USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 4/14/2011
GAIN Report Number: BR110006

Brazil

Sugar Annual

2011

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Report Highlights:
This report updates BR10007. Brazil's MY 2011/12 sugarcane crop is forecast at 631 mmt, up 2 percent from the previous season (618 mmt). Approximately 46.6 percent of the crop should be diverted to sugar, up 0.65 percentage points compared to MY 2010/11 due to continued strong international demand. Total exports for MY 2011/12 are forecast at 27.3 mmt, raw value, up 1.65 mmt vis-à-vis MY 2010/11.

Production

In marketing year (MY) 2010/11 (May-April), the Agricultural Trade Office (ATO/Sao Paulo) estimate has been revised downward to 618 million metric tons (mmt), a 3 percent decrease from the previous estimate, due to prolonged dry and warm weather during the harvest period in the center-south (CS) and irregular rainfall in the north-northeast (NNE). Sugarcane production in the CS has been adjusted to 557 mmt, down 18 mmt from the previous estimate, according to updated industry information. Sugarcane production in the NNE should contribute 61 mmt, down 3 mmt compared to previous figure. Although some units crushed sugarcane in February, the harvest in the CS was completed in the prrevious month.

During MY 2011/12, sugarcane production is projected at 631 million metric tons (mmt), up 2 percent from MY 2010/11. The CS region is expected to harvest 569 mmt of sugarcane, up 12 mmt up vis-à-vis the previous crop, primarily due to a likely increase in the area for harvesting, especially from new units and those which began operations in the past 3-4 years, notably in Mato Grosso, Mato Grosso do Sul, Goias and Minas Gerais. ATO/Sao Paulo forecasts the North-Northeastern (NNE) production for MY 2011/12 at 62 mmt, a slight increase (1 mmt) from 2010/11.

Approximately 30 units started the crushing in the CS as early as late March of 2011 and 44 units should begin operations in early April. However, the bulk of mills will start crushing as of mid-April/early May given that the development of sugarcane stocks is somewhat late.

For MY 2011/12, total sugarcane area is forecast at 9.65 million hectares (ha), a 8 percent increase from MY 2010/11 (8.95 million ha). Total area harvested for MY 2011/12 is forecast at 8.89 million ha, up 400,000 ha from previous crop. (8.49 million ha).

Only five new units are expected to start crushing in 2011, quite below the number of new investments in previous years. Poor sugar and ethanol prices in 2007 and 2008, and the world financial crisis in October 2008, limited the availability of credit, thus significantly reducing investments in green fields.

The table below shows sugarcane harvested area, according to the Ministry of Agriculture, Livestock and Supply's (MAPA) National Supply Company (CONAB), and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture.

Area Harvested to Sugarcane (1,000 ha).						
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Brazil	5,339.4	5,529.6	6,016.0	7,088.9	7,409.6	8,033.6
Sao Paulo	3,120.6	3,436.8	3,907.4	4,614.7	4,937.9	5,135.3
Sources: CONAB, IEA.						

The Brazilian agricultural yield in MY 2011/12 is forecast at 71 metric tons per ha (mt/ha), down 3.8 mt/ha from previous MY (74.8 mt/ha). The agricultural yields in the CS is forecast at 77 mt/ha and should be negatively affected by the below average renewal rates of the sugarcane fields, 8 percent in 2009 and 2010 as opposed to 15 percent per year, thus, contributing to an increase in the average age from 3.7 years in 2010/11 to 4.0 years in 2011/12. According to the Sugar and

Alcohol Millers Association of São Paulo State (UNICA), a sugarcane field is stabilized when it is comprised of 60 percent of stocks up to 4 cuts and 40 percent of stocks over 4 cuts. The lower renewal rates (8 percent per year) during the past two years inverted this ratio to 60/40, respectively.

In addition, the lower volume of cane left in the fields from the previous year ("cana bisada") should be crushed in 2011. Note that the "cana bisada" usually results in higher production per hectare. UNICA reports that the "cana bisada" represented 14 percent of the total crushing in 2010 and that it should contribute only 3 percent in the upcoming season. Finally, the dry weather in mid-2010 affected stock development and should negatively impact the productivity of the sugarcane that will be crushed in the first quarter of the harvest season.

