

CZARNIKOW SUGAR

Presentation to analysts

by

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Director of Research: Toby Cohen

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About Czarnikow

...The Premier Provider of Sugar Market Services...

Czarnikow has been in the sugar business since 1861

Czarnikow is the leading professional services company in the sugar market

Czarnikow has a 'first hand' presence in all major sugar markets of the world and employs over 120 professional staff

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A Global Office Network



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Czarnikow Services



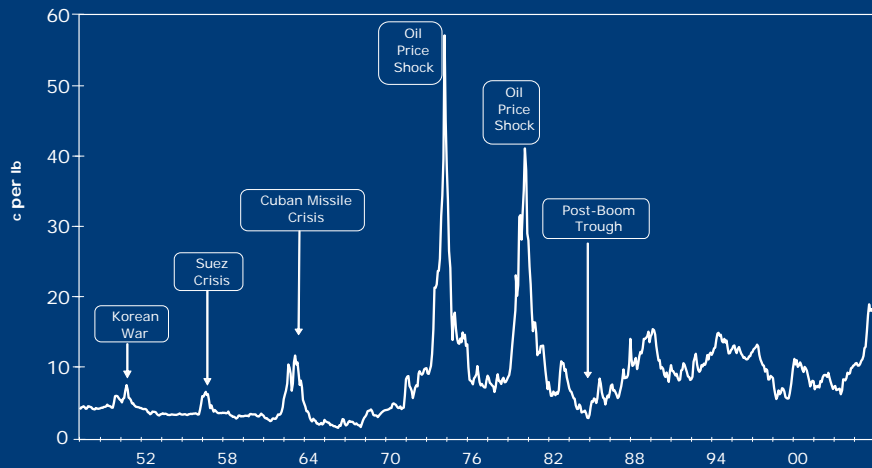
- Trade Facilitation
- Distribution
- Structured Finance
- Risk Management
- Futures
- Corporate Services
- Strategic Consultancy
- Research

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World Market Outlook:
Sugar Production in a
Dynamic Price Environment

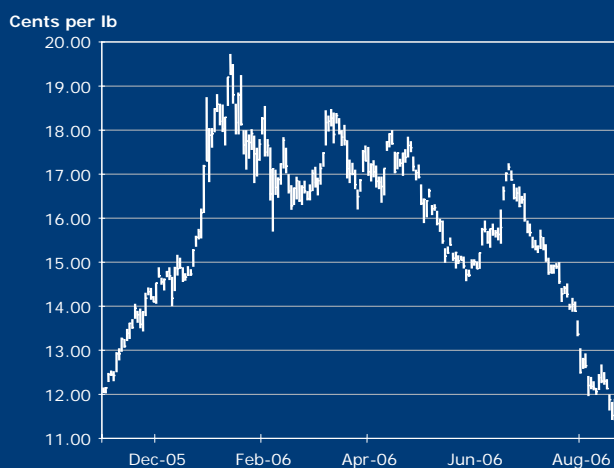
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The Post War Cycle



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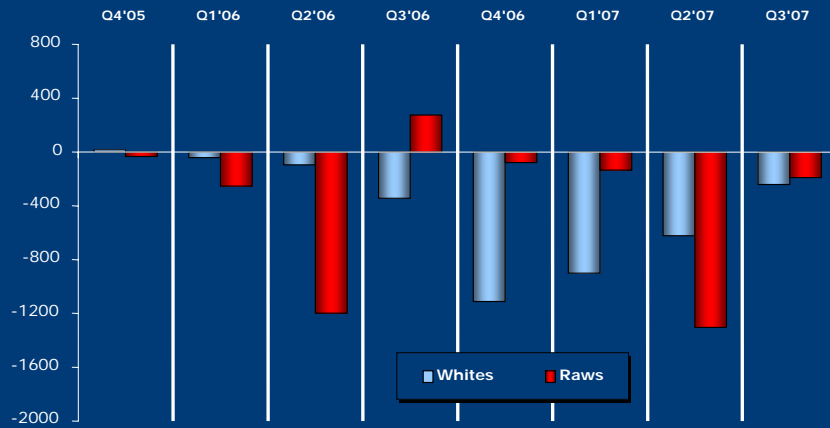
NYBOT No.11; First Futures 2005 - 2006



