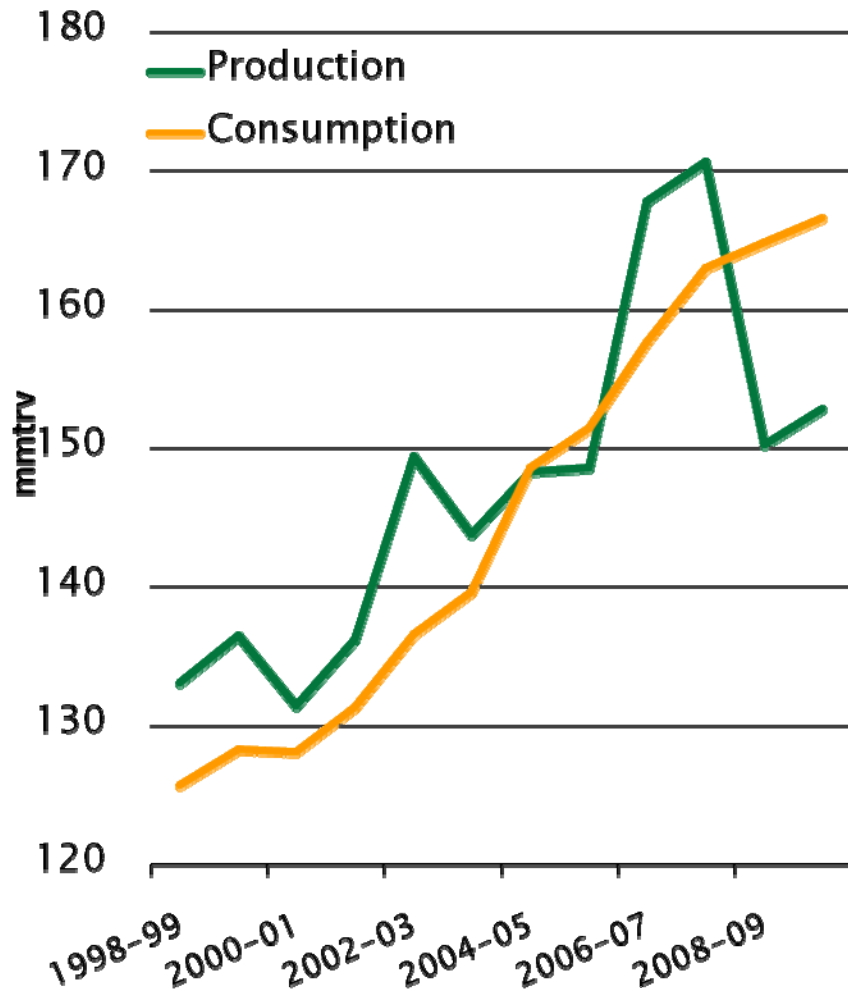


World Sugar

Thai-Qld dialogue

Global Sugar Balance

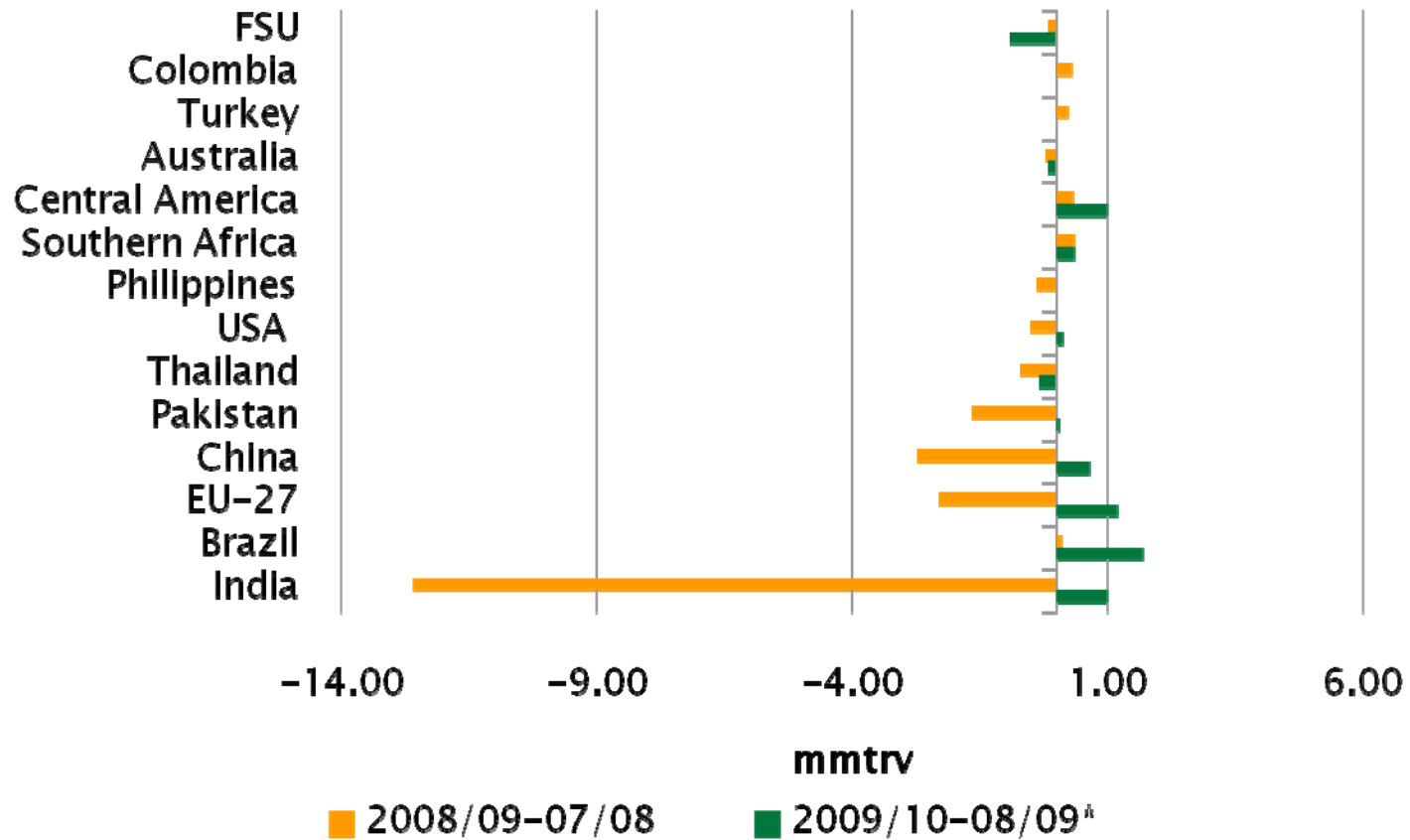


2009/10 DEFICIT

- ▶ Kingsman – 11.9 mln t
- ▶ Czarnikow – 13.5 mln t
- ▶ Sucden – 4.0 mln t
- ▶ ISO – 7.3 mln t
- ▶ LMC – 11.3 mln t

