USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 4/10/2010
GAIN Report Number: BR10002

Brazil

Sugar Annual

2010

Approved By:
Fred Giles, Director Agricultural Trade Office, Sao Paulo

Prepared By:
Sergio Barros, Agricultural Specialist

Report Highlights:
In MY 2010/11 sugarcane for crushing in Brazil is projected at 660 million metric tons (mmt), up 9 percent from MY 2009/2010 (603 mmt). Sugar production is forecast to increase to 40.7 mmt, raw value. Sugar exports are forecast at 28.4 mmt, up 4.1 mmt from the previous year, due to an expected defict in the world supply, notably from India. Ethanol production for MY 2009/10 is forecast at 29.4 billion liters, while ethanol exports are expected to drop to 2.5 billion liters, due to expected lower supply for exports and expected reduction in exports to the U.S. and India.

Commodities:

Sugar, Centrifugal

Production:

The Agricultural Trade Office (ATO)/Sao Paulo revised upward total sugarcane production for marketing year (MY) 2009/10 (May-April) at 603 million metric tons (mmt), due to the extension of the harvest period in the Center South. Sugarcane production in the CS has been adjusted to 541 mmt, up 2 percent from the previous estimate. Sugarcane production in the North-Northeast region should account for 62 mmt.

Excessive rainfall during the season has limited the number of crushing days for MY 2009/10, thus, restricting sugarcane crushing and the production of sugar and ethanol. Indeed, the Sugar and Alcohol Millers Association of São Paulo state (UNICA) reports that nearly 70 days were missed during April-December 2009, an increase of more than 40 percent increase compared to MY 2008/09.

Historically the harvesting of sugarcane is virtually over in December. However, this worth noting that a number of mills (42) have atypically crushed until February of the next crushing season and some even extended the crushing through March to partially offset the number of missed days in the previous year. Note that even with the extension of the harvest season in the Center South, the sugarcane industry estimates that roughly 50 mmt of sugarcane has been left in the fields.

Total MY 2010/11 sugarcane production is projected at 660 million metric tons (mmt), up 9 percent vis-à-vis the MY 2009/10 crop. The Center South region is expected to harvest 596 mmt of sugarcane for MY 2010/11, a 10 percent increase over last season, primarily due to the large volume of sugarcane left in the fields, good weather conditions, and area expansion from new mills. Some units began the crushing as early as late February encouraged by sugar and ethanol prices and good weather conditions which allowed the harvest and hauling of sugarcane stocks. ATO/Sao Paulo forecasts the North-Northeast (NNE) production for MY 2010/11 at 64 mmt, a 2 mmt increase from 2009/10.

In MY 2010/11 total sugarcane area is forcast at 8.95 million hectares (ha), a 3 percent increase vis-à-vis MY 2009/10 (8.7 million ha). Total area harvested for MY 2010/11 is forecast at 8.31 million ha, up 260,000 ha from MY 2009/10 (8.05 million ha).

The world financial crisis in October 2008, in addition to poor sugar and ethanol prices in 2007 and 2008, restricted credit to mills. As a result, investments and renewal of sugarcane fields were below average rates. Area expansion is virtually related to investments made by new mills. The world financial crisis also affected investments in new plants. Ten units are expected to start crushing in 2010 as opposed to 19 units in 2009.

The table below shows area for sugarcane production, according to the Brazilian Institute of Geography and Statistics (IBGE) and the Agricultural Economics Institute (IEA) of the State of Sao Paulo Secretariat of Agriculture.

Area Planted to Sugarcane (1,000 ha)							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010 1/**
Brazil 1/	5,634.0	5,815.0	6,390.0	7,086.0	8,211.0	9,674.0	9,830.0
Sao Paulo	3,414.2	3,673.3	4,258.4	4,835.4	5,411.3	5,538.92	n/a

Sources: IBGE, IEA; 1/ Forecast

The agricultural yield for MY 2010/11 is forecast at 82.31 metric tons per ha (mt/ha), similar to previous Marketing Year (81.11 mt/ha). Favorable conditions throughout 2009 will translate into positive agricultural yields in the 2010/11 MY. Nonetheless, below average renewal rates in the CS led to the aging of sugarcane fields, therefore negatively affecting productivity. Note that 3rd to 6th cut sugarcane stocks are less productive that 1st – 2nd cut stocks.