- Sugar prices more than doubled at the start of the year.
- Prices rose to the highest point seen in 25 years.
- This spike has triggered a reaction

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Trade Flows (Dec 05)



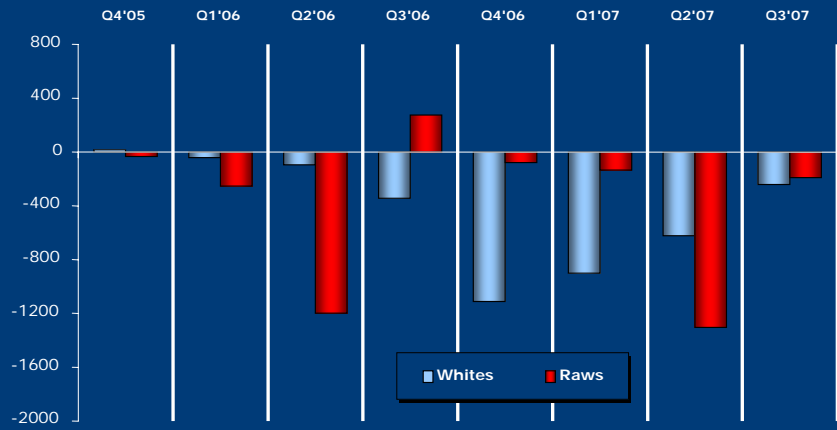
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Market Response



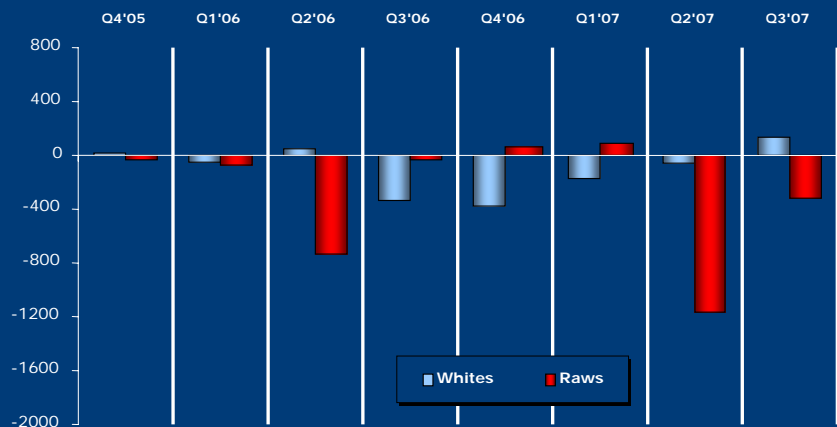
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Trade Flows (Dec 05)



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Trade Flows (March)



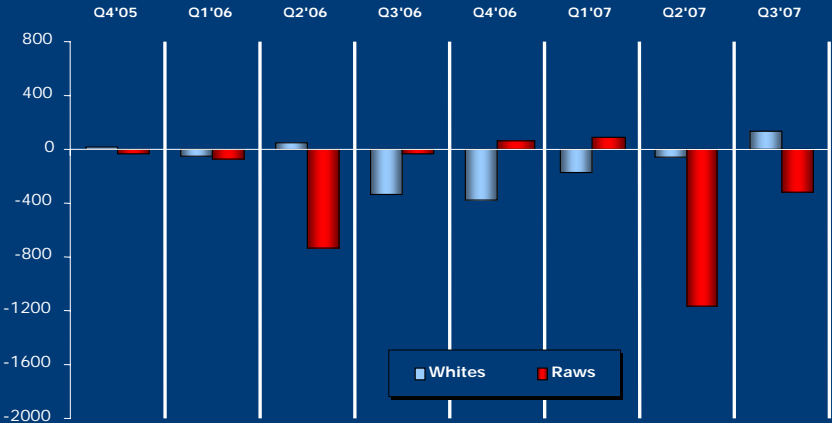
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Market Response



