



Sugar #11 and #5 : prices

March: another attempt to reach 20 cts/lb

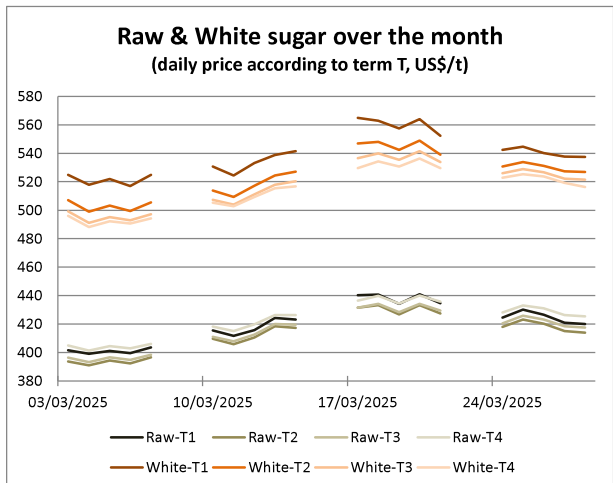
In a context of great uncertainty - and therefore volatility - sugar remained strong compared to other commodities that don't offer any support (see the grain chart on page 5). Closing at 19.99 cts/lb on 18 March, raw sugar once again showed its attraction for the psychological 20 cts/lb level, which it failed to breach... the second time this has happened since the beginning of the year. So why do prices keep rising and then falling?

The reason for the increase is that demand is expected to exceed supply on a global basis in the coming marketing years. On 24 March, analysts S&P upgraded their global deficit forecast for the current marketing year to a deficit of 2.4 million tonnes, up from a deficit of -1.0 million tonnes for the next marketing year. The news from Asia has been disappointing: India is unlikely to meet its export ambitions and Pakistan will probably have to import sugar to cope with rising prices on its domestic market: + 23% since last January (according to Aljazeera media).

So why sugar can't reach 20 cts/lb? Speculators seem to be hesitating once again (p. 2): the Brazilian campaign, which opens in a few days' time, remains a little opaque and the total volume to be expected remains uncertain. It must be said that the volumes are so large that a small miscalculation regarding Centre-South Brazil is enough to change the global world balance. What is certain, and what all analysts agree on, is that most of the cane will be used for sugar and much less for ethanol. And even if the Real is recovering a little (5.7 BRL/US\$, +2% over the month), oil remains so weak (even if it gained 4% over the month, it remained below \$72/barrel) that it doesn't really change the forecasts...

So, will sugar reach 20 cts/lb in the coming weeks? Patience... but in any case, a return to a strong downward trend does not seem imminent.

	Settling date	First week of March-25	Last week of March-25	Difference in currency	Difference in %
White sugar (sugar#5, London, \$/t)	May 25	521,3	540,5	19,2	3,7%
	Aug 25	502,9	530,0	27,1	5,4%
	Oct 25	495,2	525,1	29,9	6,0%
	Dec 25	492,3	521,5	29,2	5,9%
Raw sugar (sugar#11, NY, cts/lb)	May 25	18,19	19,25	1,06	5,8%
	Jul 25	17,86	18,96	1,11	6,2%
	Oct 25	17,96	19,10	1,15	6,4%
	Dec 25	18,33	19,45	1,12	6,1%
Raw sugar (sugar#11, NY, \$/t)	May 25	401,1	424,4	23,4	5,8%
	Jul 25	393,7	418,1	24,4	6,2%
	Oct 25	395,9	421,2	25,3	6,4%
	Dec 25	404,0	428,8	24,8	6,1%
Premium	May 25	120,3	116,1	-4,1	-3,4%



Sugar#11 and #5 prices since January 2010 front term, US\$/t

