



Prices remain firm despite macroeconomic concern

World sugar markets have fluctuated importantly over the last weeks. After reaching 31.3 cents / lb (690 USD / ton) on July 22 due to an early downward revision of the 2011/12 brazilian Centre/South production, raw sugar have significantly declined in early August, with many operators liquidating their positions on commodity markets (including sugar - p.2). This movement was obviously triggered by the sovereign debt crisis and fears of a new economic recession. Supported by another downward revision of 2011/12 harvest in brazilian Central / South on August 12, prices went up again since then. On August 19, a tonne of raw sugar - delivery in October 2011 - was traded at 29.5 cents / lb (650 USD / ton) while a tonne of white sugar was quoted at 787 USD / ton (547 EUR / ton) on the same date. Consequently, white premium (Oct/Oct) currently amounts to 122 USD / ton (p.3). On the currency market, the US dollar has appreciated on the last two weeks against other national currencies except for India, Mexico and South Africa (p.7).

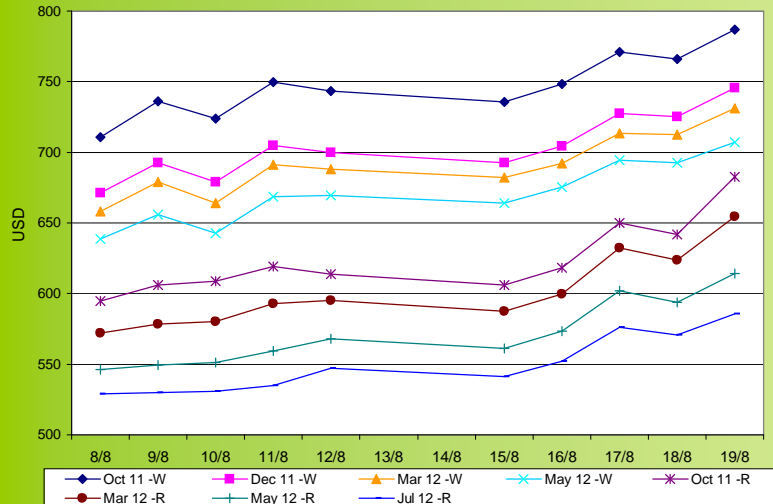
On the energy markets, the current macroeconomic concern have favoured a decrease in oil prices which are now traded at 85 USD/barel (p.4). In the US and influenced by a downward revision of the american maize crop by the USDA, ethanol prices remain firm at 74 USD/hl (p.4). With the successive downward revisions of the 2011/12 brazilian Centre/south sugarcane production, brazilian anyhdrous ethanol has appreciated to 86 USD/hl whil hydrous ethanol has reached 76 USD/hl (p.4). In the EU, prices are flat and ethanol is still traded at 62 EUR/hl (p.4).

Interestingly, freight index is significantly up with Baltic Dry Index at 1359 points this week against 1270 points last week (p.8). Fertilizers - DAP, phosphate rock, potassiu chloride, TSP and urea - are also on the rise (p.8).

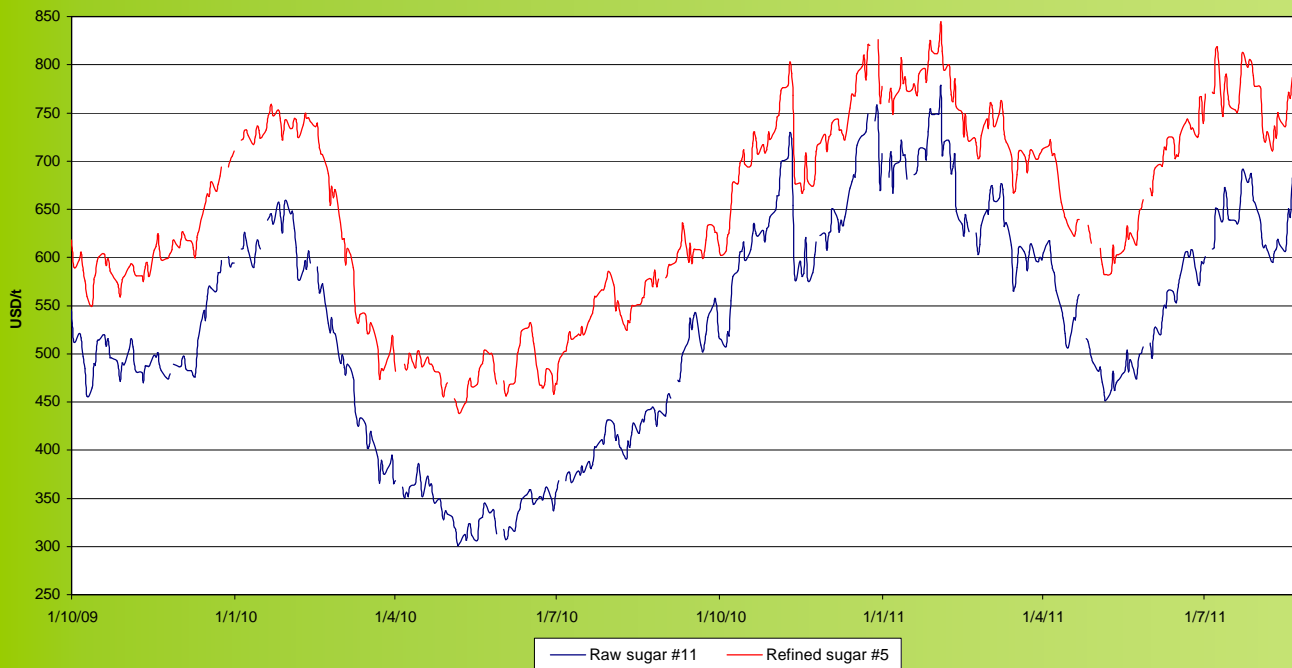
SUGAR #11 and #5 - Prices

Settling date	Previous week	Current week	Difference
Refined sugar price - London Euronext (USD/t)			
Oct 11	732.8	761.6	28.8
Dec 11	689.5	719.1	29.6
Mar 12	676.1	706.3	30.2
May 12	655.0	686.8	31.8
Raw sugar - ICE #11 (USD/t)			
Oct 11	608.5	639.7	31.2
Mar 12	583.7	610.8	27.1
May 12	554.9	582.6	27.7
Jul 12	534.4	560.0	25.6
Raw sugar - ICE #11 (cts/lb)			
Oct 11	27.60	29.02	1.42
Mar 12	26.48	28.10	1.63
May 12	25.17	26.71	1.54
White premium (USD/t)			
Oct/Oct	124.2	121.9	-2.4

