



WABCG *Communication*

World Association of Beet and Cane Growers

How to read FlashMarket V5.0?

Page 1: World raw (#11 – ICE/NYBOT) and white (#5 – Euronext/Liffe) sugar prices

(This page is identical to V4.0 version).

Page 1 is a comparison of weekly average prices for #5 and #11 prices (in cts/lb and in USD/t) for the next 4 settling months.

Weekly white premium averages on the near term is also displayed at the bottom of the chart.

Please click hereafter to see the NYBOT#11 raw sugar futures specifications:

<http://www.nybot.com/aboutNYBOT/RuleBooks/nybot/download/Ch%2011%20Sugar%2011.pdf>

Please click hereafter to see the Liffe#5 White sugar futures specifications:

<http://www.euronext.com/trader/contractspecifications/derivative/wide/contractspecifications-2864-EN.html?euronextCode=W-LON-FUT>

Page 2: Sugar #11 and #5 - Traded volume

Page 2 is an analysis of the contracts traded volume for #11 and #5.

The two graphs and charts at the top display the daily average traded volume for #11 and #5 on a weekly basis (the total volume traded on the week is divided by the number of days: 4 if the FM is issued on Friday and 5 if the FM is issued on Monday). This is done for the next four settling dates. The aim is to assess the activity of the market for the past two weeks for each settling date. Difference between week n-1 and week n are expressed in number of lots/contracts (one lot = 50 metric tons) and percentage.

The two graphs and chart at the bottom display the price and the volume traded for each day of the current week for #11 and #5. The aim is to assess if the price move has been recorded in a heavy or light traded volume. The graphs display data for the front term; the charts display the data for the two next settling months.

Page 3: Sugar #11 and #5 - Open Interest

Page 3 is an analysis of the Open Interest (OI) of #11 and #5.

The two graphs and charts at the top display the weekly average open interest for #11 and #5: it is an average of the OI based on all days of the week (4 if the FM is issued on Friday and 5 if the FM is issued on Monday). Difference between week n-1 and week n are expressed in number of lots/contracts (one lot = 50 metric tons) and percentage.

The two graphs in the middle display the volume traded and the OI for each day of the two past weeks for #11 and #5.

The graph at the bottom displays the OI since mid February 2008.

Page 4: Sugar #11 – Commitments of traders

This page is an analysis of the commitments of traders (COT): a weekly document issued by the US Commodity Future Trading Commission (CFTC) that officially enquires with traders about the nature of their positions on commodities markets.

Briefly, positions held by traders are classified according to 3 criteria:

- Their long or short nature. A “Long” position corresponds to a purchase of sugar (as a contract) on the future market and a commitment to take delivery at a definite settling date; the assumption is that the market is bullish (it’s a coverage against a price rise) then the benefit comes if the price rises. A “Short” position corresponds to a sale of sugar (as a contract) on the future market and a commitment to deliver at a definite settling date; the assumption is that the market is bearish (it’s a coverage against a price drop); the benefit comes if the price drops.
- Their commercial or non commercial nature. A commercial position corresponds to a real hedging of a sale (typically a producer; but can be also wholesaler) – it is then a short commercial position - or a purchase of sugar (typically a consumer) – it is then a long commercial position; such operations are done by players that are generally operators of the sugar market. A non commercial position corresponds to a speculative operation, with the only aim being to get a benefit from a hike or a fall, but not link with any interested of hedging a physical sale or purchase; such operations are generally done by players that are not involved in the sugar business.
- Their reportable or non reportable nature. Reportable positions are the ones of the traders that are big enough to be surveyed by the CFTC. Small markets players that are not surveyed hold “non reportable positions”; their share of the open interest are simply deducted by subtracting of the OI the number and nature (long or short) of reportable positions. Since they are not surveyed, non reportable positions can correspond to hedging or speculative positions.