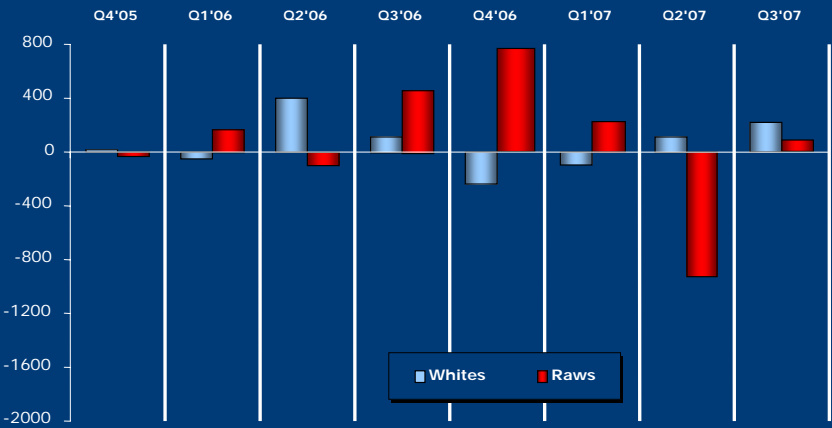
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Trade Flows (March)



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Trade Flows (June)



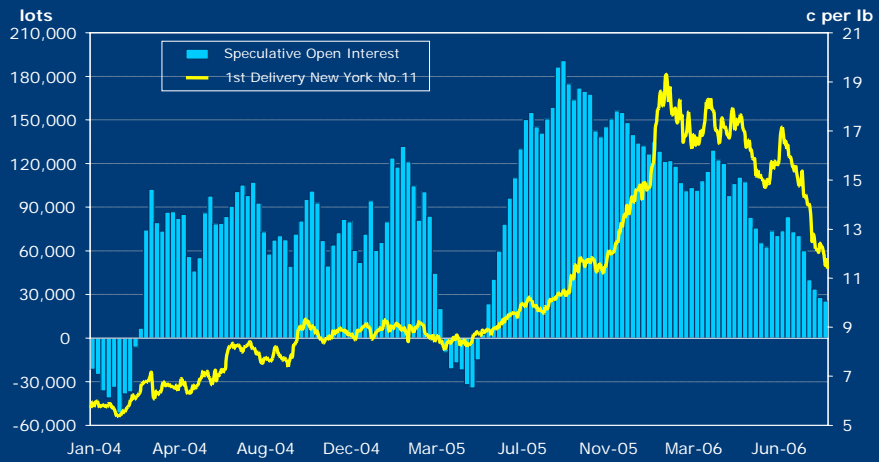
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Market Response



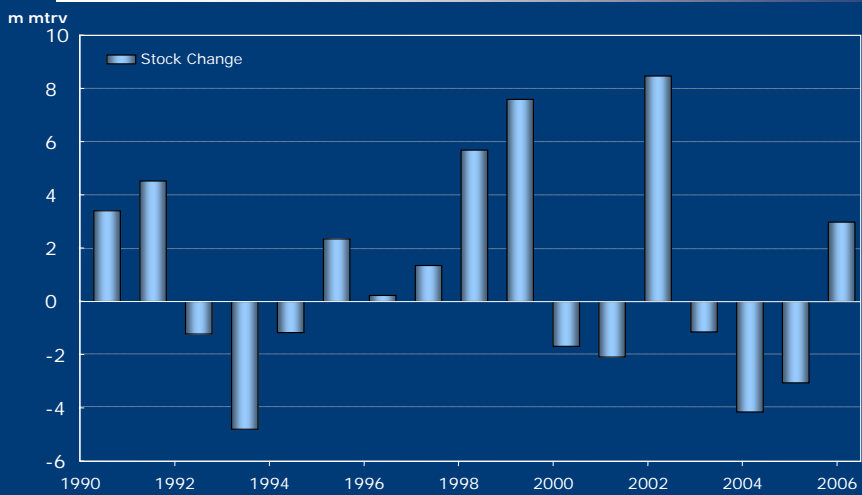
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Speculative Activity