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



Sugar Prices #11 and #5 since october 2009

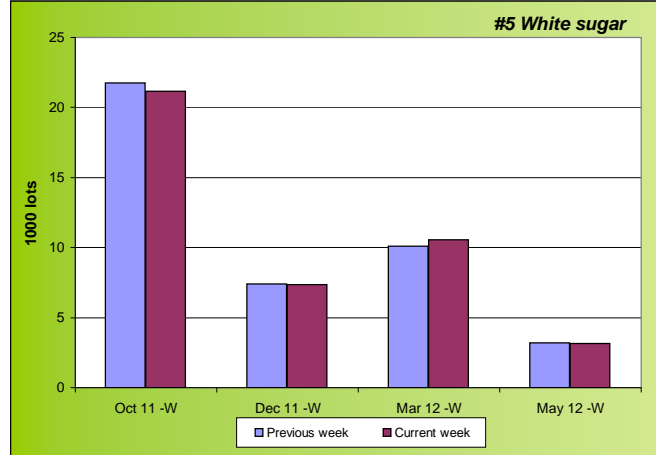
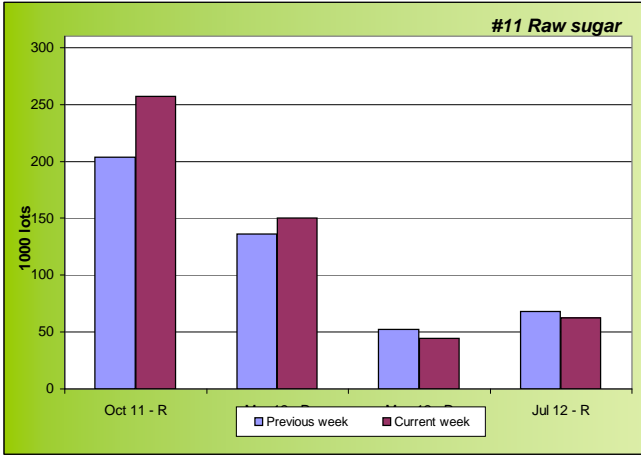




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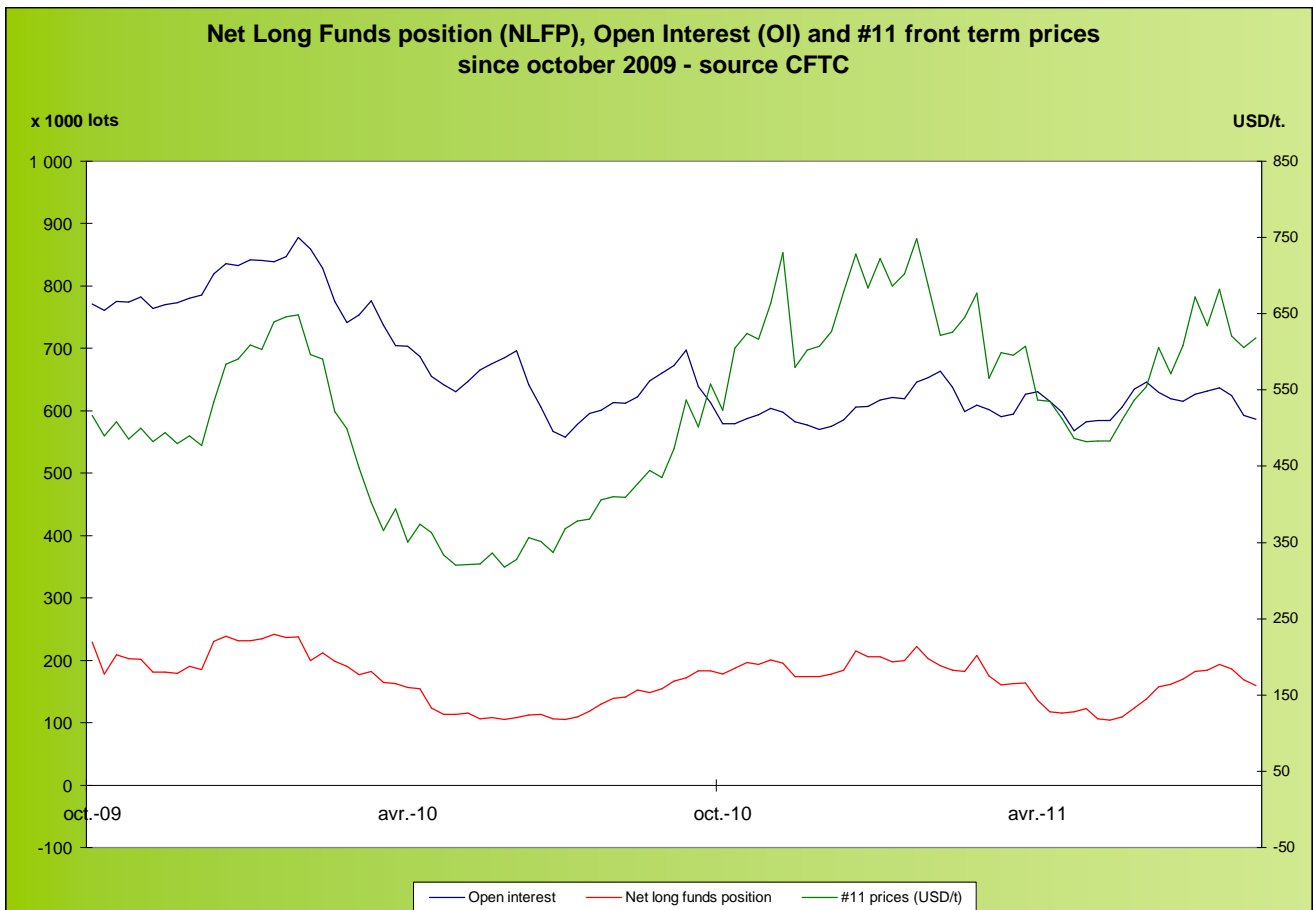
SUGAR #11 & #5 - Open interest + Funds positions

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	204	257	53.63	26%
Mar 12 - R	136	150	14.30	11%
May 12 - R	52	44	-7.76	-15%
Jul 12 - R	68	62	-5.47	-8%
Total	591	586	-4.39	-1%