The industrial yield is forecast at 138.25 kg TRS (total reducing sugars)/mt, up 7.25 kg TRS/mt from last season (131 kg TRS/mt) mainly due to expected good weather conditions in the CS during harvest, thus encouraging high sugar concentration in stocks. The large volume of sugarcane left in the fields in 2009 and the early start of the 2010/11 crush are likely to affect the overall quality of the raw material to some extent. The following table shows historical Brazilian yields measured in TRS per metric ton of sugarcane.

Sugarcane Industrial Yields (kg TRS/metric ton)					
	MY 06/07	**MY 07/08**	**MY 08/09**	**MY 09/10**	**MY 10/11***
TRS/ton	145.8	143.9	140.32	130.99	138.25
Source: USDA/FAS/ATO/Sao Paulo					
* MY 2010/11 – projection					

According to Sugar and Alcohol Millers Association (UNICA), the average industrial yield for the 2010/11 crop in the CS is 138.59 kg TRS/mt, up 8.23 kg TRS/mt relative to MY 2009/10 (130.36 kg TRS/mt) due to 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 2005/06 to the 2009/10 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	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**
March	--	--	--	472	2,665
April	11,100	13,761	11,725	12,948	27,545
May	30,740	35,914	35,594	38,934	46,717
June	35,561	39,237	43,459	45,157	46,210
July	37,355	40,843	38,782	50,136	46,934
August	38,899	39,661	46,735	47,159	45,596
September	33,436	36,469	43,419	46,246	37,594
October	31,236	31,048	38,912	42,465	44,335

November	20,614	22,353	27,543	39,486	36,651
December	3,888	5,054	9,215	19,375	16,810
January	0	0	860	2,105	3,638
February	--	--	--	1,051	3,221
March	--	--	--	760	1,659
Cumulative	242,829	264,339	296,244	346,293	359,576
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugarcane crushed in Center-South Brazil (1,000 metric tons).					
Month	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**
March	--	--	--	1,340	4,717
April	15,645	19,295	20,297	20,091	39,209
May	43,741	50,535	51,676	54,994	66,950
June	49,717	55,869	62,666	64,811	67,169
July	53,307	58,502	57,449	73,335	70,183
August	55,236	57,323	67,865	68,224	70,987
September	46,546	51,049	63,104	67,655	59,736
October	42,027	42,769	55,929	62,350	65,734
November	25,389	30,731	38,290	56,283	54,713
December	5,088	6,680	12,876	28,096	26,254
January	89	0	963	3,952	6,399
February	--	--	--	2,190	5,385
March	--	--	--	1,641	2,458
Cumulative	336,783	372,754	431,115	504,963	539,893
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugar and Ethanol

Total sucrose (total reducing sugar, TRS) content destined for sugar and ethanol production for MY 2010/11 is forecast at 44.65 and 55.35 percent, respectively, as opposed to 43.5 and 56.5 percent, respectively for the previous season. Although a higher volume of sugarcane is expected to be diverted to ethanol to guarantee the domestic market supply, sugar-ethanol mills are expected to increase sugar production due to continued steady demand from international markets, mainly India.

Sugar production for MY 2010/11 is projected at 40.7 mmt, raw value, up 4.3 mmt compared to MY 2009/10 (36.4 mmt). The CS states should account for 35.5 mmt, raw value, up 14 percent from MY 2009/10 (31.2 mmt). The NNE should contribute 5.2 mmt of sugar, raw value, similar to MY 2009/10.

