INFORMAÇÃO & RESULTADO

BRAZIL: SUGAR AND ALCOHOL MARKETS

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São Paulo - November 16th 2009.

1- <u>Domestic Sugar Market</u>: the price bias is still downwards.

Period: 12th/November to 13th/November/09

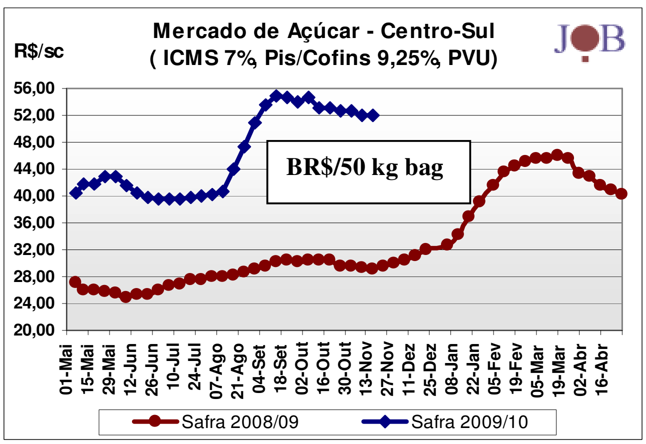
	Present	Variation (1 week)	Variation (2 weeks)
Exchange rate (R$/US$)	**1.72**	-0.6%	-1.1%

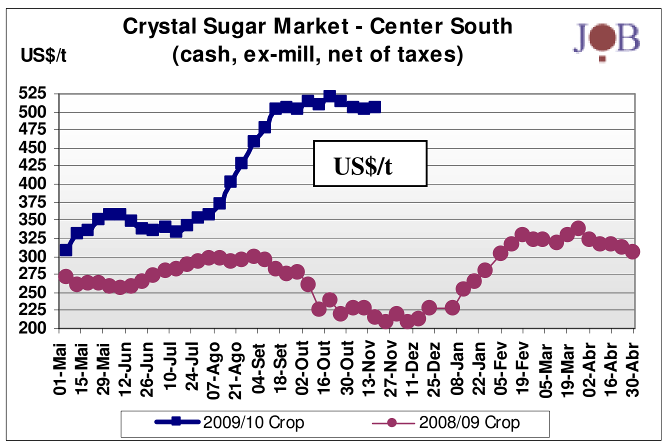
Sugar 50kg bags	Price (US$/t) (1)	Variation (1 week)	Variation (2 weeks)
Average – Center-South	**506.4**	0.4%	0%
Average – Northeast	**401.8**	**-0.4%**	**-3.6%**

Packed White Crystal Sugar	Price (US$/t) (1)	Variation (1 week)	Variation (2 weeks)
Average – Center-South	**579.4**	-	0.7%
Average – Northeast	**471.7**	**-**	**-4.2%**

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

The cost of working capital used for discounting sales was 3,0% a month.





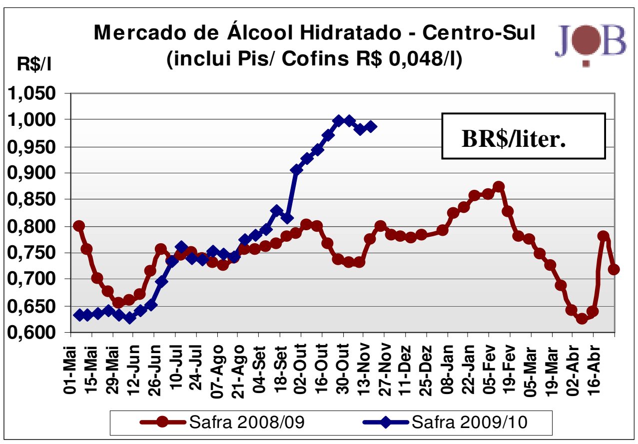
This was yet another week of relatively stable prices in the Center-South region, but with a downward bias prevailing in BR$ terms. Supply pressure on the part of some producing units and coming from wholesale selling are creating this price atmosphere in the market. The international sugar market has not been providing any support for prices domestically ad the exchange rate has remained at relatively low levels for exporters. This combination of circumstances explains what is currently happening in the market.

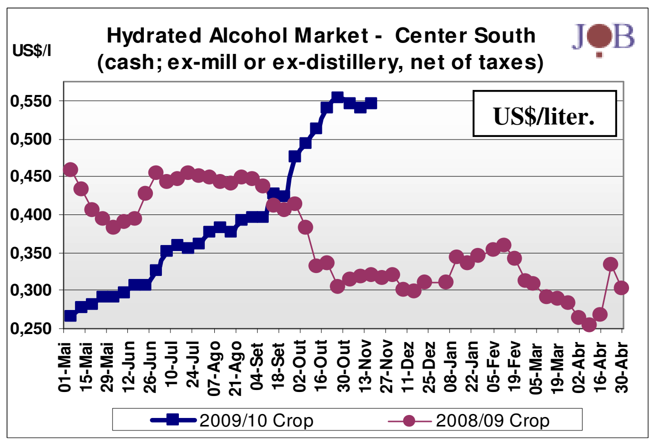
2 - Domestic Alcohol Market: relative price stability in BR Reais.

