



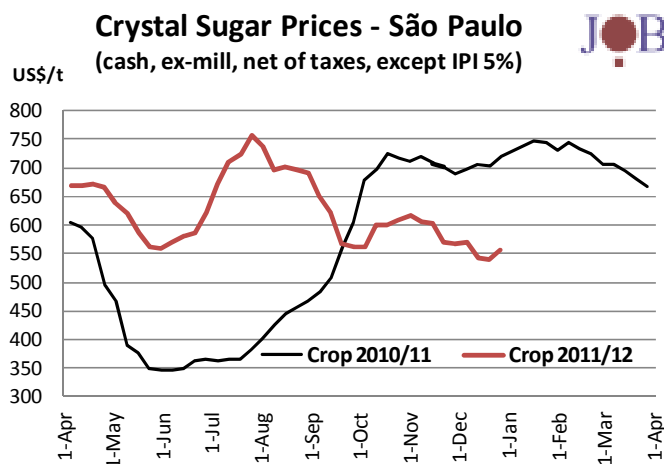
**1 - Domestic sugar market:**

**Period: January 12<sup>th</sup>, 2012 and January 13<sup>th</sup>, 2012**

Exchange rate	Present
R\$/US\$	1.81
Sugar (50kg bags)	Average Price (US\$/t)
São Paulo (SP) - JOB Economia Index (1) (up to ICUMSA 250)	555
São Paulo (SP) - CEPEA/Esalq Index (2) (up to ICUMSA 180)	578
Center-South - JOB Economia Index (1)	546
Northeast - JOB Economia Index (3)	457
Packed White Crystal Sugar	Price (US\$/t) (1)
Center-South - JOB Economia Index (1)	609
Northeast - JOB Economia Index (3)	553

(1) Wholesale price (cash; ex-mill; IPI included in some cases; net of other taxes) - (2) Wholesale price (cash; ex-mill; net of taxes).  
 (3) Wholesale price (cash; ex-mill; IPI included ; net of other taxes)

The cost of working capital used for discounting sales was 2.5% a month.



**Center-South:**

- Liquidity was reduced. We saw greater supply in the State of Goiás, which has been making interstate transfers. There is very little demand from buyers.
- We have been seeing offers in the market to sell early, for delivery in June/2012. The prices being offered are at a discount of between 32% and 35% on the current price in the region.



**2 - Domestic ethanol market:**

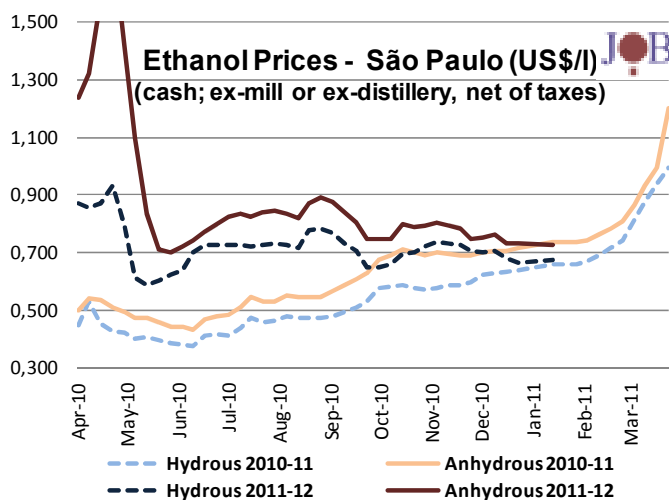
**Period: January 12<sup>th</sup>, 2012 and January 13<sup>th</sup>, 2012**

Hydrous Ethanol	Average Price (US\$/l) (1)
São Paulo (SP) - JOB Economia Index	<b>0.676</b>
Center-South - JOB Economia Index	<b>0.666</b>
<a href="#">Northeast - JOB Economia Index</a>	<b>0.557</b>
Anhydrous Ethanol	Average Price (US\$/l) (1)
São Paulo (SP) - JOB Economia Index	<b>0.728</b>
Center-South - JOB Economia Index	<b>0.729</b>
<a href="#">Northeast - JOB Economia Index</a>	<b>0.679</b>

(1) Wholesale price (cash; ex-distillery; net of taxes).

(2) Exchange rate: R\$ 1.81 US\$

The cost of working capital used for discounting sales was 2.5% a month.



**Center-South:**

- Demand for products is still sluggish. In the case of hydrous alcohol, prices “attempted” a recovery last week, despite the fact that compared with gasoline the product is not at all attractive.