Total ethanol production for MY 2010/11 is forecast at 29.4 billion liters (8 billion liters of anhydrous ethanol and 21.4 billion liters of hydrated ethanol), up 3.7 billion liters compared to MY 2009/10 (7 billion liters of anhydrous ethanol and 18.7 billion liters of hydrated ethanol), as a consequence of the expected expansion in domestic consumption. Domestic demand for ethanol is projected at 27.3 billion liters, up 4.3 billion liters from MY 2009/10, due to steady sales of flex fuel cars and projected attractive ethanol prices at the pump.

The table below shows the sales of FFV and ethanol powered cars since 2004. Sales of FFV currently represent over 90 percent of total vehicle sales. According to the industry, flex fuel vehicles currently represent 40 percent of the light vehicles flee, and the share is likely to reach close to 50 percent by the end of this season.

Domestic Sales of Alcohol Powered Vehicles (pure alcohol & flex fuel units)

2004	2005	2006	2007	2008	2009	2010 1/
379,329	897,308	1,425,177	2,032.361	2,356,942	2,711,267	382,793
Source: National Association of Vehicle Manufacturers (ANFAVEA) 1/ January-February						
Note: flex fuel vehicles were introduced in March 2003.						

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 (million liters)						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Diesel	39,226	39,167	39,008	41,558	44,764	44,298
Gasoline C**	23,174	23,553	24,008	24,325	25,175	25,409
Hydrated Ethanol	4,513	4,667	6,187	9,367	13,290	16,471
Source: ANP.						
** Gasoline C includes 20-25 % anhydrous ethanol						

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) 2007, 2008, 2009 and 2010. Due to lower availability of ethanol during the January-February 2010 period, gasoline consumption was favored in several Brazilian states, as reported in the tables below, thus reducing ethanol demand during the off-season.

Gasoline and Ethanol Prices in Selected States (average price, R$/liter)									
		Gasoline				**Ethanol**			
		2007	**2008**	**2009**	**2010**	**2007**	**2008**	**2009**	**2010**
Sao Paulo State	**January**	2.405	2.380	2.393	2.477	1.367	1.290	1.312	1.807
	February	2.339	2.376	2.398	2.509	1.361	1.257	1.331	1.831
	June	2.419	2.385	2.349		1.314	1.259	1.168	
	August	2.384	2.394	2.351		1.128	1.264	1.231	
Sao Paulo City	**January**	2.403	2.376	2.391	2.475	1.363	1.291	1.312	1.810
	February	2.397	2.372	2.396	2.508	1.356	1.264	1.327	1.835
	June	2.416	2.383	2.346		1.316	1.264	1.180	
	August	2.383	2.393	2.348		1.135	1.270	1.230	
Minas Gerais	**January**	2.392	2.405	2.381	2.489	1.749	1.606	1.611	1.965
	February	2.360	2.389	2.374	2.509	1.744	1.577	1.623	2.077
	June	2.404	2.368	2.326		1.662	1.568	1.501	
	August	2.372	2.356	2.361		1.526	1.575	1.564	
Belo Horizonte (MG Capital)	**January**	2.345	2.369	2.331	2.405	1.733	1.589	1.597	1.926
	February	2.315	2.346	2.329	2.458	1.730	1.554	1.612	2.064
	June	2.379	2.322	2.282		1.643	1.547	1.487	