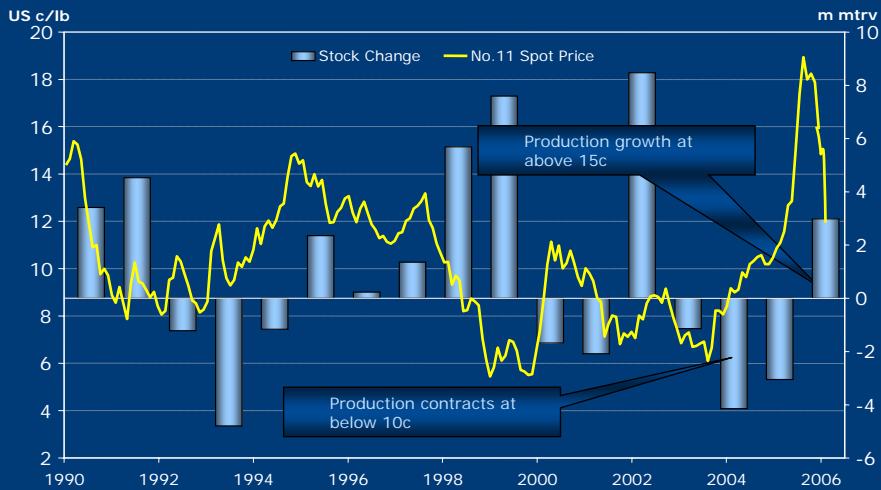
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Production / Consumption



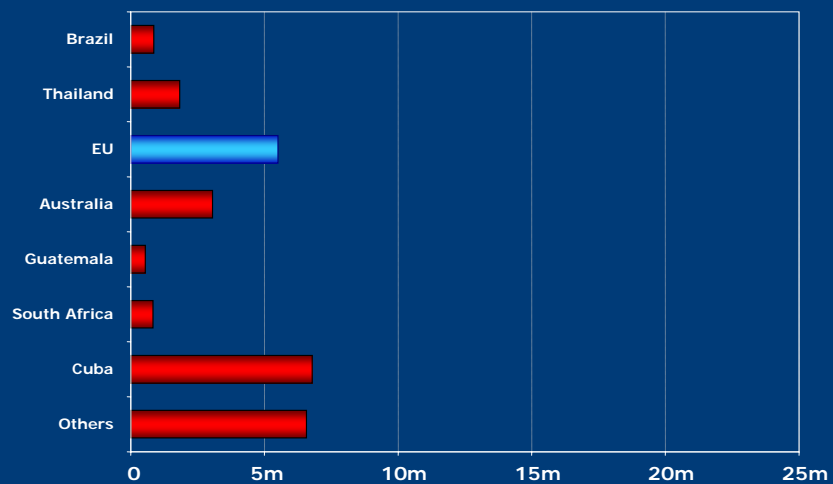
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Production / Consumption



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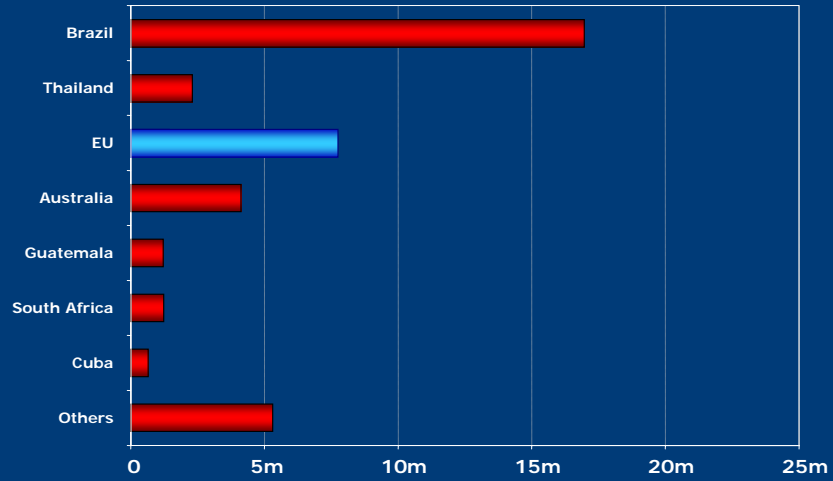
World Trade 1990



