2011.

Brazil : UNICA has released new estimates for current 2011/2012 sugarcane harvest of south-Central region. According to the organization, total crushed sugarcane could reach 488,5 Mt - against 510 Mt in its previous estimate - allowing the production of 30,8 Mt of sugar and about 204 Mhl of ethanol. Cane sugar content is to average 13,7% while sugar production share is currently estimated at 48%.

Datagro consultancy cut its forecast for sugar production in Brazil's key Centre/South region in the current 2011-2012 season further to 30,1 Mt from a previous estimate of 30,6 Mt released in September. Datagro reduced its cane crush forecast for the current season to 490 Mt from 498 Mt in September. In total, 2011-2012 Brazilian sugar production - including North/NorthEast output - is to reach 35 Mt, down from 35,5 Mt in September and 38 Mt produced last year. Ethanol output is seen falling to 220 Mhl from 274 Mhl in 2010-2011. Sugar exports are estimated to fall to 23,4 Mt from 25,5 Mt last year, with ethanol exports seen down at 16,4 Mhl from 35 Mhl last year. By mid-October, more than 20 mills out of the around 350 of the region have already finished crushing operations for the 2011-2012 season, about twice as many as a year ago. Crushing operations are expected to finish a month earlier than last year and UNICA expects 50 to 60 mills to finish crushing by the end of the month in the state of Sao Paulo.

According to Ismael Perina, President of ORPLANA, Brazil's 2012-2013 Centre/South sugarcane crop will be similar to that being harvested now as unfavourable weather conditions over the past months hurt crop development. The weather effect is aggravated by the fact that the industry is behind in its replanting schedule though ORPLANA said independent growers are raising the area of renewal this year, to a historical average of 17-18% of the fields. However, this will not be enough to offset the shrinkage in newly planted areas in the past few years, when the replanting rate fell to only 5 to 10% of the total area. Credit restrictions imposed by banks and rising costs of fertiliser and agrochemicals are considered as a hurdle for a more substantial renewal.



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NEWS IN BRIEF

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

China : The country imported 473 883 tons of sugar, raw value, in September 2011. This volume represents the highest monthly import volume since December 1988. This brought total imports in the now-concluded 2010-2011 season to 2,1 Mt, up from 1,5 Mt in 2009-2010 and compared with 1Mt in 2008-2009.

France : Agriculture Ministry raised its estimate of the 2011-2012 beet crop to 35,9 Mt from 34,7 Mt forecast a month ago, which would be up 11,5 % on production of 31,8 Mt in 2010-2011. This reflects a rise in sugarbeet areas to 389 000 ha as well as a rise in yield estimated at more than 91 t/ha.

Germany : Cumulative sugar production in 2011-2012 reached 1,68 Mt in the period ending on October 21, up from 1,19 Mt produced in the same period one year ago. The total beet harvest in 2011-2012 is estimated at 28,9 Mt against 22,4 Mt in 2010-2011.

India : According to a joint statement of the Food and Agriculture Ministries, the 2011-2012 sugar production is forecast to reach 24,7 Mt to 25 Mt white value, up from 24,3 Mt in 2010-2011. With total sugar demand put at 22-23 Mt, this production outlook should pave the way for the first tranche of sugar exports in the new season.

The Indian Sugar Mills Association (ISMA) has called on the government to allow the immediate export of 2 Mt of sugar to improve the cash flow of the mills and allow for prompt payment to farmers for cane deliveries in the upcoming crushing season. ISMA described the cash flow situation of the mills as "very tight" in both private and cooperative sector therefore requiring a large export window at the beginning of the 2011-2012 season. ISMA also proposed to the government that additional exports could be allowed subject to the condition that mills would have to import similar quantities in case of a domestic shortage.

The domestic sugar industry has been pushing for sugar exports in 2011-2012 as the country is heading for another bumper crop. The government allowed 2,6 Mt of sugar exports in 2010-2011. While the industry seeks permission to ship around 4 Mt to overseas destinations as soon as possible, the government has indicated that it will opt for shipments in smaller batches.

There is an ongoing delay in sugarcane crushing in India's two top sugar producing states of Maharashtra and Uttar Pradesh due to cane price issues and an extended rainy season. Most mills in top producer Maharashtra are likely to begin crushing from the first week of November as unseasonal monsoon rains have delayed the start of crushing operations.

Mexico : The country will open a new 150 000 t sugar import quota according to the Economy Ministry Oliver Flores. Under the quota, which will be valid until the end of January, Mexico will charge duties of 36 USD/t on sugar imports, below the usual tariff of 360 USD/t.

Pakistan : According to the head of Pakistan Sugar Mills Association, the country's sugar production will increase to 4,7-4,8 Mt, white value, in the 2011-2012 crushing season due to start in November from 4,1 Mt one year ago.

Philippines : The country is expected to export a record 672 000 t of sugar in 2011-2012 as output is expected to stay at last year's 3-year high and stocks are ample. The next crushing season is expected to be in full gear by November.

Russia : Total sugar output in the season to October 24 reached 2,3 Mt, up 44% from 1,6 Mt produced by the same date last year. Average beet yield is up at 38,1 t/ha so far this season against 21,9 t/ha last year.

The country may export up to 200 000 t of beet white sugar in 2011-2012 and exports have already reached 50 000 t according to the Agriculture Minister. However, Andrei Bodin, head of the Russian Sugar Producers' Union explained that Russia's infrastructure is not prepared for shipping sugar out by sea and that the country is exporting it by rail to Central Asian countries such as Uzbekistan, Kyrgyzstan, Turkmenistan and Tajikistan.

South Africa : Country's output is estimated at 1,9 Mt which would mean that the country is to produce the same amount of sugar as in 2010-2011. The sugarcane crush is now forecast at 17 Mt against 16 Mt in 2010-2011 meaning that sugar content of this year's cane crop is to be rather low.

Thailand : Country's worst flood in decades is expected to have caused only minimal damage to the sugarcane crop according to the Office of Agriculture Economy (OAE). Crushing volume is estimated at 99 Mt, up 3,8% from last season's 95,4 Mt. The forecast of the OAE is in line with a projection of the Office of the Cane and Sugar Board (OCSB) in late September that the crop was likely to reach 99,4 Mt.

The start of crushing operations for 2011-2012 season is expected to be delayed by a few weeks to late November due to country's worst floodings in five decades.

Ukraine : According to sugar association Ukrtsukor, sugar production in 2011/12 reached 1,27 Mt white value for the period ending on October 28, up from 950 700 tonnes produced in the same period a year ago. According to official sources, the country's sugar production for 2011-2012 is currently estimated at 2,1-2,2 Mt against 1,54 Mt a year ago.

USA : After a disappointing start in the 2011-2012 campaign, US sugar beet farmers had harvested 77% of this year's area under the crop by October 23, making significant progress from 45% in the previous week. While the harvest progress is still below the 84% realised at this time a year ago, it is now slightly ahead of the 5-year average of 73%.