	August	2.342	2.315	2.313		1.500	1.571	1.547	
Rio Janeiro State	**January**	2.488	2.505	2.537	2.641	1.728	1.624	1.685	2.044
	February	2.488	2.501	2.535	2.663	1.754	1.614	1.695	2.104
	June	2.511	2.513	2.524		1.653	1.635	1.588	
	August	2.490	2.576	2.526		1.513	1.658	1.604	
Rio Janeiro Capital	**January**	2.481	2.500	2.534	2.640	1.717	1.614	1.680	2.050
	February	2.483	2.496	2.531	2.660	1.737	1.603	1.692	2.106
	June	2.507	2.509	2.521		1.640	1.627	1.579	
	August	2.486	2.513	2.523		1.500	1.653	1.598	
Porto Alegre (RS Capital)	**January**	2.600	2.463	2.538	2.568	1.848	1.792	1.746	2.257
	February	2.463	2.326	2.538	2.592	1.829	1.693	1.765	2.335
	June	2.585	2.514	2.419		1.789	1.731	1.550	
	August	2.481	2.566	2.577		1.512	1.744	1.765	
Goiania (GO Capital)	**January**	2.329	2.539	2.565	2.654	1.425	1.569	1.581	1.838
	February	2.499	2.502	2.564	2.655	1.487	1.508	1.581	1.897
	June	2.583	2.330	2.562		1.359	1.368	1.483	
	August	2.233	2.452	2.556		1.093	1.472	1.411	
Fortaleza (CE Capital)	**January**	2.625	2.667	2.388	2.530	1.661	1.829	1.615	1.909
	February	2.620	2.655	2.533	2.530	1.680	1.814	1.747	2.013
	June	2.492	2.439	2.363		1.719	1.726	1.671	
	August	2.638	2.589	2.575		1.676	1.885	1.768	
Source: Petroleum, Natural Gas and Biofuels National Agency (ANP).									

Ratio Ethanol/Gasoline Prices					
		2007	**2008**	**2009**	**2010**
Sao Paulo	**January**	57%	54%	55%	73%
	February	58%	53%	56%	73%
	June	54%	53%	50%	
	August	47%	53%	52%	
Sao Paulo	**January**	57%	54%	55%	73%
	February	57%	53%	55%	73%
	June	54%	53%	50%	
	August	48%	53%	52%	
Minas Gerais	**January**	73%	67%	68%	79%
	February	74%	66%	68%	83%
	June	69%	66%	65%	
	August	64%	67%	66%	
Belo Horizonte	**January**	74%	67%	69%	80%
	February	75%	66%	69%	84%

	June	69%	67%	65%	
	August	64%	68%	67%	
Rio Janeiro	January	69%	65%	66%	77%
	February	70%	65%	67%	79%
	June	66%	65%	63%	
	August	61%	64%	63%	
Rio de Janeiro	January	69%	65%	66%	78%
	February	70%	64%	67%	79%
	June	65%	65%	63%	
	August	60%	66%	63%	
Porto Alegre	January	71%	73%	69%	88%
	February	74%	73%	70%	90%
	June	69%	69%	64%	
	August	61%	68%	68%	
Goiania	January	61%	62%	62%	69%
	February	60%	60%	62%	71%
	June	53%	59%	58%	
	August	49%	60%	55%	
Fortaleza	January	63%	69%	68%	75%
	February	64%	68%	69%	80%
	June	69%	71%	71%	
	August	64%	73%	69%	
Source: Petroleum, Natural Gas and Biofuels National Agency (ANP).					
Gray Area means gasoline prices more attractive than ethanol					

According to the Ministry of Agriculture, Livestock and Supply (MAPA), cumulative ethanol production for the 2009/10 crop through February 28, 2010 was reported at 25.4 billion liters – 6.9 billion liters of anhydrous ethanol and 18.5 liters of hydrated ethanol. The table below shows sugarcane, sugar and ethanol production by state for MY 2009/10, as reported by MAPA.

Cane, Sugar & Alcohol Production: 2009/10 Crop (MT and 000 Liters)					
			Ethanol		
State/Region	Cane	Sugar	Anhydous	Hydrous	Total
Alagoas	23,483,201	2,050,276	297,384	301,943	599,327
Amazonas	211,750	8,679	0	4,739	4,739
Bahia	2,756,019	129,897	43,828	74,247	118,075
Ceara	154,471	0	0	10,924	10,924
Maranhao	2,209,385	15,868	109,746	58,751	168,497
Para	623,409	24,458	4,113	33,521	37,634
Paraiba	5,674,844	149,236	145,970	221,731	367,701
Pernambuco	15,703,649	1,356,930	129,090	207,152	336,242
Piaui	1,014,076	53,884	35,807	5,146	40,953
Rio Grande Norte	3,174,230	200,772	44,410	67,638	112,048
Rondonia	111,252	0	0	8,550	8,550
Sergipe	1,250,782	57,069	12,170	41,991	54,161
Tocantins	45,160	0	0	2,433	2,433
NNE	56,412,228	4,047,069	822,518	1,038,766	1,861,284