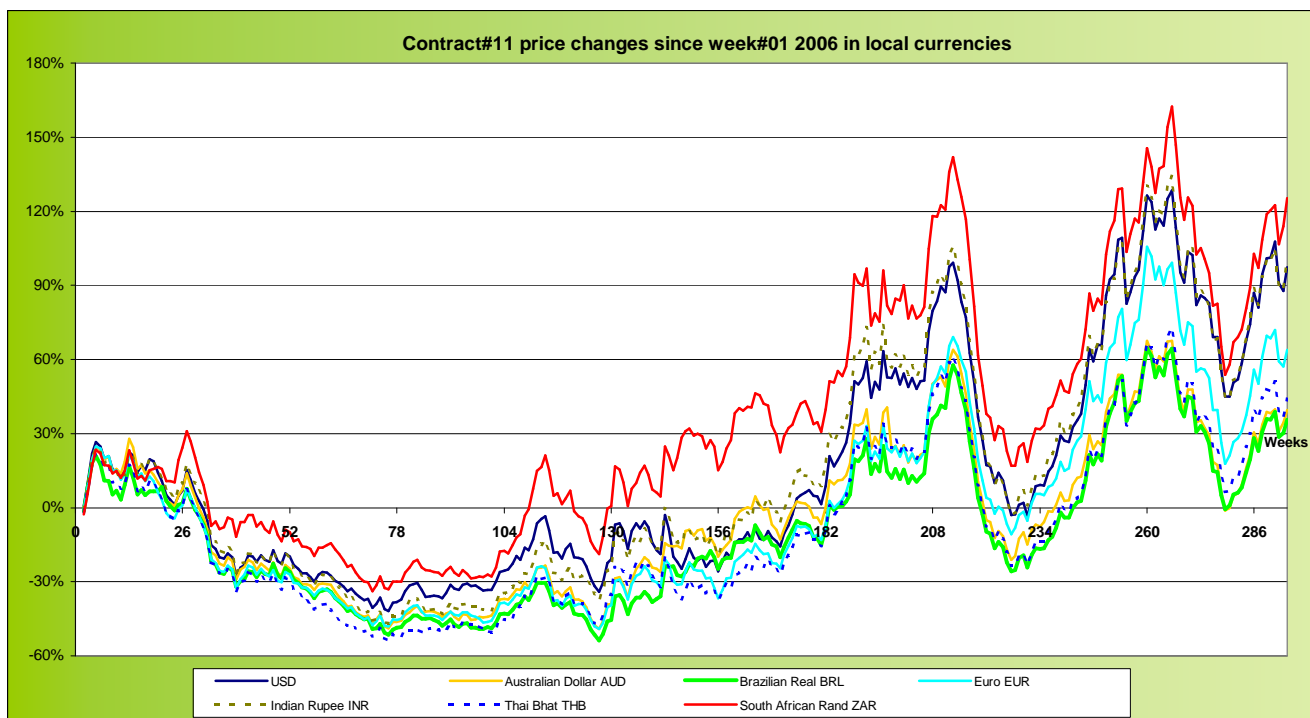
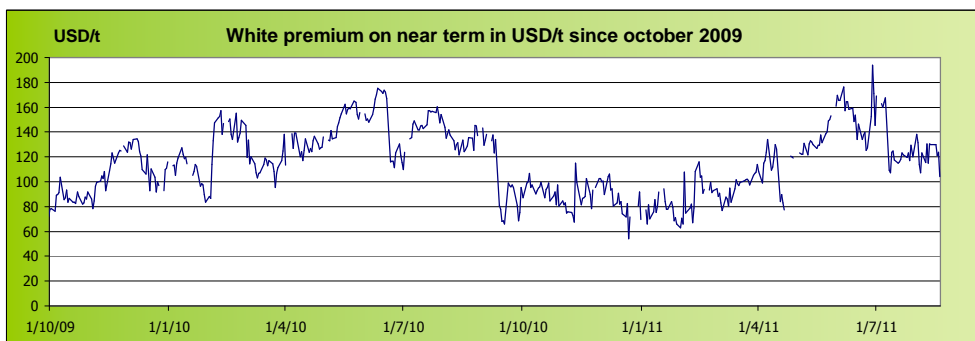
#5 Average weekly open interest				
(1000 lots)	Week n-1	Week n	Diff (lots)	Diff (%)
Oct 11 -W	21.7	21.2	-0.6	-3%
Dec 11 -W	7.4	7.4	0.0	-1%
Mar 12 -W	10.1	10.5	0.4	4%
May 12 -W	3.2	3.1	0.0	-1%
Total	46	46	0.0	0%





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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