The industrial yield is forecast at 140.23 kg TRS (total reducing sugars)/mt, similar to the last season (140.10 TRS/mt). The following table shows historical Brazilian yields measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields (kg TRS/metric ton)					
	MY 07/08	**MY 08/09**	**MY 09/10**	**MY 10/11**	**MY 11/12***
TRS/ton	143.88	140.32	130.99	140.1	140.23
Souce: USDA/FAS/ATO/Sao Paulo					
* MY 2011/12 – projection					

According to UNICA, the average industrial yield for the 2010/11 crop in the CS is 141.21 kg TRS/mt, up 10.98 kg TRS/mt relative to MY 2009/10 (130.23 kg TRS/mt). Note that the TRS for the 2009 crop was negatively affected by excessive rainfall during the crushing period.

The following tables show monthly sugarcane crush data for the state of São Paulo and the CS region from the 2006/07 to 2010/11 crops (April-March), as reported by the Sugar and Alcohol Millers Association of São Paulo State (UNICA).

Sugarcane crushed in the state of Sao Paulo (1,000 metric tons).					
Month	**06/07**	**07/08**	**08/09**	**09/10**	**10/11**

February	0	0	0	0	207
March	0	0	472	2,665	4,120
April	13,761	11,725	12,948	27,545	35,864
May	35,914	35,594	38,934	46,717	51,306
June	39,237	43,459	45,157	46,210	52,323
July	40,843	38,782	50,136	46,934	52,797
August	39,661	46,735	47,159	45,596	52,066
September	36,469	43,419	46,246	37,594	40,116
October	31,048	38,912	42,465	44,335	36,568
November	22,353	27,543	39,486	36,651	27,872
December	5,054	9,215	19,375	16,810	5,606
January	0	860	2,105	3,638	295
February	0	0	1,051	3,221	106
March	0	0	760	3,343	74
Cumulative	264,339	296,244	346,293	361,261	359,320
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugarcane crushed in Center-Southern Brazil (1,000 metric tons).					
Month	**06/07**	**07/08**	**08/09**	**09/10**	**10/11**
February	0	0	0	0	325
March	0	0	1,340	4,717	6,618
April	19,295	20,297	20,091	39,209	51,599
May	50,535	51,676	55,055	66,950	75,633
June	55,869	62,666	64,751	67,169	81,349
July	58,502	57,449	73,335	70,183	82,323
August	57,323	67,865	68,224	70,987	82,301
September	51,049	63,104	67,655	59,736	64,732
October	42,769	55,929	62,350	65,734	56,349
November	30,731	38,290	56,283	54,713	42,892
December	6,680	12,876	28,096	26,254	11,257
January	0	963	3,952	6,399	843
February	0	0	2,190	5,385	441
March	0	0	1,794	4,527	75
Cumulative	372,754	431,115	505,116	541,962	556,740
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugar and Ethanol

During MY 2011/12, total sucrose (total reducing sugar, TRS) content destined for sugar and ethanol production is forecast at 46.6 and 53.4 percent, respectively, as opposed to 45.95 and 54.05 percent, respectively for MY 2010/11. Sugar-ethanol mills are expected to increase sugar production relative to the previous crop due to continued steady demand and strong sugar prices in the international markets. As reported by industry, eight new sugar factories should start operations in 2011. In addition, eleven existing sugar factories made significant expansion and several mills have made investments to increase industrial capacity although marginally.

For MY 2011/12, sugar production is projected at 39.6 mmt, raw value, up 1.45 mmt vis-à-vis revised figure for MY 2010/11 (38.15 mmt). The CS states should account for 35.35 mmt, raw value, up 5 percent from MY 2010/11 (33.8 mmt). The NNE should contribute 4.25 mmt of sugar, raw value, similar to MY 2010/11.

Total ethanol production in MY 2011/12 is forecast at 27.35 billion liters (9.3 billion liters of anhydrous ethanol and 18.05 billion liters of hydrated ethanol), similar to MY 2010/11 (27.26 billion liters – 8.21 billion liters of anhydrous ethanol and 19.05 billion liters of hydrated ethanol). In spite of the steady increase in the flex-fuel vehicle (FFV) fleet, hydrated ethanol production is likely to be limited by the size of the crop, high prices at the pump, and the trend towards sugar production to meet strong international demand.