Trade estimated: 26m tonnes

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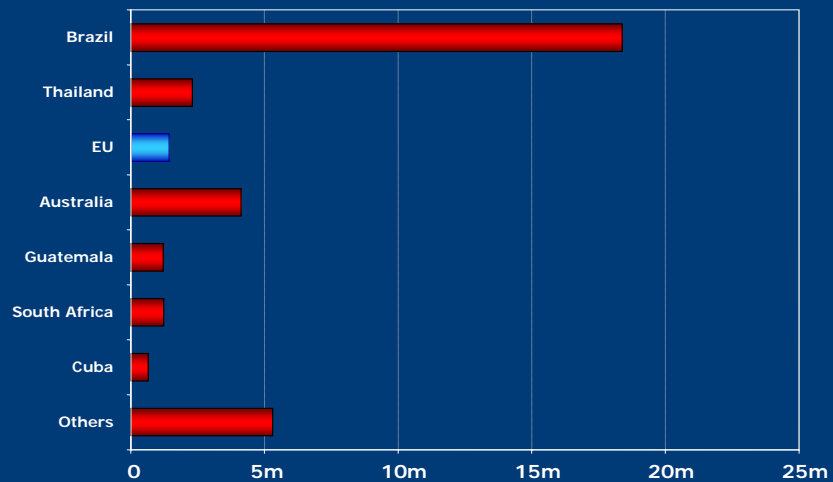
World Trade 2005/6



Trade estimated: 40m tonnes

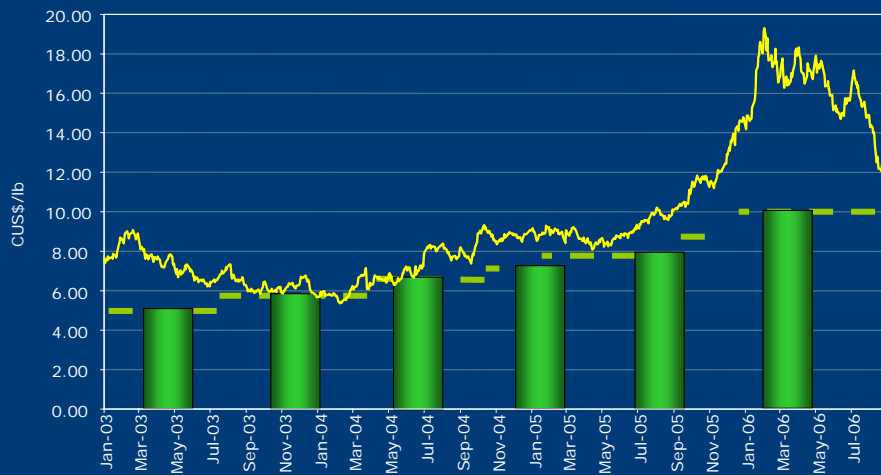
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World Trade 2006/7



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NYBOT No.11 Price and Brazil Costs