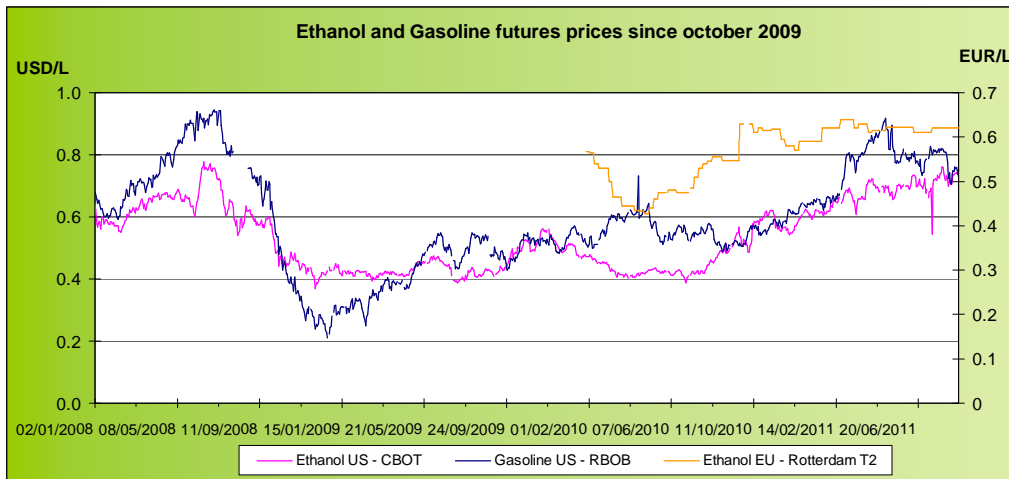
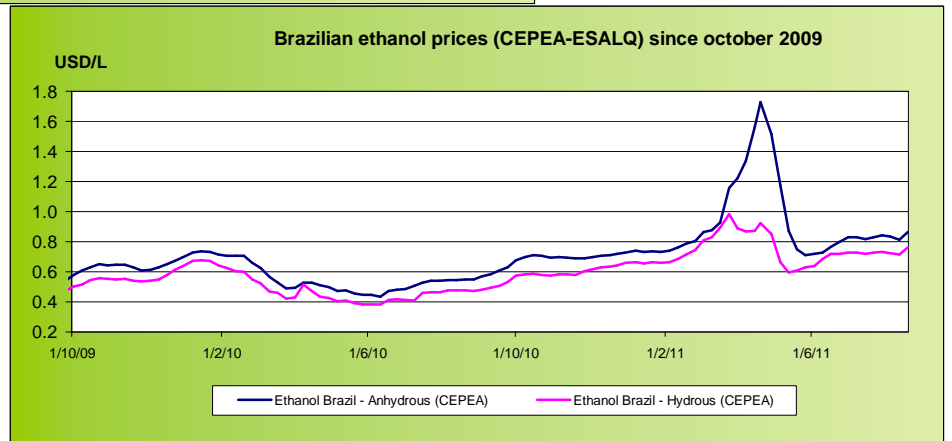
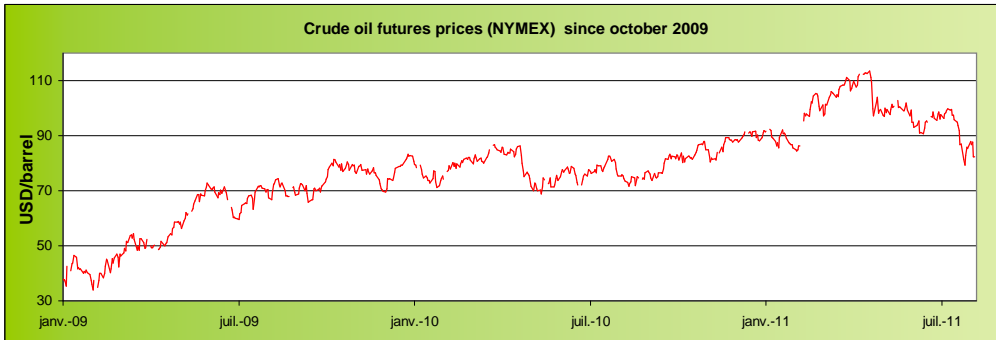
Currencies	Sugar prices in currency	Sugar prices in currency	Difference from previous week	Difference from previous week	Difference from week#1 2006
	Past week	Current week	In currency	In %	In %
USD	608.5	639.7	31.2	5.1%	97.4%
Australian Dollar AUD	589.9	613.2	23.2	3.9%	39.6%
Brazilian Real BRL	979.9	1021.0	41.0	4.2%	35.8%
Chinese Yuan CNY	3892.6	4072.2	179.6	4.6%	55.8%
Euro EUR	426.7	445.3	18.6	4.4%	63.9%
Indian Rupee INR	27462.5	29070.4	1607.9	5.9%	100.1%
Mexican Peso MXN	7445.6	7840.8	395.2	5.3%	128.1%
Russian Rouble RUB	17699.7	18441.9	742.2	4.2%	98.2%
Thai Bhat THB	18066.8	18992.0	925.3	5.1%	44.0%
South African Rand ZAR	4332.8	4564.9	232.1	5.4%	125.3%

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
Products	Past week	Current week	In USD	In %	In %
Ethanol CBOT (USD/l)	0.7197	0.7413	0.0215	2.99%	31.2%
Ethanol CBOT (USD/gal)	2.7206	2.8020	0.0814		
Oil (USD/barrel)	82.92	85.35	2.43	2.93%	34.0%
Gazoline RBOB (USD/l)	0.7297	0.7525	0.023	3.13%	164.0%
Sugar #11 (USD/t)	608.52	639.74	31.2	5.13%	97.4%
Products	Past week	Current week	In USD	In %	In %
Ethanol CEPEA (USD/l) - Anhydrous	0.8144	0.8655	0.0511	6.27%	84.1%
Ethanol CEPEA (USD/l) - Hydrous	0.7145	0.7598	0.0453	6.34%	69.3%
Products	Past week (€/l)	Current week (€/l)	In €	In %	In %
Ethanol EU - Rotterdam T2	0,62	0,62	0	0,00	



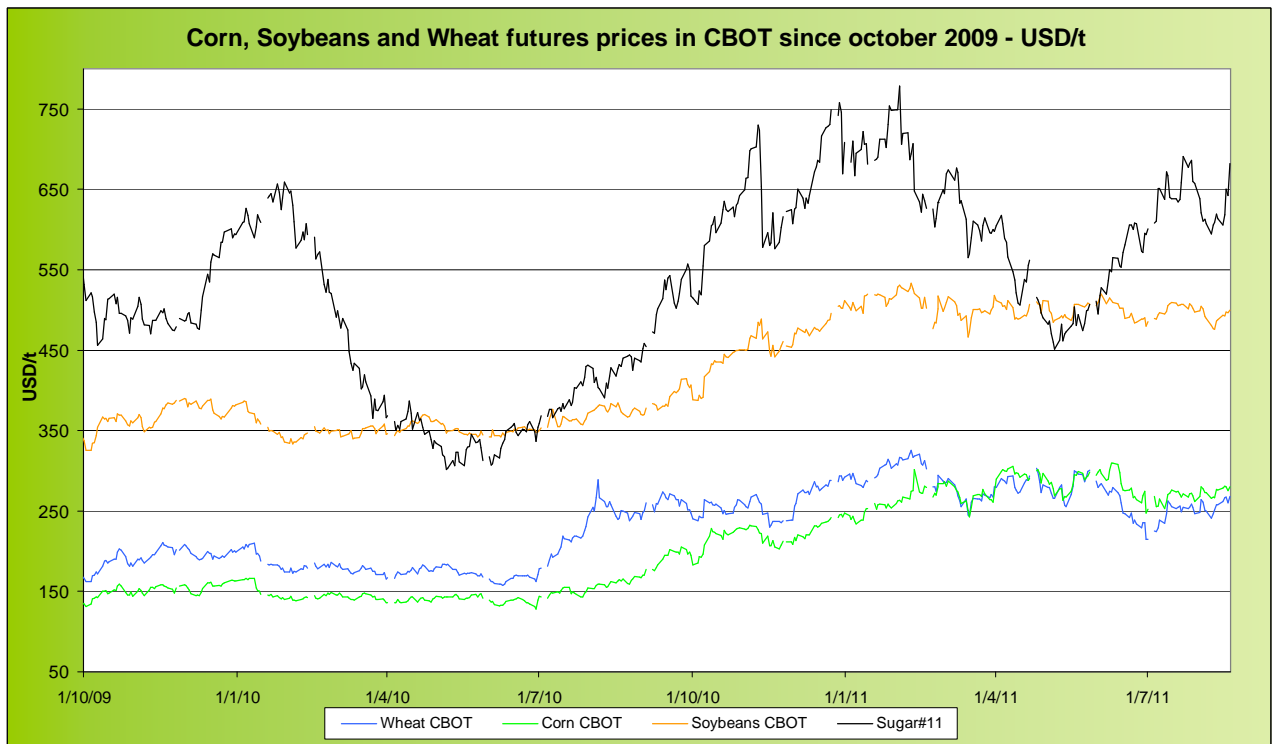
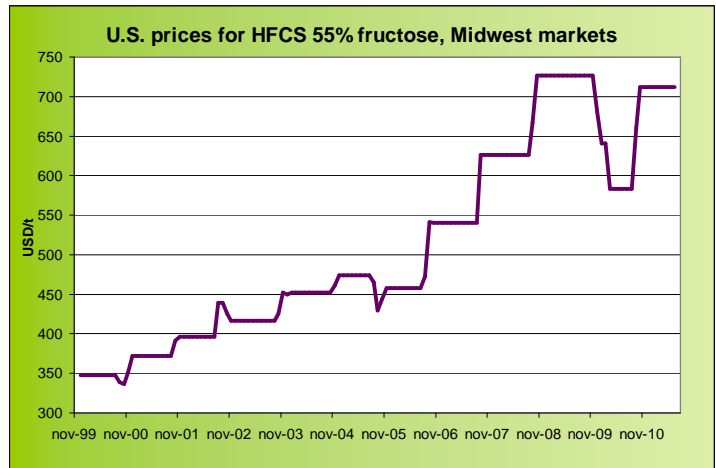
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GRAINS MARKETS - Corn, Soybeans, Wheat and HFCS