The table below shows the sales of FFV and ethanol powered cars since 2004. Note that sales of FFV currently represent over 90 percent of total vehicle sales. According to the industry, flex fuel vehicles currently represent 45 percent of the light vehicles fleet and the share is likely to reach 86 percent by 2020.

Domestic Sales of Alcohol Powered Vehicles (pure alcohol & flex fuel units)						
2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011 1/**
897,308	1,425,177	2,032,361	2,356,942	2,711,267	2,876,173	414,168
Source: National Association of Vehicle Manufacturers (ANFAVEA) 1/ January-February						
Note: flex fuel vehicles were introduced in March 2003.						

The steady sales of flex-fuel vehicles do not solely guarantee a higher demand for ethanol given that consumers' decisions are driven by the ratio between ethanol and gasoline prices. The 70 percent ratio between ethanol and gasoline prices is the rule of thumb in determining whether flex car owners will choose to fill up with ethanol (price ratio below 70 percent) or gasoline (price ratio above 70 percent).

The table below shows the average prices for gasoline and ethanol as well as the price ratio for January-February (off-peak) and July-August (peak season) 2008, 2009, 2010 and 2011. Note that similar to what happened in 2010, due to lower availability of ethanol during the January-February 2011 period, gasoline consumption was favored in several Brazilian states, as reported in the tables below, thus reducing ethanol demand during the off-season.

The domestic demand for ethanol for MY 2011/12 is projected at 25.3 billion liters, up 470 million liters from MY 2010/11. Ethanol prices at the pump should remain not attractive in several Brazilian states even during the harvest season.

Gasoline and Ethanol Prices in Selected States (average price, R$/liter)									
		Gasoline				**Ethanol**			
		2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
Sao Paulo State	**Jan**	2.380	2.393	2.477	2.487	1.290	1.312	1.807	1.733
	Feb	2.376	2.398	2.509	2.490	1.257	1.331	1.831	1.765
	Jun	2.385	2.349	2.399		1.259	1.168	1.274	
	Aug	2.394	2.351	2.412		1.264	1.231	1.387	
Sao Paulo City	**Jan**	2.376	2.391	2.475	2.482	1.291	1.312	1.810	1.733

	Feb	2.372	2.396	2.508	2.486	1.264	1.327	1.835	1.766
	Jun	2.383	2.346	2.395		1.264	1.180	1.274	
	Aug	2.393	2.348	2.408		1.270	1.230	1.382	
Minas Gerais	Jan	2.405	2.381	2.489	2.537	1.606	1.611	1.965	1.902
	Feb	2.389	2.374	2.509	2.584	1.577	1.623	2.077	1.956
	Jun	2.368	2.326	2.412		1.568	1.501	1.678	
	Aug	2.356	2.361	2.621		1.575	1.564	1.710	
Belo Horizonte (MG Capital)	Jan	2.369	2.331	2.431	2.499	1.589	1.597	1.926	1.886
	Feb	2.346	2.329	2.458	2.547	1.554	1.612	2.064	1.938
	Jun	2.322	2.282	2.379		1.547	1.487	1.661	
	Aug	2.315	2.313	2.381		1.571	1.547	1.683	
Rio Janeiro State	Jan	2.505	2.537	2.641	2.654	1.624	1.685	2.044	2.022
	Feb	2.501	2.535	2.663	2.663	1.614	1.695	2.104	2.053
	Jun	2.513	2.524	2.613		1.635	1.588	1.703	
	Aug	2.576	2.526	2.598		1.658	1.604	1.718	
Rio Janeiro Capital	Jan	2.500	2.534	2.640	2.651	1.614	1.680	2.050	2.025
	Feb	2.496	2.531	2.660	2.661	1.603	1.692	2.106	2.057
	Jun	2.509	2.521	2.611		1.627	1.579	1.695	
	Aug	2.513	2.523	2.595		1.653	1.598	1.713	
Porto Alegre (RS Capital)	Jan	2.463	2.538	2.568	2.534	1.792	1.746	2.257	2.103
	Feb	2.326	2.538	2.592	2.552	1.693	1.765	2.335	2.157
	Jun	2.514	2.419	2.488		1.731	1.550	1.765	
	Aug	2.566	2.577	2.560		1.744	1.765	1.836	
Goiania (GO Capital)	Jan	2.539	2.565	2.654	2.667	1.569	1.581	1.838	1.822
	Feb	2.502	2.564	2.655	2.697	1.508	1.581	1.897	1.891
	Jun	2.330	2.562	2.304		1.368	1.483	1.227	
	Aug	2.452	2.556	2.384		1.472	1.411	1.347	
Fortaleza (CE Capital)	Jan	2.667	2.388	2.530	2.644	1.829	1.615	1.909	1.871
	Feb	2.655	2.533	2.530	2.647	1.814	1.747	2.013	1.944
	Jun	2.439	2.363	2.663		1.726	1.671	1.807	
	Aug	2.589	2.575	2.645		1.885	1.768	1.772	
Source: Petroleum, Natural Gas and Biofuels National Agency (ANP).									