For more details on the nature and the information provided by the Commitments of traders, please consult the CFTC website:

http://www.cftc.gov/marketreports/commitmentsoftraders/cot_about.html

Important: The CFTC published two types of report: “futures only” and “futures and options”, the latter providing also an assessment of options of the market; **please note that FlashMarket provides an analysis of the report “Futures only”.**

All COT issued by the CFTC are available at the following link:

<http://www.cftc.gov/marketreports/commitmentsoftraders/index.htm>

Layout page 4:

Graph at the top

The graph at the top displays three essential variables of sugar#11 future (and of all futures):

- The **open interest**: The total number of futures contracts that are not closed or delivered on a particular day.
- The **price** (here in USD/t),

- The **Net Long Fund Position (NLFP)**: the NLFP is an indicator of the way funds are influencing the market.

What is the NLFP?

The NLFP is calculated by subtracting non commercial and non reportable long positions (long “funds”) to non commercial and non reportable short positions (“funds short”).

If funds hold as much long positions as short, their influence on the market is in theory neutral. To assess whether funds are pushing prices up or down, what is important is that whether funds are more buying (in this case, buying sugar contracts – funds are then described as “long”) or selling (in this case, selling sugar contracts – funds are then described as “short”). If the NLFP is positive, this means that funds hold more long position than short: in this case, they “own” some sugar and their influence on the market is bullish (they present themselves as consumers and therefore increase the demand). If the NLFP is negative, this means that funds hold more short positions than long: in this case, they “owe” some sugar and their influence on the market is bearish (they present themselves as sellers/producers and therefore increase the offer). The imbalance of funds toward the short or the long positioning is balanced by commercial positions.

Please note that the NLFP is calculated with the assumption that **non reportable positions are speculative positions (funds) only.** This is a large consensus in the market that non reportable positions are mostly funds. However, real hedgers can also be included in non reportable positions since, by its nature, what’s non reportable positions are made of is unknown.

Please note also that the NLFP is not an indicator of the presence of funds on the market, it is only an indicator of the imbalance of their positions toward the short or the long positioning. For instance, even the funds hold for example 80% of the OI, the NLFP might be nil as long as their number of long position equals their number of short positions.

Graph in the middle

The graph in the middle represents the percentage of long and short positions held by the funds (addition of non commercial and non reportable positions divided by open interest).

Chart at the bottom

The chart at the bottom provides an analysis of the most recent COT issued by the CFTC (and a comparison with the previous COT).

All CFTC COT are published on Friday late afternoon New York time. The survey is done on the Tuesday before.

It displays data by lots, percentage and tonnage.

The most important data of the COT is highlighted in yellow in the chart:

- Percentage of long and short funds in the open interest (also displayed in the graph in the middle).
- The NLFP expressed in lots which represent the imbalance of the funds toward the long or short;
- The % of OI represented by the NLFP, which is an indicator of the imbalance of funds toward long or short positioning comparing to the total number of position.

Important: the NLFP equivalent in USD is an approximation because it is calculated with the front term price only although the NLFP is a variable that lies in all settling date months.

Page 5: Sugar #11 – Commitments of traders (cted)

The graph at the top displays the number of contracts held by each category of traders according to the COT. Long positions for each category are expressed positively while short positions are expressed negatively (by pure graphic convenience).

The graph at the bottom displays the number of traders for each category according to the COT.

Page 6: #11 quotations in currencies

(This page is identical to V4.0 version).

Page 2 displays raw sugar price changes (contract#11, NYBOT) in local currencies. Ten currencies have been selected:

- **Australian Dollar (AUD)**
- **Brazilian Real (BRL)**
- **Chinese Yuan (CNY)**
- **Euro (EUR)**
- **Indian Rupee (INR)**
- **Mexican Peso (MXN)**
- **Russian Rouble (RUB)**
- **Thai Bhat (THB)**
- **South African Rand (ZAR)**
- **US Dollar (USD)**

All figures presented are based on weekly averages.