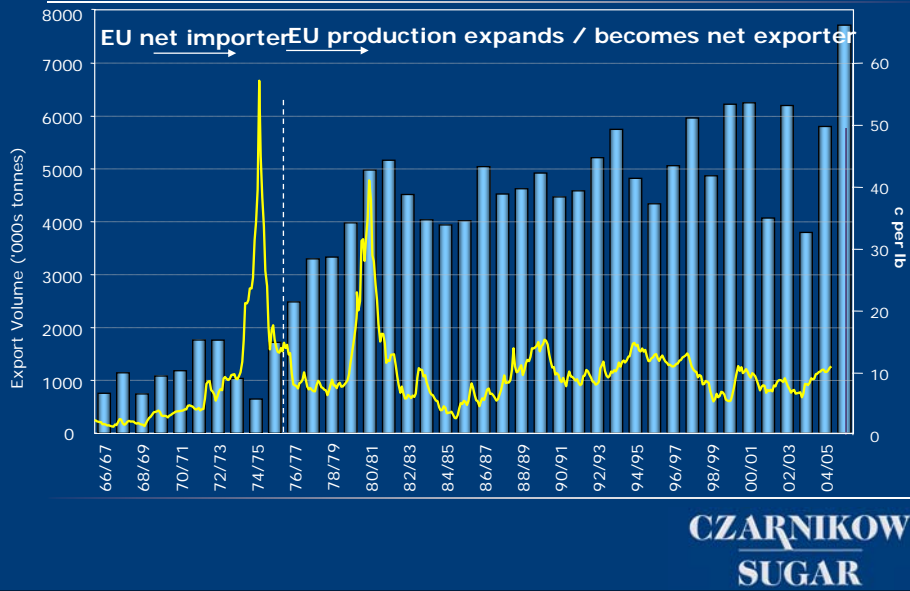


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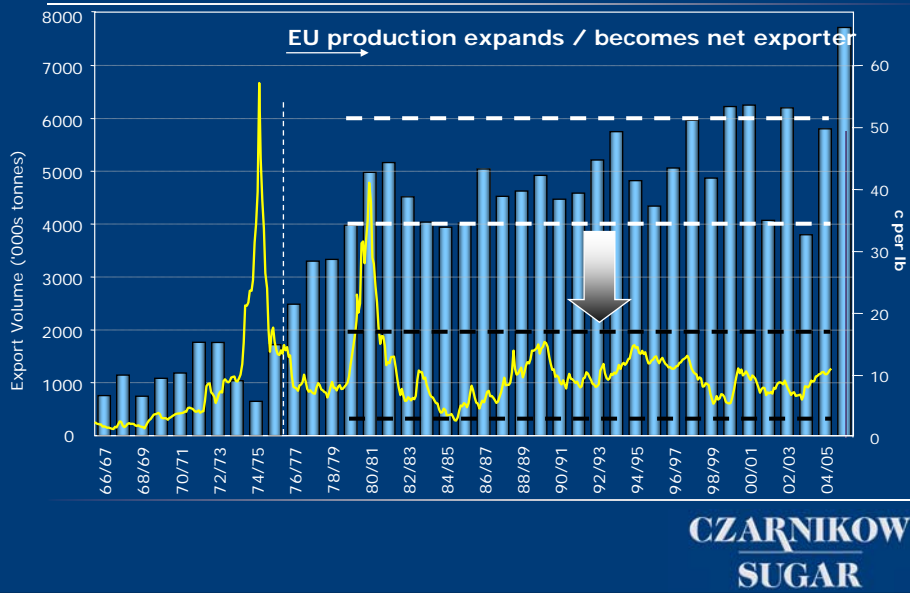
... however, the relationship between supply and price is being altered by structural change in the EU, Russia & Ethanol markets...

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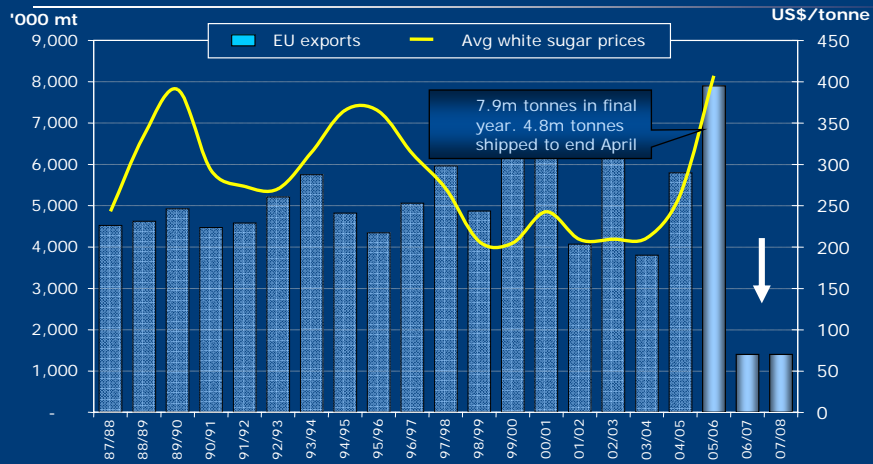
Building the EU Regime



