



BRAZIL: SUGAR AND ALCOHOL MARKETS

Julio Maria M. Borges (*)

São Paulo - March 23rd 2010.

1 - Domestic Sugar Market: Prices falling.

Period: 18th/March to 19th/March/2010

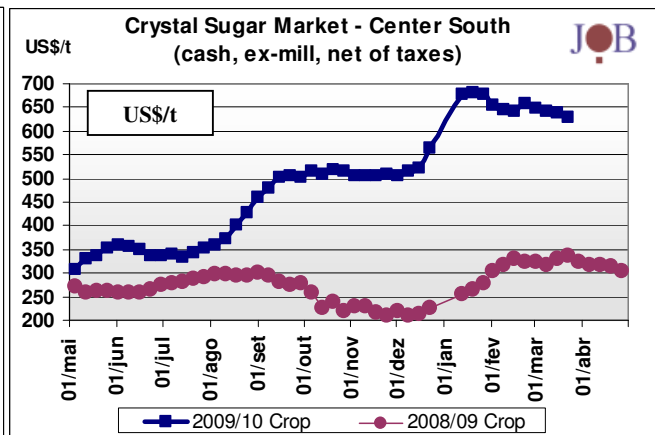
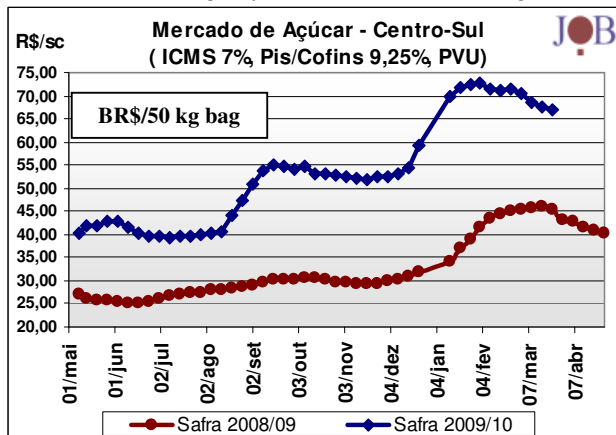
	Present	Variation (1 week)	Variation (2 weeks)
Exchange rate (R\$/US\$)	1.78	0.6%	-0.6%

Sugar 50kg bags	Price (US\$/t) (1)	Variation (1 week)	Variation (2 weeks)
Average – Center-South	629.5	-1.6%	-1.9%
Average – Northeast	576.1	-1.6%	-3.1%

Packed White Crystal Sugar	Price (US\$/t) (1)	Variation (1 week)	Variation (2 weeks)
Average – Center-South	701.1	-	-4.3%
Average – Northeast	637.3	-	-3.3%

(1) Wholesale price (cash; ex-mill or ex-packer; net of taxes)

The cost of working capital used for discounting sales was 2.2% a month.



Center-South:

Prices have continued falling in the Center-South region, albeit slowly, due to fact that there are relatively low stocks available for the cash market. The average price calculated by Esalq at the end of last week was US\$ 651.7/t. The difference in prices between our average and that of Esalq is partly explained by the color of the product. The Esalq index works with a color interval of between 130 and 180, while currently the market is frequently trading sugar at ICUMSA 200 - 250.

Falling international quotations are contributing to the downward movement in the domestic market, where there is no price support. Furthermore, the weather is favoring crushing, indicating good sugar production figures for the new harvest (2010-11); this is consequently reinforcing the downward atmosphere.

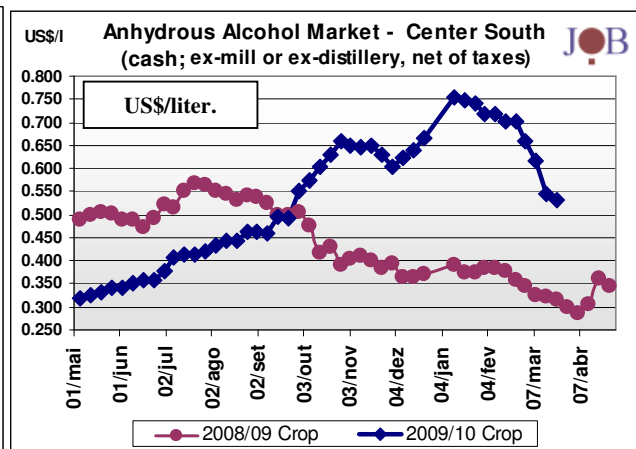
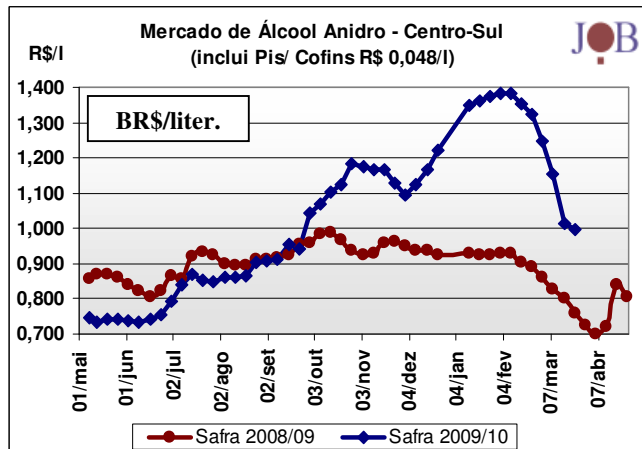
2 - Domestic Alcohol Market: The intensity of the price drop has reduced in the Center-South.