Layout of page 2:

- The chart at the top presents the #11 changes in those currencies in percentage compared to the week#01 2006.
- The table at the bottom presents:
 - 1- Raw sugar average price in each of those currencies for the previous week and the current week,
 - 2- Raw sugar average price changes from the previous week to the current week in currency,
 - 3- Raw sugar price changes from the previous week to the current week in percentage,
 - 4- Raw sugar prices changes from the week#01 2006 to the current week in percentage.

Page 7: Sugar prices on the other stock exchanges

(This page is identical to V4.0 version).

The chart at the top of page 3 displays sugar quotations of 5 different sugar futures:

- **The BM&F (Sao Paulo, Brazil) white sugar quotations** (quoted initially in USD/50 kg bags – color maximum 150 ICUMSA). This contract offering physical deliveries in Sao Paulo City can be considered as **a good indicator of the crystal sugar prices in Brazil**. Prices are noted on a daily basis.

Please click hereafter to see the BM&F Crystal sugar future specifications:

http://www.bmf.com.br/portal/pages/frame.asp?idioma=2&area=contratos&link_char=Agri28

- **The Zengzhou Commodity Exchange white sugar quotations** (quoted initially in Chinese Yuan CNY/t). This contract, recently launched, can be considered as **an indicator of the white sugar prices in China** (CIF contract). Prices are noted every Thursday. The USD/CNY conversion rate used is a weekly average.

Please click hereafter to see the ZCE white sugar future specifications:

<http://english.czce.com.cn/DispDocument.aspx?dn=SRContract.htm>

- The **NYBOT contact#14 raw sugar quotations** (quoted initially in cts/lb). This contract is an indicator of the price of the raw sugar imported in the USA. This contract provides physical deliveries to 4 US ports (including New York and New Orleans). Prices are noted on a daily basis and displayed in cts/lb and USD/t.

Please click hereafter to see the NYBOT contact#14 future specifications:

<http://www.nybot.com/aboutNYBOT/RuleBooks/nybot/download/Ch%2014%20Sugar%2014.pdf>

- The Liffe#5 white sugar contract (cf page1, noted on a daily basis),
- The NYBOT #11 raw sugar prices (cf page 1, noted on a daily basis),

The board at the bottom of page 3 displays weekly price averages in USD/t and cts/lb for all contracts mentioned above for the current and the previous weeks. Changes in USD/t, cts/lb and percentage displayed are from the previous to the current week and from the week#1 2006 to the current week.

Page 8: Ethanol, crude oil and gasoline prices

(This page is identical to V4.0 version).

Ethanol prices

Page 4 displays (1) **anhydrous ethanol prices quoted at the BM&F stock exchange** (Sao Paulo, Brazil), (2) **anhydrous ethanol prices quoted at the CBOT stock exchange** (Chicago, USA) and (3) **anhydrous and hydrous ethanol CEPEA indexes**.

- The CBOT ethanol contract is a CIF Chicago contract (quoted initially in USD/US gallon; contract size 29 000 US gallon: approximately 110 m3). As a CIF contract, it is mainly used for USA domestic market and this represents US market price. The CBOT ethanol quotations are recorded on a daily basis and weekly averages are displayed in USD/l and USD/gal.

Please click hereafter to see the CBOT ethanol future specifications:

<http://www.cbot.com/cbot/docs/74258.pdf>

- The BM&F ethanol contract is a Santos (Sao Paulo State) delivery contract. Quoted in USD/m3 (contract size 30 m3) and delivered in the main Center South Brazilian harbour, the BM&F contract is considered as an export contract and provides a good indicator of the world ethanol prices. However, the contract is not on a FOB basis but on a "free on truck" basis which make it also usable for domestic deliveries. The BM&F ethanol quotations are recorded on a daily basis and weekly averages are displayed in USD/l.