Building the EU Regime

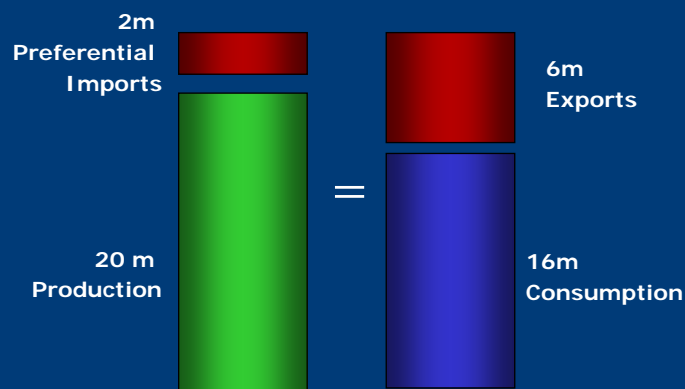


EU Exports: Insensitive to price



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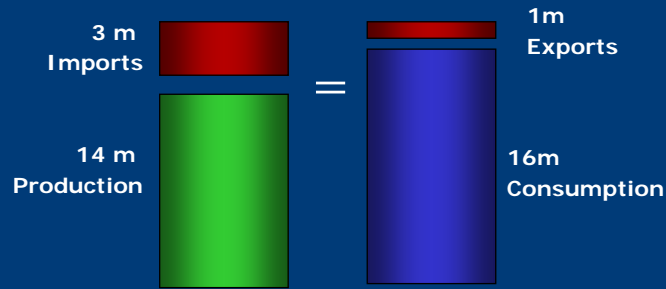
The Old EU Sugar Regime



Excess production exported

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The New EU Sugar Regime



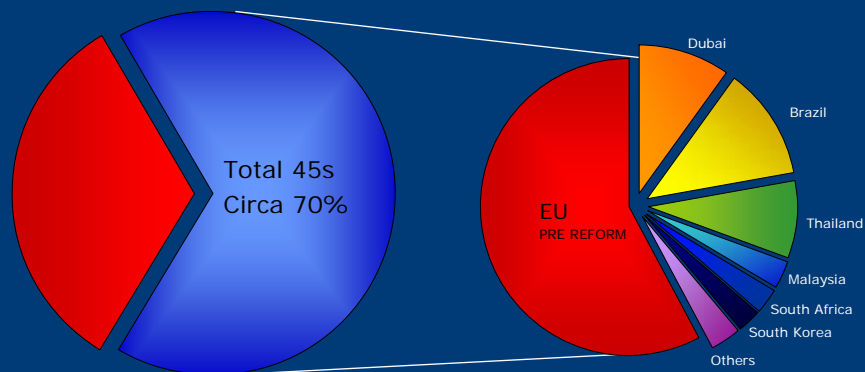
Excess production retained in Europe

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EU and the White Sugar Market

Total White Trade: 17m tonnes

Total 45s Trade: 11m tonnes

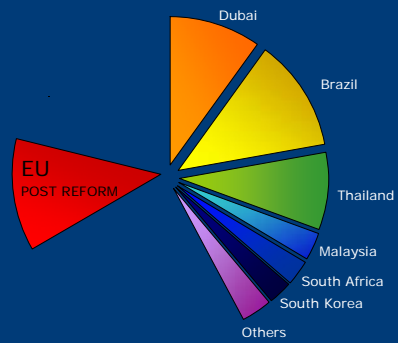
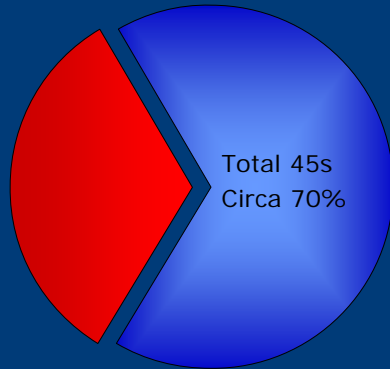


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EU and the White Sugar Market