Ratio Ethanol/Gasoline Prices					
		2008	**2009**	**2010**	**2011**
Sao Paulo	**Jan**	54%	55%	73%	70%
	Feb	53%	56%	73%	71%
	Jun	53%	50%	53%	
	Aug	53%	52%	58%	
Sao Paulo	**Jan**	54%	55%	73%	70%

	Feb	53%	55%	73%	71%
	Jun	53%	50%	53%	
	Aug	53%	52%	57%	
Minas Gerais	Jan	67%	68%	79%	75%
	Feb	66%	68%	83%	76%
	Jun	66%	65%	70%	
	Aug	67%	66%	65%	
Belo Horizonte	Jan	67%	69%	79%	75%
	Feb	66%	69%	84%	76%
	Jun	67%	65%	70%	
	Aug	68%	67%	71%	
Rio Janeiro	Jan	65%	66%	77%	76%
	Feb	65%	67%	79%	77%
	Jun	65%	63%	65%	
	Aug	64%	63%	66%	
Rio de Janeiro	Jan	65%	66%	78%	76%
	Feb	64%	67%	79%	77%
	Jun	65%	63%	65%	
	Aug	66%	63%	66%	
Porto Alegre	Jan	73%	69%	88%	83%
	Feb	73%	70%	90%	85%
	Jun	69%	64%	71%	
	Aug	68%	68%	72%	
Goiania	Jan	62%	62%	69%	68%
	Feb	60%	62%	71%	70%
	Jun	59%	58%	53%	
	Aug	60%	55%	57%	
Fortaleza	Jan	69%	68%	75%	71%
	Feb	68%	69%	80%	73%
	Jun	71%	71%	68%	
	Aug	73%	69%	67%	
Source: Petroleum, Natural Gas and Biofuels National Agency (ANP).					
Gray Area means gasoline prices more attractive than ethanol					

Fuel consumption in Brazil, as reported by the Petroleum, Natural Gas and Biofuels National Agency (ANP), follows. The figures take into account the product sales by distributors and do not include illegal sales, which were common in the past for hydrated ethanol due to tax differentiation between both types of ethanol.

Brazilian Fuel Consumption Matrix (000 m3)					
	2007	**2008**	**2009**	**2010**	**2011 1/**
Diesel	41,558	44,764	44,298	49,239	3,536
Gasoline C**	24,325	25,175	25,409	29,844	2,498
Hydrated Ethanol	9,367	13,290	16,471	15,074	1,105
Source: ANP ** Gasoline C includes 20-25 % of anhydrous ethanol. 1/ 2011 refers to January					

According to the Ministry of Agriculture, Livestock and Supply (MAPA), cumulative ethanol production for the 2010/11 crop through February 28, 2011 was reported at 27.37 billion liters – 7.93 billion liters of anhydrous ethanol and 19.44 liters of hydrated ethanol. The table below shows sugarcane, sugar and ethanol production by state for MY 2010/11, as reported by MAPA.