Espirito Santo	3,929,885	77,685	110,060	122,236	232,296
Goias	40,046,942	1,392,135	484,995	1,705,751	2,190,746
Minas Gerais	49,681,243	2,682,473	482,839	1,808,189	2,291,028
Mato Grosso Sul	22,908,069	738,588	234,234	1,011,607	1,245,841
Mato Grosso	14,045,632	414,222	271,565	553,789	825,354
Parana	44,927,188	2,421,479	363,454	1,487,445	1,850,899
Rio de Janeiro	3,259,987	176,638	9,962	102,523	112,485
Rio Grande Sul	48,454	0	0	2,460	2,460
Sao Paulo	358,710,689	20,699,374	4,070,829	10,689,918	14,760,747
Center South	537,558,089	28,602,594	6,027,938	17,483,918	23,511,856
TOTAL	593,970,317	32,649,663	6,850,456	18,522,684	25,373,140
Source: Ministry of Agriculture, Livestock and Supply-Sugar, Alcohol Dept, 03/01/10					

The tables below show monthly sugar production for the state of Sao Paulo and the CS region for the 2005/06 to 2009/10 crops (April-March), as reported by UNICA.

Sugar production in the state of Sao Paulo (Metric tons, tel quel)					
Month	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**
March	0	0	0	8,946	68,428
April	573,693	667,102	506,326	433,514	1,152,563
May	1,895,471	2,393,035	2,060,416	1,872,140	2,530,999
June	2,374,536	2,982,938	2,773,968	2,425,239	2,728,867
July	2,600,509	3,283,896	2,521,042	3,094,298	3,020,119
August	2,955,858	3,321,415	3,234,706	3,034,421	3,043,705
September	2,600,071	3,004,302	3,172,657	3,101,858	2,468,929
October	2,234,868	2,239,680	2,925,756	2,592,977	2,838,435
November	1,368,359	1,435,440	1,475,693	2,083,437	2,065,829
December	154,204	182,657	394,983	906,197	570,067
January	0	0	73,515	59,565	77,063
February				21,616	70,985
March				28,228	44,233
Cumulative	16,757,568	19,510,464	19,139,062	19,662,436	20,680,220
Source: Sugar and Alcohol Millers Association of Sao Paulo State (UNICA).					

Sugar production in Center-Southern Brazil (Metric tons, tel quel).					
Month	**05/06**	**06/07**	**07/08**	**08/09**	**09/10**
March	``	0	0	41,936	147,030
April	776,552	868,062	851,430	631,526	1,572,304
May	2,548,993	3,180,638	2,816,677	2,527,935	3,364,577
June	3,172,441	4,002,254	3,782,565	3,282,349	3,669,831
July	3,529,777	4,407,637	3,550,615	4,243,947	4,137,318
August	3,980,457	4,483,362	4,480,838	4,087,442	4,381,252
September	3,407,693	3,918,878	4,367,990	4,247,955	3,552,156
October	2,845,850	2,865,209	3,885,907	3,541,734	3,824,806
November	1,564,896	1,814,436	1,879,787	2,741,754	2,786,747
December	183,613	255,317	504,722	1,221,877	870,648
January	4,863	0	80,075	92,084	118,870
February				40,002	107,861
March				49,278	57,753
Cumulative	22,015,135	25,795,792	26,200,606	26,749,819	28,591,151
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 2009-March 2010) for the state of Sao Paulo for the 2009/10 crop is R$ 0.3492 per kg of TRS, or R$ 45.52 per ton of sugarcane, up R$ 6.30 per ton compared to the previous crop (R$ 0.2781 per kg of TRS, or approximately R$ 39.22 per ton of sugarcane), due to better sugar and ethanol prices during the crushing season compared to the previous year. 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.