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

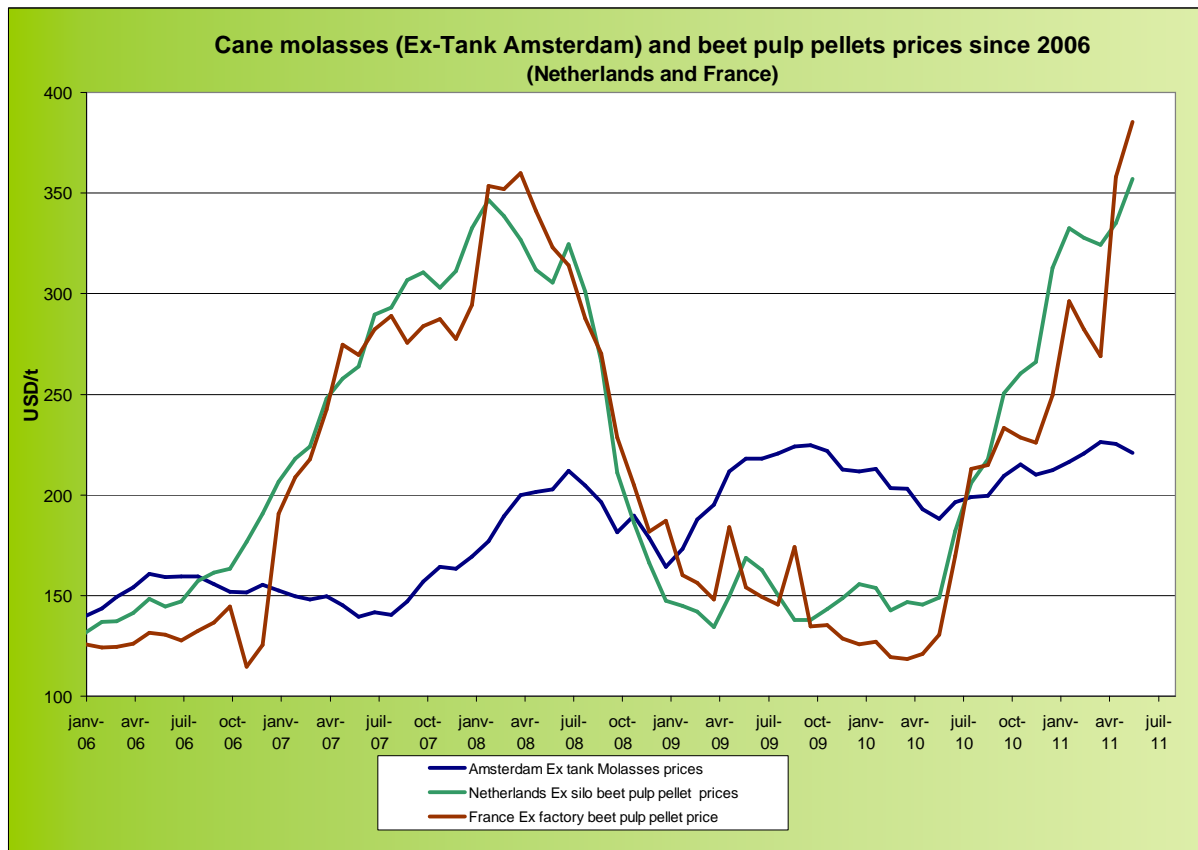


Corn, soybeans and wheat prices, changes from the past week and from the week#01 2006 in USD/t and in percentage

Products		Front term	Front term	Difference	Difference	Diff week#1
		Past week	Current week	In USD	In %	2006
Corn (CBOT)	USD/t	270.50	278.94	8.44	3.1%	228.4%
	cts/bsl	687.08	708.52	21.44		
Soybeans (CBOT)	USD/t	481.69	495.89	14.20	2.9%	118.3%
	cts/bsl	1311.08	1349.72	38.64		
Wheat (CBOT)	USD/t	251.05	264.72	13.67	5.4%	112.4%
	cts/bsl	683.32	720.52	37.20		