Cane, Sugar & Alcohol Production: 2010/11 Crop (MT and 000 Liters)					
			Ethanol		
State/Region	Cane	Sugar	Anhydous	Hydrous	Total
Acre	33,834	0	0	1,489	1,489
Alagoas	24,879,878	2,178,554	263,326	345,693	609,019
Amazonas	346,992	19,643	0	7,140	7,140
Bahia	2,769,316	111,902	59,200	67,639	126,839
Ceara	36,262	0	0	2,545	2,545
Maranhao	2,327,485	8,823	141,504	40,284	181,788
Para	521,847	20,956	6,198	16,761	22,959
Paraiba	5,051,847	177,302	118,627	165,354	283,981
Pernambuco	14,036,446	1,347,244	140,108	188,461	328,569
Piaui	836,696	46,297	33,109	2,388	35,497
Rio Grande Norte	2,358,572	146,834	39,267	36,402	75,669
Rondonia	136,690	0	0	10,763	10,763
Sergipe	1,423,661	67,455	8,660	54,655	63,315
Tocantins	238,983	0	4,515	11,973	16,488
NNE	54,998,509	4,125,010	814,514	951,547	1,766,061
Espirito Santo	3,524,817	90,083	95,117	92,079	187,196
Goias	46,204,777	1,798,457	659,423	2,241,502	2,900,925
Minas Gerais	56,013,149	3,254,070	598,479	2,061,486	2,659,965
Mato Grosso Sul	33,476,503	1,328,546	360,800	1,485,397	1,846,197
Mato Grosso	13,660,681	446,110	274,146	583,158	857,304
Parana	43,320,724	3,021,985	271,761	1,347,234	1,618,995
Rio de Janeiro	2,537,723	118,250	0	69,102	69,102
Rio Grande Sul	82,016	0	0	5,805	5,805
Sao Paulo	361,600,694	23,499,646	4,852,989	10,601,065	15,454,054
Center South	560,421,084	33,557,147	7,112,715	18,486,828	25,599,543
TOTAL	615,419,593	37,682,157	7,927,229	19,438,375	27,365,604
Source: Ministry of Agriculture, Livestock and Supply-Sugar, Alcohol Dept, 02/28/11					

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 2006/07 to 2010/11 crops (April-March), as reported by UNICA.

Sugar production in the state of Sao Paulo (Metric tons, tel quel)					
Month	06/07	07/08	08/09	09/10	10/11
February	0	0	0	0	4,575
March	0	0	8,946	68,428	154,759
April	667,102	506,326	433,514	1,152,563	1,745,786
May	2,393,035	2,060,416	1,872,140	2,530,999	3,025,435
June	2,982,938	2,773,968	2,425,239	2,728,867	3,427,445

July	3,283,896	2,521,042	3,094,298	3,020,119	3,703,160
August	3,321,415	3,234,706	3,034,421	3,043,705	3,923,784
September	3,004,302	3,172,657	3,101,858	2,468,929	3,125,428
October	2,239,680	2,925,756	2,592,977	2,838,435	2,357,500
November	1,435,440	1,475,693	2,083,437	2,065,829	1,732,447
December	182,657	394,983	906,197	570,067	222,022
January	0	73,515	59,565	77,063	4,471
February	0	0	21,616	70,985	6,287
March	0	0	28,228	93,377	3,516
Cumulative	19,510,464	19,139,062	19,662,436	20,729,364	23,436,615
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugar production in Center-Southern Brazil (Metric tons, tel quel).					
Month	**06/07**	**07/08**	**08/09**	**09/10**	**10/11**
February	0	0	0	0	4,575
March	0	0	41,936	147,030	208,240
April	868,062	851,430	631,526	1,572,304	2,342,615
May	3,180,638	2,816,677	2,527,935	3,364,577	4,094,385
June	4,002,254	3,782,565	3,282,349	3,669,831	4,854,177
July	4,407,637	3,550,615	4,243,947	4,137,318	5,284,255
August	4,483,362	4,480,838	4,087,442	4,381,252	5,704,484
September	3,918,878	4,367,990	4,247,955	3,552,156	4,619,064
October	2,865,209	3,885,907	3,541,734	3,824,806	3,425,318
November	1,814,436	1,879,787	2,741,754	2,786,747	2,501,707
December	255,317	504,722	1,221,877	870,648	430,953
January	0	80,075	92,084	118,870	10,797
February	0	0	40,002	108,770	7,031
March	0	0	49,278	110,527	3,620
Cumulative	25,795,792	26,200,606	26,749,819	28,644,834	33,491,221
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugarcane, sugar and ethanol prices in the Domestic Market

The State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA) reports that the average sugarcane price (April 2010-February 2011) for the state of Sao Paulo for the 2010/11 crop is Reais (R$) 0.3912 per kg of TRS, or R$ 55.24 per ton of sugarcane, up R$ 9.66 per ton compared to the 09/10 crop (R$ 0.3492 per kg of TRS, or approximately R$ 45.48 per ton of sugarcane, April 2009 through March 2010), due to better sugar and ethanol prices during the crushing season vis-à-vis the previous year. Note that CONSECANA's prices are based on both sugar and ethanol prices in domestic and international markets.