Period: 12th/November to 13th/November/09

Hydrated Alcohol	Price (US$/l) (1)	Variation (1 week)	Equivalent prices – US$/barrel / US$ gallon (2)
Average - Center-South	**0.545**	1.1%	**86.9 / 2.07**
Northeast	**0.562**	**1.6%**	**89.6 / 2.13**
Anhydrous Alcohol	Price (US$/l) (1)	Variation (1 week)	Equivalent prices – US$/barrel / US$ gallon (2)
Average - Center-South	**0.649**	0.6%	**103.4 / 2.46**
Northeast	**0.667**	**1.0%**	**105.9 / 2.52**

(1) Wholesale price (cash; ex-mill; ex-packer or ex-distillery; net of taxes)
(2) Exchange rate: R$ 1.72/ US$





The alcohol market in the Center-South region started last week showing some signs of a recovery in prices, supported by the rainfall that had occurred in some of the producing regions. As the week wore on and the weather proved to be somewhat drier, prices started dropping back. Given this scenario price averages remained relatively stable for both anhydrous and hydrous alcohol in BR$ terms.

At the present time the price trend in the hydrous alcohol market is either stable or retreating, bearing in mind the high prices at the pumps in most of the states in the region. The rains that have fallen have provided prices with some support. In the case of anhydrous alcohol, the market is waiting for the Government to define the change in the gasoline-anhydrous alcohol blend. By all indications nothing is likely to change until the end of November/09.

Registrations of automobiles and light commercial vehicles reached 281,300 units in October/09. Of this total 87.3% were flex-fuel vehicles. In the same month last year 224,700 vehicles were registered, of which 86.6% were flex-fuel. The accumulated figures for the year show that 2,493,500 vehicles were registered, some 8.3% more than in the same period last year.

3- International Market - Sugar. Alcohol and Oil:

	Present	Variation (1 week)
Exchange rate (R$/US$)	1.72	-0.6%

	(Average: 9th/Nov/2009 to 13th/Nov/2009) (MARCH/10) delivery)	Variation
New York (¢/lb)	22.47	-3.3%
London (US$/t)	589	-2.0%
Premium LO-NY (US$/t)	94	5.6%

	(Average: 9th/Nov/2009 to 13th/Nov/2009) (DECEMBER/09)	Variation
Crude Oil – WTI	78.2	-1.0%
Gasoline - NY	82.4 (1.96 US$/gallon)	-1.1%
Ethanol - CBOT	82.5 (1.96 US$/gallon)	5.6%

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$ 26.7/tc and US$ 37.8/tc (net of taxes, 134.0 kg ATR/tc), for hydrous alcohol and sugar, respectively.

In the accumulated figures for the harvest the average price is US$ 0.180/kg TRS, which means sugar cane close to US$ 24.2/tc. In October/09 the price was US$ 0.214/kg TRS, which means sugar cane close to US$ 28.6/tc.

5 - Taxation:

The São Paulo State Treasury Department has changed ICMS taxation rules for sugar cane and alcohol in an attempt to reduce tax evasion in the sector, which is estimated to be as much as R$ 1 billion a year. As from December 1st sugar cane, which used to be tax exempt (deferred ICMS) will be taxed at 12%.

Mills and alcohol distributors will be obliged to register with the São Paulo Treasury Department. If they fail to do so they will have to pay the ICMS tax before selling.

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6 - **Market and price perspectives in domestic market - Medium term**:

Sugar Futures Markets - (Average weekly prices: 9th/November - 13th/November/09):

	"Cash"	Mar/10	May/10	Jul-Aug/10
NY (¢/lb)	21.86	22.47	21.41	20.05
NY (US$/t)	482	495	472	442
London (US$/t)	-	589	582	553
Premium(LO-NY)(US$/t)	-	94	110	111

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

Anhydrous Fuel Alcohol Futures Market - (Average weekly prices: 9th/November - 13th/November/09):

	"Cash"	Sep/09	Dec/09	Mar/10
Ethanol USA (US$/gallon)	-	1.96	1.86	1.83
Ethanol USA (US$/l)	-	0.519	0.491	0.485
Corn (US$/bushel)	-	3.91	4.06	4.16

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

The Brazilian exchange rate evolution