Excessive rainfall during the harvest season has negatively impacted the crushing of sugarcane, thus reducing the availability of the product in the domestic market. As a consequence, ethanol prices have escalated from R$ 0.70-0.80/liter during the peak of the harvest season (August-September) to R$ 1.20-1.30/liter in January-February due to reduced supply. Concurrently, sugar prices in the domestic market jumped from R$ 40 to 72 per 50-kg bags in the same period. Both sugar and ethanol prices decreased in March compared to February with the beginning of the new crop season.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax).					
Period	**2006**	**2007**	**2008**	**2009**	**2010**
January	47.80	36.79	25.04	36.71	70.83
February	51.55	34.96	26.20	44.77	72.49
March 1/	51.72	34.70	27.44	48.40	69.96
April	50.61	33.87	28.11	46.48	--
May	48.56	28.56	26.71	44.57	--
June	49.72	24.94	24.94	42.20	--
July	50.25	24.38	24.38	41.46	--
August	44.10	25.18	29.01	45.43	--
September	37.99	25.11	30.81	55.50	--

October	37.32	23.92	31.13	57.28	--
November	36.47	22.06	30.74	56.21	--
December	36.78	23.62	31.72	58.73	--
Source: USP/ESALQ/CEPEA. 1/ March 2010 refers to March 1-26.					

Fuel Anhydrous Ethanol Prices: State of São Paulo (R$/000 liters).					
Month	**2006**	**2007**	**2008**	**2009**	**2010**
January	1,040.59	870.69	786.22	873.30	1285.40
February	1,063.94	837.39	808.08	860.30	1297.60
March	1,191.42	912.93	831.50	744.50	974.60
April	1,185.53	1,072.57	789.40	697.00	--
May	966.47	883.78	821.50	676.40	--
June	983.66	675.07	787.00	692.80	--
July	1,036.03	668.53	873.20	803.78	--
August	955.43	665.58	858.50	820.70	--
September	878.49	660.73	891.20	912.90	--
October	867.02	664.44	902.20	1086.40	--
November	858.93	792.90	897.00	1093.80	--
December	849.55	851.07	880.60	1131.60	--
Source: USP/ESALQ/CEPEA.					

Fuel Hydrated Ethanol Prices: State of São Paulo (R$/000 liters).					
Month	**2006**	**2007**	**2008**	**2009**	**2010**
January	1,018.24	845.36	697.18	781.40	1,171.20
February	1,064.20	802.87	714.70	777.60	1095.80
March	1,208.53	855.05	754.56	656.80	825.50
April	1,063.46	940.51	715.60	621.30	--
May	848.56	690.84	697.10	585.22	--
June	854.55	587.86	665.30	606.60	--
July	898.36	583.99	718.10	710.20	--
August	819.57	581.02	719.30	726.50	--
September	756.09	580.96	749.60	791.40	--
October	758.58	585.48	715.70	935.10	--
November	751.59	716.09	726.40	941.90	--
December	778.07	751.28	737.70	1000.40	--
Source: USP/ESALQ/CEPEA.					

As an attempt to avoid sharp price fluctuations in the ethanol market in the future, the MAPA announced that the Brazilian government should establish a credit line of R$ 2.5 billion (approximately US$1.39 billion) to create ethanol stocks. Funds are expected to be available in May-June and the requirements to be eligible for the loan would be less restrictive than those in 2009, thus guaranteeing larger use of the credit line.

Consumption:

ATO/Sao Paulo projects the Brazilian MY 2010/11 consumption at 12 mmt, raw value, up 200,00 mt from 2000/10 (11.8 mmt), reflecting Brazilian population growth and continued expansion in the food processing sector.