The Crystal Sugar and Ethanol Indexes released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) follow. The Indexes track crystal sugar, anhydrous and hydrated prices received by producers in the domestic spot market. Note that sharp increase in both sugar and ethanol prices for the 2010/11 crop as a consequence of lower supply and strong sugar prices in the international markets.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax).					
Period	**2007**	**2008**	**2009**	**2010**	**2011**
January	36.79	25.04	36.71	70.83	76.29
February	34.96	26.20	44.77	72.49	75.17
March	34.70	27.44	48.40	69.58	70.55
April 1/	33.87	28.11	46.48	63.66	66.95
May	28.56	26.71	44.57	43.76	--
June	24.94	24.94	42.20	40.40	--
July	24.38	24.38	41.46	40.90	--
August	25.18	29.01	45.43	46.42	--
September	25.11	30.81	55.50	56.91	--
October	23.92	31.13	57.28	71.68	--
November	22.06	30.74	56.21	75.24	--
December	23.62	31.72	58.73	72.66	--
Source: USP/ESALQ/CEPEA. 1/ April 2011 refers to April 13.					

Fuel Anhydrous Ethanol Prices: State of São Paulo (R$/000 liters).					
Month	**2007**	**2008**	**2009**	**2010**	**2011**
January	870.69	786.22	873.30	1,285.4	1,233.20
February	837.39	808.08	860.30	1,297.6	1,293.10
March	912.93	831.50	744.50	974.60	1,596.60
April	1,072.57	789.40	697.00	908.40	2,133.10
May	883.78	821.50	676.40	839.20	--
June	675.07	787.00	692.80	827.30	--
July	668.53	873.20	803.78	924.20	--
August	665.58	858.50	820.70	961.90	--
September	660.73	891.20	912.90	1,040.20	--
October	664.44	902.20	1,086.40	1,173.20	--

November	792.90	897.00	1,093.80	1,185.20	--
December	851.07	880.60	1,131.60	1,201.80	--
Source: USP/ESALQ/CEPEA. 1/ April 2011 refers to April 4-8.					

Fuel Hydrated Ethanol Prices: State of São Paulo (R$/000 liters).					
Month	**2007**	**2008**	**2009**	**2010**	**2010**
January	845.36	697.18	781.40	1,171.2	1,109.40
February	802.87	714.70	777.60	1,095.8	1,176.10
March	855.05	754.56	656.80	825.2	1,421.90
April	940.51	715.60	621.30	799.70	1,385.40
May	690.84	697.10	585.22	724.30	--
June	587.86	665.30	606.60	720.30	--
July	583.99	718.10	710.20	797.90	--
August	581.02	719.30	726.50	835.70	--
September	580.96	749.60	791.40	896.20	--
October	585.48	715.70	935.10	977.70	--
November	716.09	726.40	941.90	1,001.00	--
December	751.28	737.70	1,000.40	1,075.10	--
Source: USP/ESALQ/CEPEA. 1/ April 2011 refers to April 4-8.					

Consumption

ATO/Sao Paulo projects the Brazilian sugar consumption in MY 2011/12 at 12.55 mmt, raw value, up 550,000 mt from 2009/10 (12 mmt), reflecting Brazilian population growth and a continued expansion in the food processing sector. _