BY-PRODUCTS - Molasses and Beet Pulp

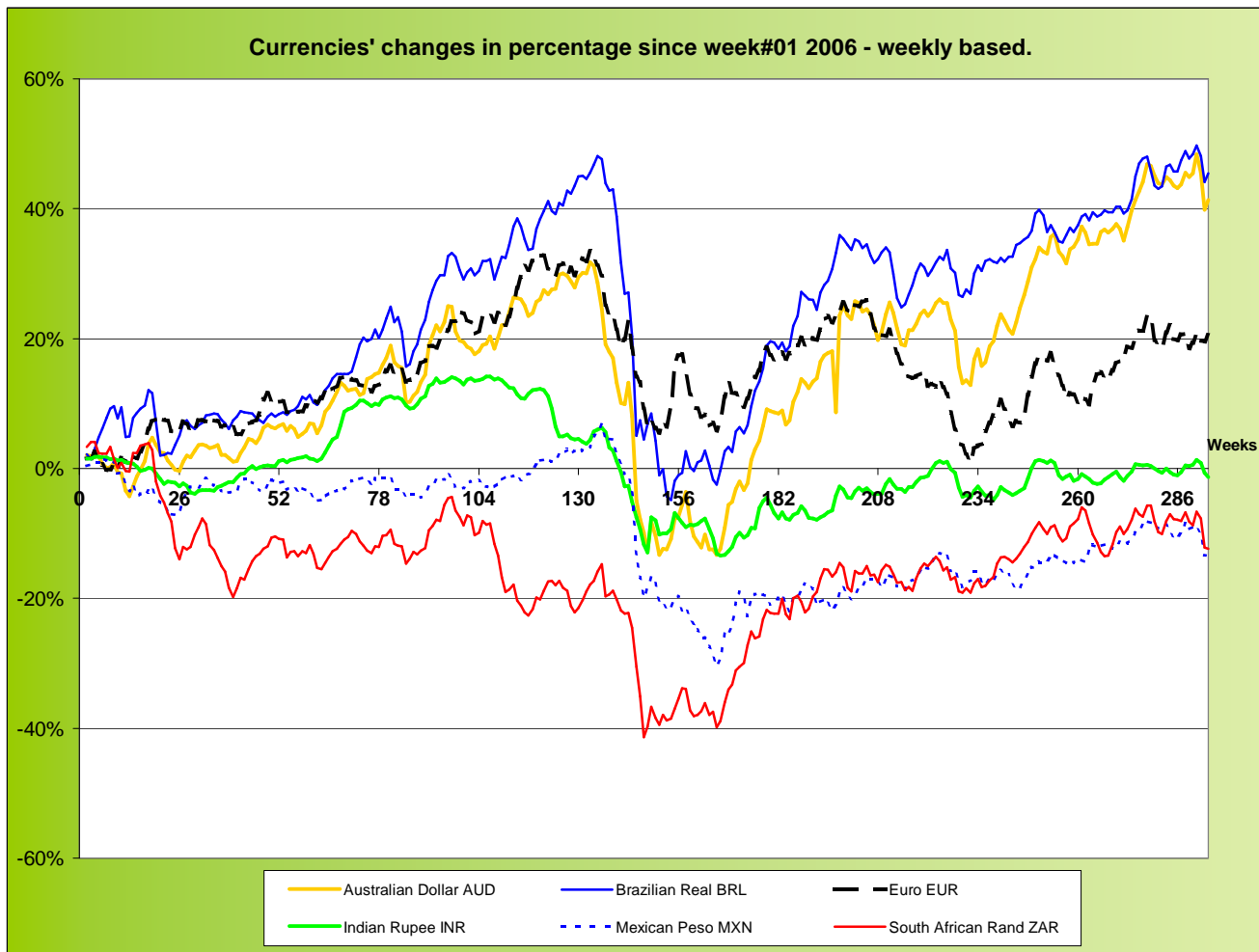


Molasses and beet pulp pellets prices and changes between three and two months before and from month#01 2006

		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 %
<i>Amsterdam Ex tank Cane Molasses</i>	<i>USD/t</i>	225.23	220.91	-4.31	-1.9%	58.1%
	<i>EUR/t</i>	156.00	153.60	-2.40	-1.5%	32.9%
<i>Netherlands Beet Pulp Pellets</i>	<i>USD/t</i>	334.95	357.18	22.23	6.6%	171.9%
	<i>EUR/t</i>	232.00	248.35	16.35	7.0%	128.6%
<i>Products</i>		Month -3	Month -2	In USD and €	In %	In %
<i>France Beet Pulp Pellets</i>	<i>USD/t</i>	358.05	385.45	27.39	7.7%	206.5%
	<i>EUR/t</i>	248.00	268.00	20.00	8.1%	157.7%



EXCHANGE RATES

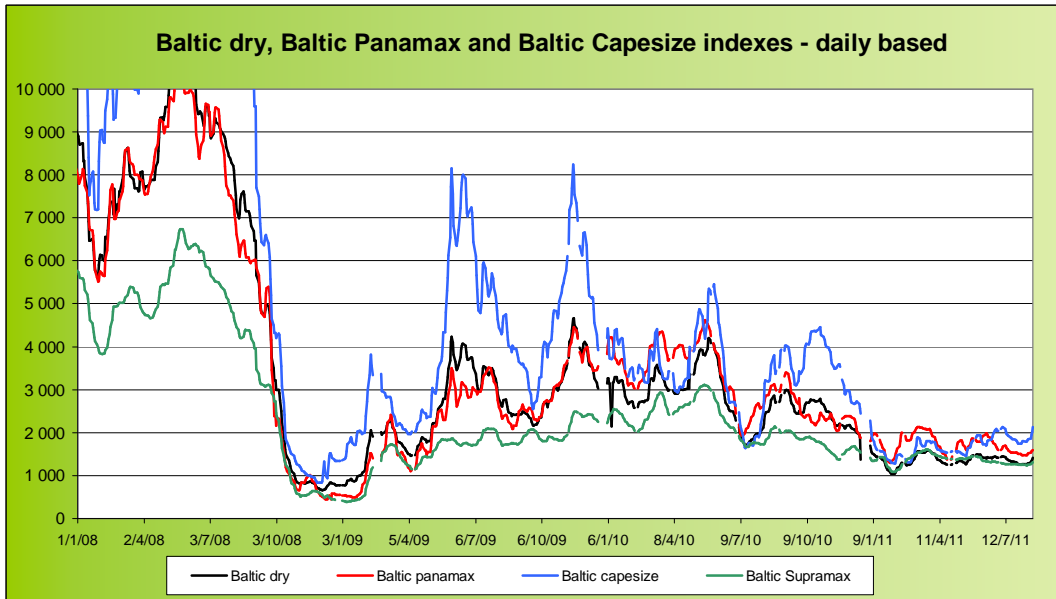


**Currencies' changes from the past week and from the week#01 2006
in USD and in percentage**

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>	1.0315	1.0433	0.01184	1.1%	41.4%
<i>Brazilian Real BRL</i>	0.6210	0.6266	0.00561	0.9%	45.4%
<i>Chinese Yuan CNY</i>	0.1563	0.1571	0.00077	0.5%	26.7%
<i>Euro EUR</i>	1.4260	1.4366	0.01051	0.7%	20.5%
<i>Indian Rupee INR</i>	0.0222	0.0220	-0.00015	-0.7%	-1.3%
<i>Mexican Peso MXN</i>	0.0817	0.0816	-0.00014	-0.2%	-13.4%
<i>Russian Rouble RUB</i>	0.0344	0.0347	0.00031	0.9%	-0.4%
<i>Thai Bhat THB</i>	0.0337	0.0337	0.00000	0.0%	37.1%
<i>South African Rand ZAR</i>	0.1404	0.1401	-0.00030	-0.2%	-12.4%