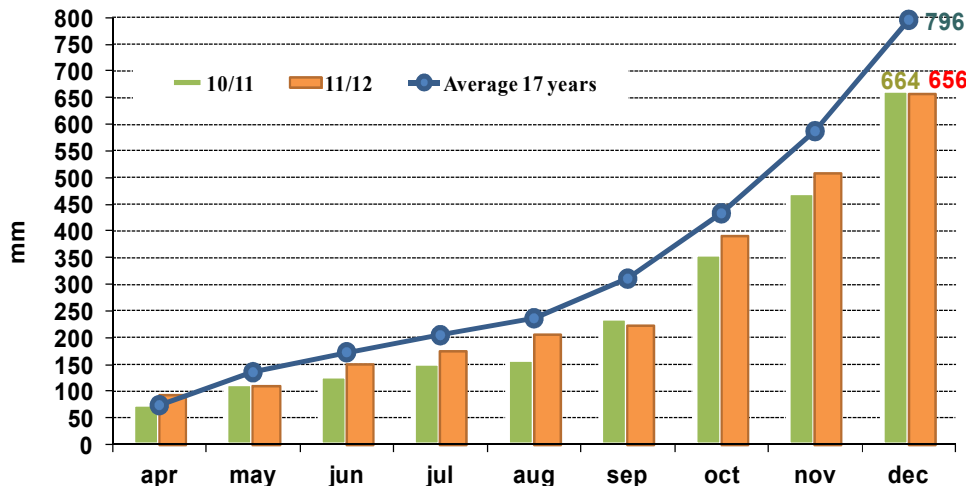
**3 - Sugarcane price:**

Based on last week's average prices - spot market in the Center-South region, (ascertained through the JOB Research - Sugar and Alcohol) the forecasted price of sugarcane varies between US\$34.3/tc and US\$ 43.1/tc (net of taxes, 137 kg TRS/tc), for hydrous ethanol and sugar, respectively. TRS means "total recoverable sugars".

In December/11 the average price was US\$0.278/kg of TRS, which means sugar cane close to US\$ 38.1/tc.

**4 - Weather and crop performance:**

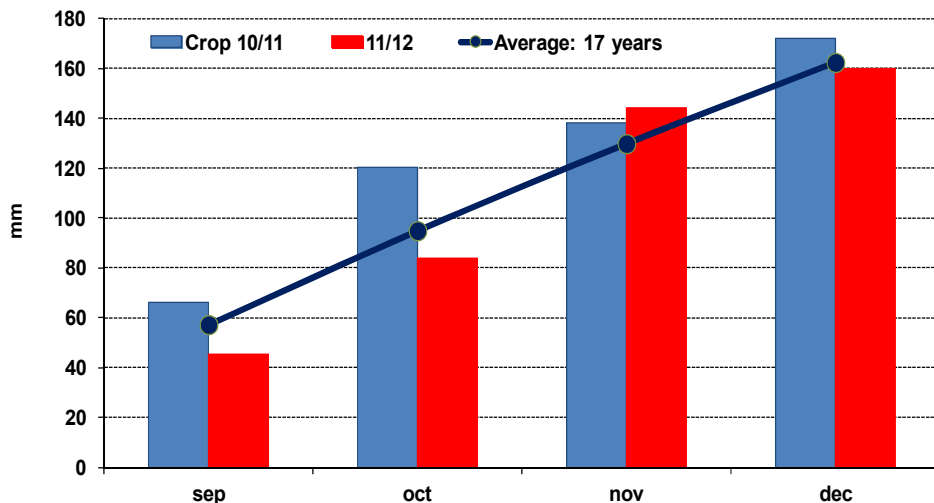
**ACCUMULATED RAINFALL IN THE SUGARCANE AREA - Center-South region - Brazil**



The accumulated rainfall in the current crop period, between April/2011 and December/2011, is similar to the rainfall pattern in the 2010/11 crop, in other words, 17.6% lower than the historic average for the last 17 years.

In the first two-week period of January/2012 rainfall in the Center-South region has been above the average. The State of São Paulo, the biggest producing region, had rainfall in this period that was close to average.

**ACCUMULATED RAINFALL IN THE SUGARCANE AREA - NORTHEAST REGION - Brazil**



In December/2011 less rain fell in the Northeast region than the historic average.

In the accumulated figures for the crop period the rainfall is favorable overall for farming and without harming current harvesting progress in any way.



## BRAZIL: SUGAR AND ALCOHOL MARKETS

São Paulo, January 17<sup>th</sup>, 2011



Informação e Resultado

Harvesting has practically ended in the Center-South region. Last week UNICA published the numbers for December/2011 (as can be seen in the table below). Just 7 units are still operating in January/2012, according to the entity.

The Ministry of Agriculture (MAPA) disclosed its position as at 12/15/11. From the figures from the Ministry the crop is close to 500 million tons, a number that is in line with the JOB Economia forecast of 502 million tons.