Please click hereafter to see the BM&F ethanol future specifications:

http://www.bmf.com.br/portal/pages/frame.asp?idioma=2&area=contratos&link_char=Agri42

- The CEPEA anhydrous and hydrous ethanol price index is an index calculated on a weekly basis by the Centro de Estudos Avancados em Economia Aplicada (Brazil). Weekly price indexes are quoted in USD/l. They are “ex factory” price and exclude all taxes. The index is based on data collected through a representative group of agents that compose the São Paulo market (mills, distilleries, distributors, intermediaries) and is thus valid only for the prices of Sao Paulo State. Weekly prices are always published with one week delay.

Please click hereafter to see the CEPEA index specifications:

http://www.cepea.esalq.usp.br/english/ethanol/?id_page=242

Crude oil prices

Crude oil prices displayed are quotations from the NYMEX light Sweet Crude oil future quoted. They are considered as the crude oil world market price. Quotations are recorded on a daily basis and weekly averages are displayed in USD/barrel.

Please click hereafter to see the NYMEX Light sweet crude oil future specifications:

http://www.nymex.com/lSCO_fut_descri.aspx

Gasoline prices

Gasoline prices displayed are quotations from the NYMEX New York harbour RBOB gasoline future (initially quoted in USD/Gallon). They provide a very good indicator of gasoline prices in the US (without taxes). Quotations are recorded on a daily basis and displayed in USD/l.

Please click hereafter to see the NYMEX New York harbour RBOB gasoline future specifications:

http://www.nymex.com/RB_pre_agree.aspx

Layout of page 8:

- The chart at the top presents crude oil daily prices (NYMEX) in USD/barrel (one barrel = 159l).
- The chart in the middle displays BM&F ethanol prices (daily basis), CBOT ethanol prices (daily basis), CEPEA anhydrous and hydrous weekly indexes, and gasoline RBOB prices (daily basis).
- The table at the bottom displays for ethanol, oil and gasoline prices, the following information:
 - 1- Average prices for the previous and the current week,
 - 2- Average price changes from the previous to the current week in value and percentage,
 - 3- Price difference from the week#01 2006 to the current week in percentage.

Page 9: Related markets/ Corn, wheat, Soybeans and HFCS

Page 5 displays market prices for wheat and corn, two commodities impacting beet and cane production and price considering that they are both used for the production of sweetener (HFCS, isoglucose) and ethanol (in US and in Europe). It displays also process for HFCS.

- The HFCS prices displayed are posted in the US news paper “*milling and baking news*”. They are Wholesale price for the HFCS-55 (55% fructose) in the Mid West markets. The prices posted in the FlashMarket are monthly prices for the month before the current one (“current month -1”) and for the month before the past month (“current month -2”).

- The wheat futures displayed are from CBOT (weekly averages in cts/bushel and in USD/t). Please click hereafter to see the CBOT Wheat future specifications:
http://www.cbot.com/cbot/pub/cont_detail/1,3206,1322+14398,00.html

- The corn futures displayed are from CBOT (weekly averages in cts/bushel and in USD/t). Please click hereafter to see the CBOT Corn future specifications:
http://www.cbot.com/cbot/pub/cont_detail/1,3206,1213+14389,00.html

- The soybeans futures displayed are from CBOT (weekly averages in cts/bushel and in USD/t). Please click hereafter to see the CBOT Corn future specifications:
http://www.cbot.com/cbot/pub/cont_detail/0,3206,959+14397,00.html

Page 10, 11 & 12 : Corn, Soybeans and Wheat – Commitments of traders

These pages display three essential variables of commodities futures (the data provided is identical to page 4 for sugar):

- The **open interest**.
- The **price** (here in USD/t),
- The **Net Long Fund Position (NLFP)** (see page 4 for more info on NLFP).

Graphs also display percentage of long and short positions held by funds (resulting of the addition of non commercial and non reportable positions).

Chart at the bottom is identical to page 4 for sugar#11.

Page 13: Sugar#11 and Grains – Analysis of funds behaviour

The graph at the top displays the NLFP equivalent in Million tons for the four commodities: sugar, corn, soybeans and wheat.