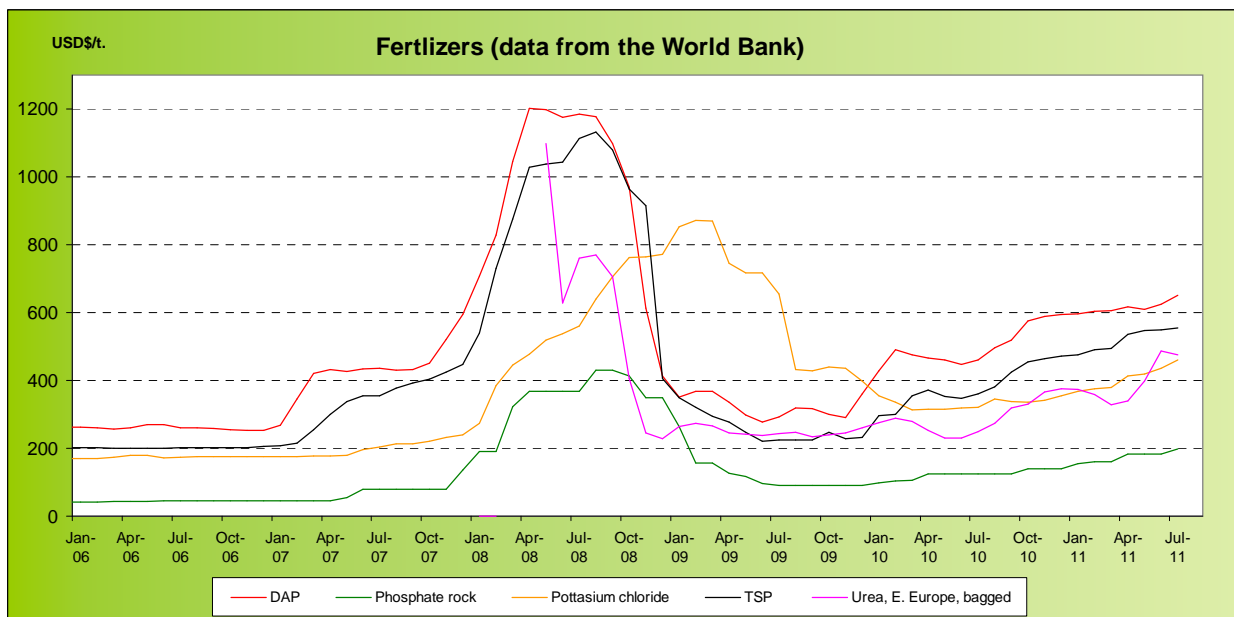


FREIGHT - Baltic Indexes



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 %
Baltic dry	1270.0	1358.8	88.8	7.0%	-71.9%
Baltic Supramax	1247.8	1290.8	43.0	3.4%	-56.8%
Baltic panamax	1490.4	1572.8	82.3	5.5%	-63.7%
Baltic capesize	1814.6	1990.0	175.4	9.7%	-67.6%



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)



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MARKET OVERVIEW - The Grower Dashboard

Comparison of futures prices for sugar, ethanol, crude oil, grains in USD and in %

	Commodity	Commodity	Difference from previous week	Difference from previous week	Difference from week#1 2006	
						Porducts
Sugar (#11)	USD/t	608.52	639.74	31.22	5.1%	97.4%
	Cts/lb	27.60	29.02	1.42		
Sugar #5	USD/t	732.76	761.60	28.84	3.9%	115.8%
Corn (CBOT)	USD/t	270.50	278.94	8.44	3.1%	228.4%
	cts/bsl	687.08	708.52	21.44		
Soybeans (CBOT)	USD/t	481.69	495.89	14.20	2.9%	118.3%
	cts/bsl	1311.08	1349.72	38.64		
Wheat (CBOT)	USD/t	251.05	264.72	13.67	5.4%	112.4%
	cts/bsl	683.32	720.52	37.20		
Ethanol	EU (€/l)	0.58	0.58	0.00	0.0%	
	US (USD/l)	0.7197	0.7413	0.02	3.0%	31.2%
	Brazil (USD/l) Anhydrous	0.8144	0.8655	0.05	6.3%	84.1%
Crude oil	USD/barrel	82.92	85.35	2.43	2.9%	34.0%
Freight supramax	Index	1247.80	1290.75	42.95	3.4%	-56.8%

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

World sugar balance 2010/11 : FO Licht published its third estimate of world sugar balance 2010/11 on July 25. Production is estimated at 167,4 Mt while consumption is forecast at 160 Mt. Consequently, ending stocks (60,5 Mt) are higher than opening stocks (57,3 Mt) representing around 37,8 % of 2010/11 world consumption.

World sugar balance 2011/12 : The ISO has increased its estimate of 2011/12 world surplus to 4 Mt from an earlier projection in excess of 3 Mt. According to Reuters citing Dr Peter Baron, the benchmark New York raw sugar future may trade in a range of 23-28 cts/lb over the next 8 to 12 months.

Australia : A third of Australia's 2011 sugarcane crush was complete as of August 11 as fine weather prevailed across most of the cane areas during the past fortnight and allowed smooth crushing, the Australian Sugar Milling Council said. More than 2.5 mln tonnes of cane was crushed in the latest two week period, taking the total crush to more than 10 mln tonnes. Sugar content on a state average basis rose above 13 units of CCS last week for the first time this season although standover cane continues to suppress the averages in some regions, the council said. It added that harvesting of cyclone ravaged crops in the Far Northern areas continues to pose a challenge with many harvesters having to cover large areas of cane fields to fill their daily consignment of bins from mills. Assisted by favourable weather conditions, all regions continue to report that planting activities for next year's crop are looking better than they have for many years, it added.

Brazil : Canaplan sees 2011/12 Centre/South sugar production to reach between 28 and 28,35 Mt, tel quel, down from 33,5 Mt in 2010/11. Ethanol production could reach no more than 19,39 to 19,62 bln litres down from 25,38 bln litres in 2010/11. The high degree of flowering of the cane has apparently caused a major decrease in the yield per ha which is forecast at 68 tons/ha against 84,1 tons/ha in 2010/11.