Center South Region	Crop performance - UNICA			Crop performance - MAPA		
	2010/11 crop	2011/12 crop	Var.	2010/11 crop	2011/12 crop	Var.
	Jan, 1 <sup>st</sup> 2011	Jan, 1 <sup>st</sup> 2012	%	Dec, 15 <sup>th</sup> 2010	Dec, 15 <sup>th</sup> 2011	%
Cane (million t)	555.4	492.2	-11.4	554.7	496.8	-10.4
Sugar (million t)	33.5	31.2	-6.9	33.3	31.6	-5.1
Ethanol (billion l)	25.3	20.6	-18.7	25.3	20.6	-18.5
Anhydrous Ethanol (billion l)	7.4	7.9	6.6	7.0	7.6	7.5
Hydrous Ethanol (billion l)	17.9	12.7	-29.2	18.3	13.1	-28.5
TRS (Kg) / tc	140.6	137.7	-2.1	140.9	137.3	-2.6
TRS (million t)	78.1	67.8	-13.2	78.2	68.2	-12.7
TRS - sugar / total	44.9%	48.2%	-	44.6%	48.5%	-
Relation Ethanol/Sugar (l/kg)	0.76	0.66	-	0.76	0.65	-
Relation Anhydrous/total ethanol	29.3%	38.4%	-	27.8%	36.7%	-

The table below shows the progress of harvesting in the North-Northeast region as at 12/15, according to information published by the Ministry of Agriculture (MAPA) and a comparison between our forecast for the northeastern crop and what happened in the last crop period. Harvesting progress in the region has been good so far.

North-Notheast Region	Crop performance - MAPA			JOB Economia		
	2010/11 crop	2011/12 crop	Var.	2010/11	2011/12	Var.
	Dec 15 <sup>th</sup> , 2010	Dec 15 <sup>th</sup> , 2011	%	crop	crop forecast	%
Cane (million t)	35.694	38.256	7.2	63.5	67.0	5.6
Sugar (million t)	2.454	2.538	3.4	4.5	4.8	6.5
Ethanol (billion l)	1.163	1.285	10.5	2.0	2.1	5.4
Anhydrous Ethanol (billion l)	0.565	0.735	30.0	0.9	1.2	31.9
Hydrous Ethanol (billion l)	0.598	0.550	-8.0	1.1	0.9	-16.8
Relation Ethanol/Sugar (l/kg)	0.47	0.51	-	0.44	0.44	-
Relation Anhydrous/Ethanol (%)	49%	57%	-	46%	57%	-
TRS (Kg) / tc	128.23	127.65	-0.5	128.43	129.3	0.7
TRS (million t)	4.58	4.88	6.7	8.15	8.66	6.3



**5 - Market and price perspectives in domestic market:**

**Sugar Futures Markets - (Average weekly prices: January 9<sup>th</sup>, 2012 - January 13<sup>th</sup>, 2012):**

	"Cash"	Mar/12	May/12	Jul-Aug/12	Oct/12
NY (c/lb)	24.22	23.49	23.06	22.79	23.12
NY (US\$/t)	534	518	508	502	510
London (US\$/t)	-	615	597	589	591
Premium(LO-NY)(US\$/t)	-	98	89	87	81
Crystal Sugar -domestic market - São Paulo - (US\$/t) <sup>(1)</sup>	555	-	-	-	-
Crystal Sugar - domestic market - NE - (US\$/t) <sup>(1)</sup>	457	-	-	-	-
Crystal Sugar - Exports - FOB Santos-Brazil (US\$/t)	644	-	-	-	-

(1) Average price - IPI included - net of other taxes - JOB Research - Sugar & Alcohol - EX MILL.

**Ethanol and Corn Futures Market - (Average weekly prices: Janeiro 9<sup>th</sup>, 2012 - Janeiro 13<sup>th</sup>, 2012):**

	"Cash"	Mar/12	May/12	Jul/12	Sep/12
Ethanol USA (US\$/gallon)	2.21	2.24	2.28	2.30	2.25
Ethanol USA (US\$/l)	0.585	0.591	0.601	0.608	0.594
Corn (US\$/bushel)	-	6.33	6.40	6.47	5.99
Hydrous BM&F-Bovespa (R\$/l) <sup>(2)</sup>	1.266	1.299	1.170	1.174	1.184
Hydrous BM&F-Bovespa (US\$/l) <sup>(2)</sup>	0.699	0.718	0.646	0.648	0.654
Anhydrous São Paulo (US\$/l) <sup>(1)</sup>	0.728	-	-	-	-
Anhydrous Northeast (US\$/l) <sup>(1)</sup>	0.679	-	-	-	-
Hydrous São Paulo (US\$/l) (Esalq)	0.676	-	-	-	-
Hydrous Northeast (US\$/l) <sup>(1)</sup>	0.557	-	-	-	-

(1) JOB Economia Index - cash, ex mill - net of taxes - Wednesday and Thursday average

(2) Price CIF Paulinia City - Sao Paulo State - net of taxes.