The graph in the middle displays the weight of the NLFP comparing to the open interest (NFLP is expressed as a percentage of the open interest).

The chart at the bottom page 11 gives a comparison of the funds behaviour for sugar, corn, soybeans and wheat. The NFLP is expressed in tons and USD for the current week. Changes are also displayed in tons and in percentage comparing to the previous week. The NLFP is also expressed as a percentage of the OI for the current week. The change of NLFP as a percentage of the OI comparing to the previous week is also displayed for the four commodities.

Important: The NLFP and the open interest expressed in USD are approximations since they are calculated with the front term price only.

Pages 14: By products markets (molasses and pulp pellets)

(This page is identical to V4.0 version).

Page 6 displays cane molasses and beet pulp pellets prices.

- Cane molasses prices are monthly prices published by LEI - <http://www.lei.wur.nl/uk/>. It is an Amsterdam ex-tank price for imported cane molasses (it includes therefore storage, handling and EU custom duty for molasses at MFN duty at 3.50 €/t).

- Netherlands beet pulp pellets prices are monthly prices published by LEI - <http://www.lei.wur.nl/uk/>. They are Netherlands ex-silo prices for imported pellets from the European Union (mostly from Germany).
- France beet pulp pellets prices are monthly prices published by web agri - <http://www.web-agri.fr>. They are France Marne region ex factory/ex silo prices for locally produced pellets.

The chart at the bottom of page 6 shows price changes for Netherlands beet pulp pellets and molasses between two month before (the current one) and three months before (as the release of those prices are delayed generally by one to two months) and price changes comparing to month#01 2006.

France beet pulp pellet prices are displayed as an average of the current month and the previous month.

Page 15: currencies' changes

(This page is identical to V4.0 version).

The chart at the top displays the currencies' changes since week#01 2006 in percentage.

The table at the bottom presents:

- The currencies' values in USD for the previous and the current week,
- The currencies' values changes in USD from the previous to the current week,
- The currencies' values changes in percentage from the previous to the current week,
- The currencies' values changes in percentage from the week#01 to the current week.

Page 16: Baltic Freight indexes

(This page is identical to V4.0 version).

Page 8 displays 3 Baltic Freight indexes: Baltic Exchange Dry Index, Baltic Exchange Panamax index and Baltic Exchange Capesize index. The Baltic Dry Indexes are indexes covering dry bulk shipping rates and managed by the Baltic Exchange in London. The indexes provide an assessment of the price of moving the major raw materials by sea, including sugar. They are based on professional assessments made by a panel of international shipbroking companies.

- The Baltic Exchange Supramax Index is the index for the Supramax/Handymax vessels (average size of such a ship is about 65,000 dwt).
- The Baltic Exchange Panamax Index is the index for the Panamax vessels (average size of such a ship is about 65,000 dwt).
- The Baltic Exchange Capesize Index is the index for the Capesize vessels (between 80,000 and 175,000 dwt).
- The Baltic Exchange Dry Index is made up of an average of the Baltic Supramax, Panamax and Capesize indices.

The table at the bottom displays:

- The Baltic indexes values for the previous and the current week (weekly averages),
- The Baltic indexes values changes from the previous to the current week,
- The Baltic indexes values changes in percentage from the previous to the current week,
- The Baltic indexes values changes in percentage from the week#01 2007 to the current week.

Page 17: Comparison of Market tendencies

(This page is identical to V4.0 version).

The charts of page 5 shows price changes in percentage for oil, ethanol, raw sugar, gasoline, wheat and corn prices, comparing to week#01 (2006). Prices and percentages are based on weekly median values. This chart allows a quick comparison of the price changes of those commodities.

For further information, please contact:

Olivier CRASSARD, Secretary of the WABCG

Email: ocrassard@cgb-france.fr / Phone: +33 1 44 69 41 58 / Fax: +33 1 42 93 42 37

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