China : According to China customs statistics, the country imported 260 000 tons of sugar in July compared with 110 000 tons in June. This brought cumulative imports in the first seven months of 2011 (Jan/Jul) to 780 000 tons, approximately 9% more than a year earlier. The country may produce 11.5 mln tonnes of sugar, white value, in the upcoming 2011/12 (Oct/Sep) season, an increase of 1 mln tonnes from the current year, China Sugar Association Vice President Ma Zhangping said. Better weather conditions and a slight increase in acreage will boost output, he added. Imports will however continue to rise as the increased domestic output will not be sufficient to cover domestic consumption. He pegged the deficit at 2-3 mln tonnes in the next marketing year.

EU : the different beet test conducted in August look promising in a majority of the 18 Member States producing sugar. The production level for 2011/12 could be in line with 2009/10 production figures but there are still some further information required to correctly assess what will be the real 2011/12 production level.



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NEWS IN BRIEF

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

India : On August 10, the rains have been 4% below normal since the monsoon season started on June 1 which constitutes the lower end of a range that is seen as "normal".

On August 12, the Empowered Group of Ministers (EGoM), headed by Finance Minister Pranab Mukherjee, had decided to allow exports of an additional 500 000 tons of sugar under OGL scheme in view of production higher than domestic demand. This brought cumulative exports under OGL to 1,5 Mt for 2010/11 together with 1,1 Mt exported through ALS scheme in 2010/11.

The country's top sugar producing state of Maharashtra is expected to produce 9.3 mln tonnes of sugar, white value, in the upcoming 2011/12 (Oct/Sep) season, based on cane availability of 82.5 mln tonnes and a recovery rate of 11.3%, according to the state's sugar commissioner Vijai Singhal. This would be only a very modest increase of 2.5% on the year with production in 2010/11 pegged at 9.07 mln tonnes.

Indonesia : According to the Indonesian Sugar Association, increased production and cheaper costs will enable India to become a leading sugar exporter to Indonesia next year. It was added that Indian sugar was close to Indonesian quality for plantation white sugar and that it will therefore be among the main suppliers for Indonesia, together with Thailand. It was also mentioned that India is competitive in terms of freight, while Brazilian and Australian freight costs are almost double those of Thailand. Indonesia currently imports 60% of its sugar from Thailand, 20% from Brazil and 10% from Australia, he said.

Mauritius : The country has revised down its 2011 sugar production forecast to 390 000 tons, *tel quel*, against 452 500 tons produced in 2010. Sugarcane plants have apparently not fully recovered from a dry period which lasted up to last December 2010.

Mexico : According to Agriculture Ministry, the country exported 1.32 mln tonnes of sugar, *tel quel*, in the first ten months of 2010/11 (Oct/Sep), up sharply from 423,556 in the same ten-month period last season. Almost all of the exports went to the US. Sugar officials have said Mexico's exports may approach a historic record of 1.5 mln tonnes by the end of the season. Meanwhile, sugar consumption in Mexico between October and July has dropped 14% to 3.33 mln tonnes from the same period in 2009/10. Mexico's demand for sugar has been replaced by demand for high fructose corn syrup (HFCS), whose consumption rose to 1.34 mln tonnes from 1.17 mln during the same period a year ago.

The National Cane Workers Union slightly increased its outlook for the upcoming sugarcane harvest, saying better weather has helped offset damage from drought earlier in the year. The union now sees the country producing around 5 mln tonnes of sugar, *tel quel*, up from a range of 4.8-4.9 mln estimated earlier and compared with 5.18 mln tonnes produced in 2010/11.

Russia : On August 18, 18 sugar factories have processed 592 500 tons of sugar beet (583 400 tons in 2010/11) giving an extraction rate of 10,1 % (11% in 2010/11). The area sown to beet amounted to 1,176 Mha this year and sugar beet harvest is estimated at 34 Mt while sugar output could reach 4-4,5 Mt against 2,7 Mt last year.

South Africa : The country is estimated to produce 1.932 mln tonnes of sugar in 2011/12, up fractionally from a previous forecast of 1.923 mln, the South African Sugar Association (SASA) said. It now expects the sugarcane crush to reach 16.982 mln tonnes compared with 16.537 mln previously. The country produced a dismal 1.909 mln tonnes of sugar in 2010/11 while the cane crush reached 16.016 mln.

Thailand : According to the Thai Sugar Millers, the 2011/12 sugarcane crop could reach 100 Mt. If extraction rates were similar to last year, it would result in a sugar production of around 10,5 Mt compared with 10 Mt in 2010/11. In order to process the bigger cane crop, the milling industry plans to start crushing in early November, around two weeks earlier than usual.

Uganda : The country has halted the export of sugar to the European Union and regional African markets as it seeks to ease a severe sugar shortage. The drought and a temporary closure of the country's second-largest sugar producer have caused shortages of the sweetener in the east African nation, and prices have doubled over the last two months. The country became eligible to ship sugar under the European Union's Everything but Arms (EBA) initiative in April 2011.

Ukraine : Favourable weather conditions could lift beet yields in Ukraine's upcoming harvest to 33.0 tonnes per ha from 27.9 a year ago, the agro-meteorology department at the national weather centre said. This could lead to a beet crop of 18 mln tonnes, up from 13.7 mln a year ago. The forecast is a little bit more optimistic than the a projection of the National Sugar Producers Association (Ukrtsukor) in June, which forecast sugar output of 2.1 mln tonnes based on a beet crop of 17.0-17.5 mln tonnes.

USA : The US Department of Agriculture (USDA), cut its sugar production outlook for the upcoming 2011/12 (Oct/Sep) harvest to 8.110 mln short tons, raw value, from a previous 8.190 mln in its August WASDE report. This would still be up slightly from 7.946 mln tons produced in 2010/11. The beet sugar production outlook was cut by 50,000 tons to 4.75 mln and cane sugar production was lowered by 30,000 tons to 3.36 mln. Industry sources pointed out that poor growing conditions in beet areas may lead to beet sugar output of only around 4.5 mln tons, while there may also be further cuts to cane sugar production and that final production could end up below last year's level. USDA also reduced its import projection for 2011/12 to 2.962 mln tons from 3.072 mln previously on reduced availability from Mexico. Imports from the neighbouring country are now seen at only 1.218 mln tons next season compared with 1.453 mln in the July projection and as much as 1.624 mln in 2010/11.