Trade:

Exports

Sugar Exports

Total sugar exports are forecast at 28.4 mmt, raw value, up 4.1 mmt compared to the previous year (24.3 mmt) as a consequence of an expected deficit in the world sugar supply, especially from India. Raw sugar should account for 22.2 mmt, raw value, whereas the remainder represents exports of refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2008/09, 2009/10 (May-February) and Calendar Year (CY) 2009, as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports (NCM 1701.11.00, MT tel quel, US$ 000 FOB)						
	MY 2008/09 1/		MY 2009/10 1/		CY 2009 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
India	548,225	153,639	3,851,027	1,360,303	3,999,859	1,326,129
Russia	3,874,842	1,044,315	2,406,455	847,367	2,667,653	852,518
Bangladesh	579,050	158,255	1,022,283	358,692	1,241,337	390,348
U.A.E.	372,103	100,194	1,047,753	343,795	1,112,636	360,365
Nigeria	845,179	227,059	815,742	281,826	969,628	305,456
Algeria	685,070	188,491	766,786	280,941	903,725	304,081
Canada	803,830	222,913	714,275	248,574	860,690	291,723
Morocco	525,696	144,236	634,383	232,843	805,693	262,349
Malaysia	677,737	190,636	568,275	192,400	756,312	247,629
Egypt	1,092,283	295,383	594,556	214,802	653,830	224,905
Others	3,382,874	952,151	3,528,642	1,362,946	3,954,178	1,413,082
Total	13,386,890	3,677,271	15,950,177	5,724,489	17,925,542	5,978,586
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 2008/09 1/		MY 2009/10 1/		CY 2009 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
U.A.E.	315,854	95,234	720,159	236,117	700,608	230,362
Yemen	302,060	100,160	459,616	207,897	588,463	232,505
Saudi Arabia	688,209	180,034	271,930	88,728	524,900	163,564
India	11,352	3,587	499,595	208,490	367,351	143,271
Ghana	391,138	127,358	273,468	114,952	279,808	105,532

South Africa	236,200	79,785	190,549	80,940	267,986	108,617
Nigeria	163,854	49,694	313,544	128,452	266,144	104,453
Syria	121,182	39,429	283,471	112,667	253,449	93,489
Sri Lanka	34,074	11,271	218,543	96,504	202,147	80,763
Ivory Coast	66,003	20,186	143,978	59,085	190,194	73,385
Others	2,829,370	944,097	2,176,975	926,446	2,727,500	1,063,290
Total	5,159,297	1,650,836	5,551,829	2,260,276	6,368,549	2,399,232
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 for MY 2010/11 are forecast at 2.5 billion liters, a 0.6 billion liter reduction compared to revised figure for MY 2009/10 (3.1 billion liters), mostly due to an expected decrease in direct exports to the U.S. and India. The tables below show ethanol exports for MY 2008/09 and MY 2009/10 (May-February), as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Alcohol Exports (NCM 2207.10.00, MT 000 Liters, US$ 1,000 FOB)						
	MY 2008/09 1/			MY 2009/10 1/		
Country	**Volume**	**Weight**	**Value**	**Volume**	**Weight**	**Value**
Netherlands	1,003,517	796,902	478,625	513,725	409,115	217,024
Jamaica	285,722	230,918	130,559	394,870	318,833	139,006
India	65,726	53,155	31,763	294,049	237,581	102,068
South Korea	183,378	148,164	85,053	249,879	201,681	111,114
Japan	251,217	202,919	111,273	239,113	193,029	95,188
U.S.A.	1,389,968	1,100,469	689,499	289,778	229,691	156,900
U.K.	64,497	50,876	29,239	172,432	136,016	89,825
Trinidad Tobago	195,282	157,863	86,842	112,147	90,657	37,092
Nigeria	99,886	80,759	46,048	74,245	60,015	29,687
Costa Rica	81,346	65,598	35,701	92,271	74,600	29,403
Others	626,470	505,052	283,809	404,051	325,205	169,940
Total	4,247,008	3,392,675	2,008,413	2,836,561	2,276,424	1,177,248
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may not add due to rounding 1/May – Feb.						