World Production Dynamics

Year-On-Year Production Changes

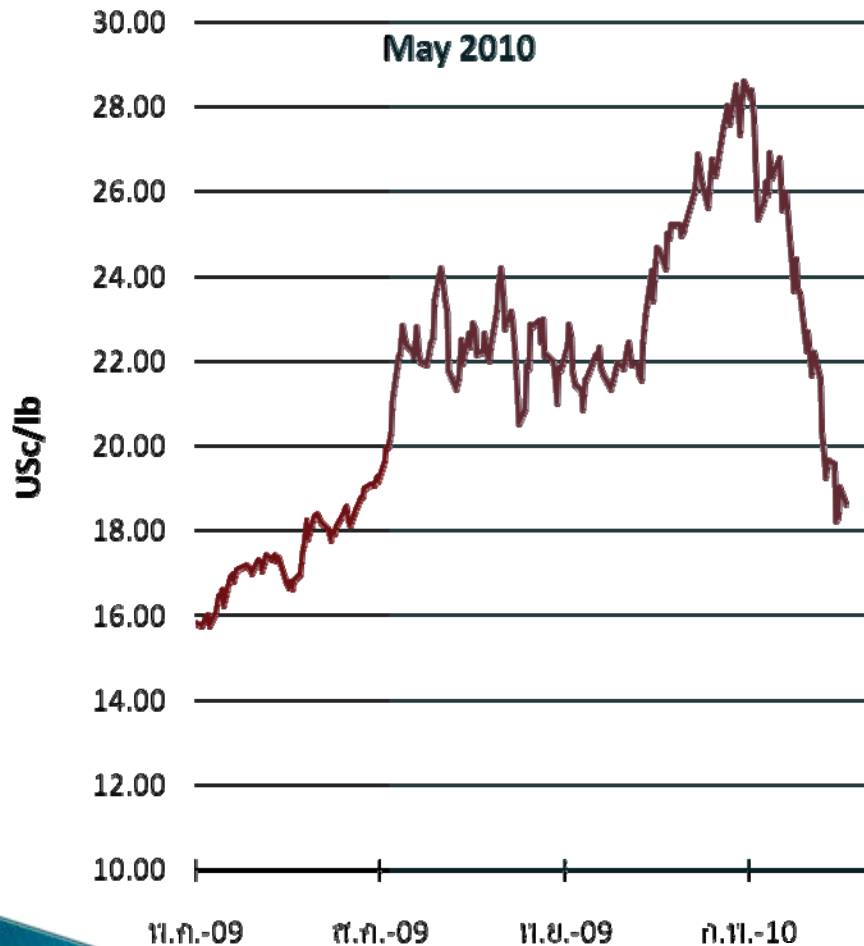


*estimate

2010-11 Production Response

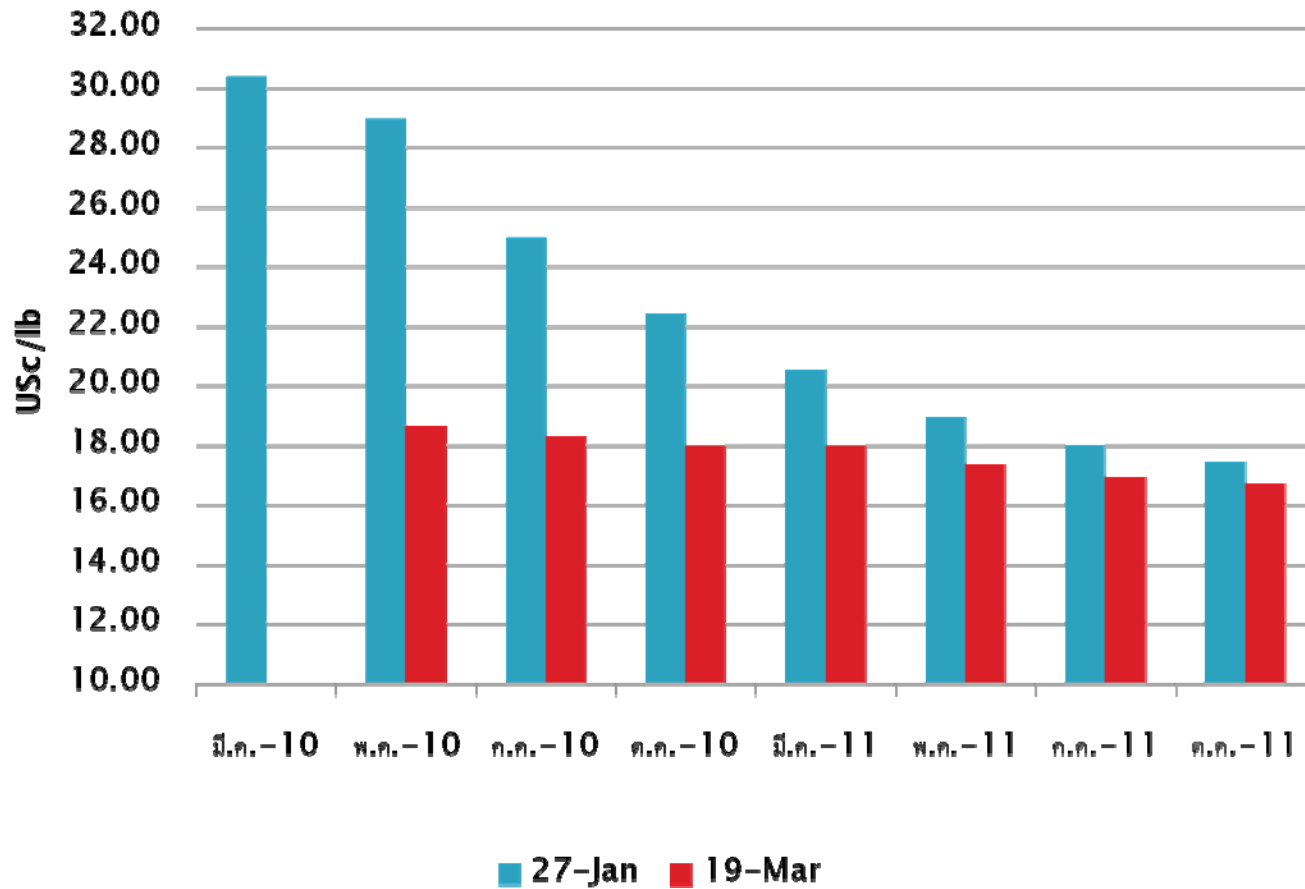
- ▶ Kingsman/Cargill/Czarnikow forecast surplus of 3.99 mln t
- ▶ Requires a production increase of 19 mln t
 - Brazil +5.4 mln t
 - India +6.0 mln t
 - Thailand +0.9 mln t
 - Others +6.8 mln t
- ▶ Risks to this view
 - Continuing wet weather in Brazil
 - Uncertainty over India's recovery
 - A weaker than expected Thai crop base following this year's poor harvest