Trade

Sugar Exports

ATO/Sao Paulo forecasts total MY 2011/12 Brazilian sugar exports at 27.3 mmt, raw value, up 1.65 mmt compared to revised figure for the previous year (25.65 mmt) as a consequence of continued strong international demand for the product. Raw sugar should account for 21.45 mmt, raw value, whereas the remainder represents exports of refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2009/10, 20010/11 (May-February) and calendar year (CY) 2010, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports (NCM 1701.11.00, Mt tel quel, US$ 000 FOB)						
	MY 2009/10 1/		**MY 2010/11 1/**		**CY 2010 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Russia	2,406,455	847,367	2,818,999	1,324,232	3,464,563	1,576,996
India	3,851,027	1,360,303	1,355,810	566,264	2,093,122	875,463
Iran	340,519	130,443	1,376,809	598,895	1,540,384	672,021
China	97,460	29,213	1,237,052	505,505	1,237,004	505,462
Algeria	766,786	280,941	1,097,134	470,103	1,186,023	495,874
Indonesia	509,901	171,666	1,136,487	512,509	1,092,059	487,185

Egypt	594,556	214,802	1,000,791	453,525	1,074,216	482,527
Saudi Arabia	576,632	209,716	816,033	367,358	968,995	441,181
Bangladesh	1,022,283	358,692	695,723	296,830	897,871	389,727
Malaysia	568,275	192,400	918,230	395,619	868,131	370,005
Others	5,216,283	1,928,946	6,048,410	2,871,320	6,516,334	3,010,409
Total	15,950,177	5,724,489	18,501,481	8,362,161	20,938,703	9,306,851
Source : Brazilian Foreign Trade Secretariat (SECEX) Note : Numbers may not add due to rounding 1/May - Feb - 2/Jan - Dec						

Brazilian Sugar Exports (NCM 1701.99.00, MT tel quel, US$ 000 FOB)						
	MY 2009/10 1/		**MY 2010/11 1/**		**CY 2010 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
U.A.E.	720,159	236,117	1,035,014	445,906	1,049,726	432,811
Yemen	459,616	207,897	504,259	247,255	588,338	294,840
Pakistan	73,336	31,291	427,914	221,650	429,642	222,410
Ghana	273,468	114,952	401,660	204,524	418,183	209,204
Syria	283,471	112,667	270,109	133,750	396,534	182,225
Nigeria	313,544	128,452	309,010	137,995	396,010	172,180
Saudi Arabia	271,930	88,728	165,800	81,401	301,788	131,018
India	499,595	208,490	45,522	21,876	226,058	110,569
Angola	125,394	53,939	206,411	111,698	225,958	122,060
Iraq	70,298	34,964	161,742	90,509	191,599	102,623
Others	2,461,018	1,042,780	2,719,083	1,417,034	2,837,284	1,474,894
Total	5,551,829	2,260,276	6,246,523	3,113,598	7,061,119	3,454,832
Source : Brazilian Secretariat of Foreign Trade (SECEX) Note : Numbers may not add due to rounding 1/May - Feb 2/ Jan - Dec						

Ethanol Exports

Brazilian ethanol exports during MY 2011/12 are forecast at 1.5 billion liters, down 300 million liters from MY 2010/11 (1.8 billion liters), mostly due to the tight supply of the product and increased market prices. The tables below show ethanol exports for MY 2009/10/09 and MY 2010/11 (May-February), as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Ethanol Exports (NCM 2207.10.00, MT 000 Liters, US$ 1,000 FOB)						
	MY 2009/10 1/			**MY 2010/11 1/**		
Country	**Volume**	**Weight**	**Value**	**Quantity**	**Weight**	**Value**
South Korea	249,879	201,681	111,114	373,060	301,432	192,579
U.S.A.	289,778	229,691	156,900	319,672	252,908	195,293
Japan	239,113	193,029	95,188	253,444	204,426	128,060
Netherlands	513,725	409,115	217,024	230,580	185,604	121,094
United Kingdom	172,432	136,016	89,825	95,584	75,397	52,439
Jamaica	394,870	318,833	139,006	123,406	99,775	60,589
Nigeria	74,245	60,015	29,687	94,977	76,790	52,458
India	294,049	237,581	102,068	58,603	47,375	27,717
Switzerland	57,177	46,021	24,588	53,024	42,722	30,177
Mexico	61,894	49,973	31,225	7,439	5,919	4,141

Others	489,398	394,468	180,622	168,717	135,609	97,228
Total	2,836,561	2,276,424	1,177,248	1,778,506	1,427,956	961,775
Source : Brazilian Foreign Trade Secretariat (SECEX) Note : Numbers may not add due to rounding 1/May - Feb						