Period: 18th/March to 19th/March/2010

Hydrated Alcohol	Price (US\$/l) (1)	Variation (1 week)	Equivalent prices – US\$/barrel / US\$ gallon (2)
Average - Center-South	0.456	-0.6%	73.1 / 1.74
Northeast	0.510	-6.7%	81.3 / 1.94
Anhydrous Alcohol	Price (US\$/l) (1)	Variation (1 week)	Equivalent prices – US\$/barrel / US\$ gallon (2)
Average - Center-South	0.532	-2.6%	85.1 / 2.03
Northeast	0.549	-8.9%	87.9 / 2.09

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

(2) Exchange rate: R\$ 1.78 US\$



Center-South:

There was a slowdown in the sharp fall that had been occurring in the alcohol market. With this fall beginning to be passed on at the pumps demand for hydrous alcohol is beginning to recover. This recovery in consumption is likely to stimulate purchasing on the part of Sindicom, which had largely withdrawn from the cash market.

The 2010/11 harvest is advancing despite there still being few units in activity, while the weather has been contributing to the good progress being made in crushing.



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3 - International Market - Sugar, Alcohol and Oil:

	Present	Variation (1 week)
Exchange rate (R\$/US\$)	1.78	0.6%
	(Average: 15 th /Mar/2010 to 19 th /Mar/2010) (MAY/10) delivery)	
New York (¢/lb)	18.73	-7.0%
London (US\$/t)	529	-4.0%
Premium LO-NY (US\$/t)	116	8.3%
	(Average: 15 th /Mar/2010 to 19 th /Mar/2010) (APRIL/10)	
Crude Oil – WTI	81.5	-0.4%
Gasoline - NY	95.5 (2.27 US\$/gallon)	0%
Ethanol - CBOT	66.7 (1.59 US\$/gallon)	-2.2%
	Week Average-points (Average: 15 th /Mar/2010 to 19 th /Mar/2010)	
Dow Jones	10717	1.3%
Ibovespa	69444	0%

4 - 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\$ 21.9/tc and US\$ 46.6/tc (net of taxes, 131.0 kg TRS/tc), for hydrous alcohol and sugar, respectively. TRS means “total recoverable sugars”.

In the accumulated figures for the harvest the average price is US\$ 0.196/kg TRS, which means sugar cane close to US\$ 25.6/tc. In February/10 the price was US\$ 0.266/kg TRS, which means sugar cane close to US\$ 34.8/tc.

5 - Market and price perspectives in domestic market

Sugar Futures Markets - (Average weekly prices: 15th/March - 19th/March/10):

	“Cash”	May/10	Jul-Aug/10	Oct/10	Mar/11
NY (¢/lb)	19.30	18.73	18.21	17.82	17.70
NY (US\$/t)	425	413	401	393	390
London (US\$/t)	-	529	509	489	480
Premium(LO-NY)(US\$/t)	-	116	108	97	90

(1) Average price – JOB Research – Sugar & Alcohol - EX MILL



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Anhydrous Fuel Alcohol Futures Market - (Average weekly prices: 15th/March - 19th/March/10):

	"Cash"	May/10	Jul/10	Sep10	Dec/10
Ethanol USA (US\$/gallon)	-	1.59	1.63	1.64	1.68
Ethanol USA (US\$/l)	-	0.419	0.431	0.432	0.443
Corn (US\$/bushel)	-	3.71	3.82	3.91	4.00

(1) Average price – JOB Research – Sugar & Alcohol – EX MILL

The Brazilian exchange rate evolution