ICE No.11 Market



- ▶ ICE No.11 reaches US 30.40c/lb
 - range US 20–30c/lb since August
 - Significant fall since, 1 Feb
 - Has it been over done?
- ▶ Strong sugar fundamentals pushed prices higher
 - Poor tail to the Brazil crop
 - Weaker than expected Indian production
- ▶ EU export subsidies trigger the price collapse

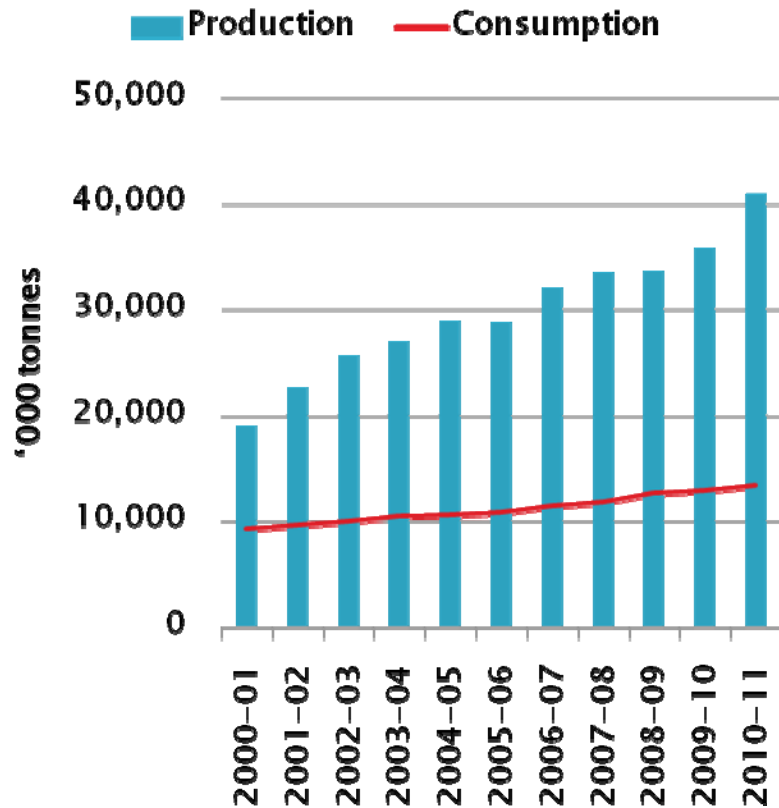
ICE#1 1 Futures curve – 2010-11



A Changing market

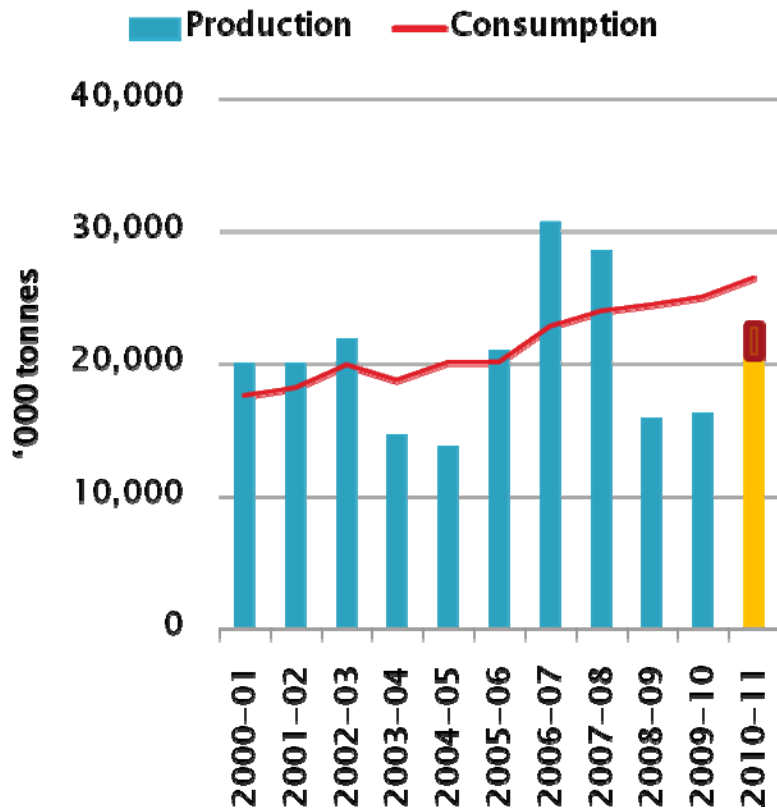
- ▶ East Asia today is two markets
 - mature countries of the north – Japan, Korea, Taiwan
 - developing countries in the south – Indonesia, Malaysia
 - *plus* China – the sleeping giant
 - ▶ Middle East and South Asian
 - the countries are strongly reliant on Brazil, unless India exports
 - ▶ Thailand and Australia have a strong focus on supplying East Asia
 - ▶ The world sugar market is increasingly dependent on the vagaries of weather patterns in Brazil and India
- 

Brazil: the market driver



- The cane is there
 - 590 to 600 mln t
- Additional sugar
 - 5 to 6 mln t
- Ethanol
 - Strong domestic demand growth
 - 56% of the crop
 - Strong foreign investment
- Costs are rising
 - Financial crisis slowed investment
 - Need to generate commercial returns on investments
- Cane growth driven by ethanol demand
 - investment is occurring in sugar capacity

India: the cycle continues



- 2009-10 a second large deficit, but how large?
 - Production uncertainty - 15, 16 or 17 mln t
 - This will impact 2010 import demand
- Stocks are being drawn down
- Imports
 - Raw imports in 2009 processed with domestic cane
 - Whites in 2010
- 2010-11 production recovery inevitable
 - Cane prices strong
 - Mills paying planting incentives
 - Wide range of estimates 4 to 8 mln tonnes
- Unlikely to be an exporter

World Sugar

Thai-Qld dialogue