Brazilian Ethanol Exports (NCM 2207.20.10, MT, 000 Liters, US$ 000 FOB)						
	MY 2009/10 1/			**MY 2010/11 1/**		
Country	**Volume**	**Weight**	**Value**	**Volume**	**Weight**	**Value**
Argentina	0	0	0	1,334	1,072	788
Cameroon	0	0	0	60	48	62
Uruguay	0	0	0	30	24	30
Netherlands	108	87	74	44	34	31
Ivory Coast	120	97	92	0	0	0
China	0	0	0	24	19	12
Paraguay	0	4	5	2	2	3
Japan	0	0	0	0	0	0
Congo	20	16	19	0	0	0
Denmark	25	20	18	0	0	0
Others	0	0	0	0	0	0
Total	273	224	209	1,494	1,200	926
Source : Brazilian Foreign Trade Secretariat (SECEX) Note : Numbers may not add due to rounding 1/May - Feb						

Stocks

Post forecasts total sugar ending stocks during MY 2011/12 at – 585,000 mt, down 250,000 mt compared to the revised figure for MY 2010/11 (- 335,000 mt). Note that negative stocks have been balanced by the early start of the crushing, March/April as opposed to May.

Policy

Current legislation requires gasoline sold in Brazil to have anhydrous ethanol content between 20 and 25 percent, with the executive branch having the flexibility to adjust within that band. The current blend is set at 25 percent as of May 1, 2010.

Production, Supply and Demand Data Statistics:

Sugar Cane for Centrifugal Brazil	**2009/2010**		**2010/2011**		**2011/2012**	
	Market Year Begin: May 2009		**Market Year Begin: May 2010**		**Market Year Begin: May 2011**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	8,700	8,700	8,950	8,950		9,650

Area Harvested	8,050	8,050	8,310	8,490		8,890
Production	603,000	603,000	660,000	618,000		631,000
Total Supply	603,000	603,000	660,000	618,000		631,000
Utilization for Sugar	262,300	262,300	294,700	284,000		294,000
Utilizatn for Alcohol	340,700	340,700	365,300	334,000		337,000
Total Utilization	603,000	603,000	660,000	618,000		631,000
1000 HA, 1000 MT						

Sugar, Centrifugal Brazil	**2009/2010**		**2010/2011**		**2011/2012**	
	Market Year Begin: May 2009		**Market Year Begin: May 2010**		**Market Year Begin: May 2011**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks	-1,135	-1,135	-835	-835		-335
Beet Sugar Production	0	0	0	0		0
Cane Sugar Production	36,400	36,400	39,400	38,150		39,600
Total Sugar Production	36,400	36,400	39,400	38,150		39,600
Raw Imports	0	0	0	0		0
Refined Imp.(Raw Val)	0	0	0	0		0
Total Imports	0	0	0	0		0
Total Supply	35,265	35,265	38,565	37,315		39,265
Raw Exports	18,900	18,900	20,650	20,250		21,450
Refined Exp.(Raw Val)	5,400	5,400	6,200	5,400		5,850
Total Exports	24,300	24,300	26,850	25,650		27,300
Human Dom. Consumption	11,800	11,800	12,000	12,000		12,550
Other Disappearance	0	0	0	0		0
Total Use	11,800	11,800	12,000	12,000		12,550
Ending Stocks	-835	-835	-285	-335		-585
Total Distribution	35,265	35,265	38,565	37,315		39,265
1000 MT						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
January	2.62	2.22	2.12	1.76	2.32	1.87	1.67
February	2.60	2.14	2.12	1.68	2.38	1.81	1.66
March	2.67	2.17	2.05	1.75	2.25	1.78	1.62
April 1/	2.53	2.09	2.03	1.69	2.18	1.73	1.59
May	2.40	2.30	1.93	1.63	1.97	1.82	
June	2.35	2.16	1.93	1.64	1.95	1.80	
July	2.39	2.18	1.88	1.57	1.87	1.76	
August	2.36	2.14	1.96	1.63	1.88	1.76	
September	2.22	2.17	1.84	1.92	1.78	1.69	
October	2.25	2.14	1.74	2.12	1.74	1.70	
November	2.21	2.17	1.78	2.33	1.75	1.71	
December	2.26	2.14	1.77	2.34	1.74	1.66	
Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ April 2011 refers to April 13.							