Brazilian Alcohol Exports (NCM 2207.20.10, MT, 000 Liters, US$ 000 FOB)						
	MY 2008/09 1			MY 2009/10 1/		
Country	**Volume**	**Weight**	**Value**	**Volume**	**Weight**	**Value**
Jamaica	16,806	13,590	7,853	0	0	0
Netherlands	15,247	12,026	7,891	108	87	74
U.S.A.	2,000	1,580	1,019	0	0	0
Philippines	190	150	123	0	0	0
Cameroon	120	97	98	0	0	0
Cote d'Ivoire	100	81	88	120	97	92
U.K.	21	17	13	0	0	0

Paraguay	0	0	0	0	4	5
Angola	0	0	0	0	0	0
Denmark	0	0	0	25	20	18
Others	0	0	0	20	16	19
Total	34,485	27,541	17,086	273	224	209
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may not add due to rounding 1/May – Feb.						

Stocks:

Post forecasts total sugar ending stocks for MY 2010/11 at – 535,000 mt, up 300,000 mt compared to MY 2009/10 (-835,000 mt). Note that negative stocks have been balanced by the early start of the crushing, March 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 25 percent blend that prevailed in the past couple of years has been reduced to 20 percent as of February 1, to decrease the domestic demand for ethanol due to the sharp rise of ethanol prices at the pump. The Brazilian Government's decision should last for 90 days, e.g, the blend is expected to return to 25 percent as of May 1.

Production, Supply and Demand Data Statistics:

Sugar Cane for Centrifugal Brazil	2009	2010		2011
	2008/2009	2009/2010		2010/2011
	Market Year Begin: May 2008	Market Year Begin: May 2009		Market Year Begin: May 2010
	New Post	USDA Official Data	New Post	New Post
	Data		Data	Data
Area Planted	8,050	8,700	8,700	8,950
Area Harvested	7,600	8,050	8,050	8,310
Production	570,000	594,000	603,000	660,000
Total Supply	570,000	594,000	603,000	660,000
Utilization for Sugar	230,000	265,220	262,300	294,700
Utilizatn for Alcohol	340,000	328,780	340,700	365,300
Total Utilization	570,000	594,000	603,000	660,000

Sugar, Centrifugal Brazil	2009	2010		2011
	2008/2009	2009/2010		2010/2011
	Market Year Begin: May 2008	Market Year Begin: May 2009		Market Year Begin: May 2010
	New Post	USDA Official Data	New Post	New Post
	Data		Data	Data
Beginning Stocks	215	-1,135	-1,135	-835
Beet Sugar Production	0	0	0	0
Cane Sugar Production	31,850	35,750	36,400	40,700
Total Sugar Production	31,850	35,750	36,400	40,700
Raw Imports	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0
Total Imports	0	0	0	0
Total Supply	32,065	34,615	35,265	39,865
Raw Exports	15,085	17,900	18,900	22,200
Refined Exp.(Raw Val)	6,465	5,950	5,400	6,200
Total Exports	21,550	23,850	24,300	28,400
Human Dom. Consumption	11,650	11,800	11,800	12,000
Other Disappearance	0	0	0	0
Total Use	11,650	11,800	11,800	12,000
Ending Stocks	-1,135	-1,035	-835	-535
Total Distribution	32,065	34,615	35,265	39,865

Author Defined:

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
January	2.94	2.62	2.22	2.12	1.76	2.32	1.87
February	2.91	2.60	2.14	2.12	1.68	2.38	1.81
March	2.91	2.67	2.17	2.05	1.75	2.25	1.78
April	2.94	2.53	2.09	2.03	1.69	2.18	1.77
May	3.13	2.40	2.30	1.93	1.63	1.97	
June	3.11	2.35	2.16	1.93	1.64	1.95	
July	3.03	2.39	2.18	1.88	1.57	1.87	
August	2.93	2.36	2.14	1.96	1.63	1.88	
September	2.86	2.22	2.17	1.84	1.92	1.78	
October	2.99	2.25	2.14	1.74	2.12	1.74	
November	2.73	2.21	2.17	1.78	2.33	1.75	
December	2.65	2.26	2.14	1.77	2.34	1.74	

Source : Gazeta Mercantil and BACEN (as of October 2006)
1/ April 2010 refers to April 1.