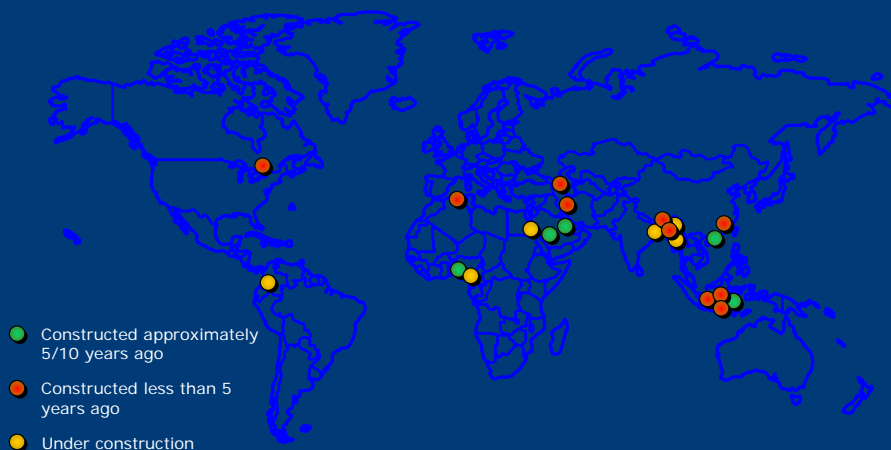
Total White Trade: 17m tonnes

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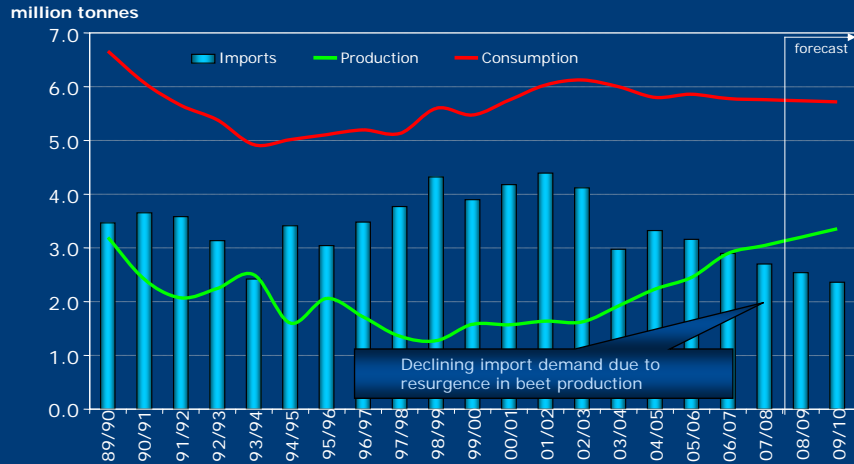
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New Refinery Raw Sugar Demand



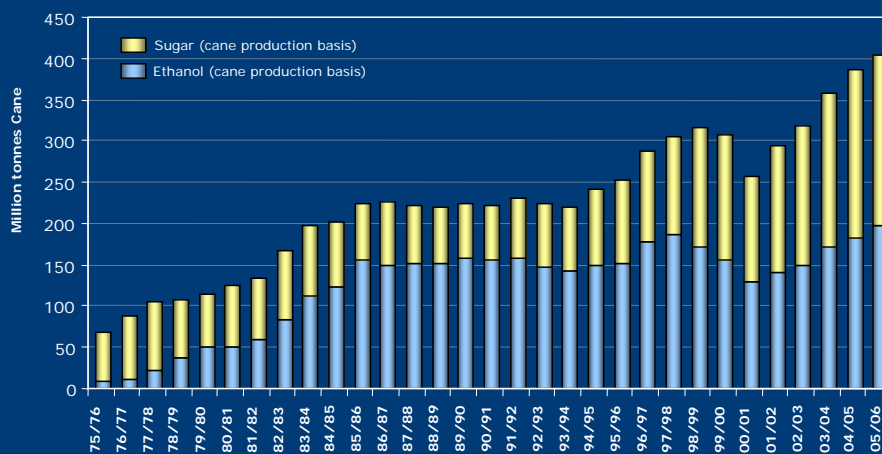
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Russian Trends



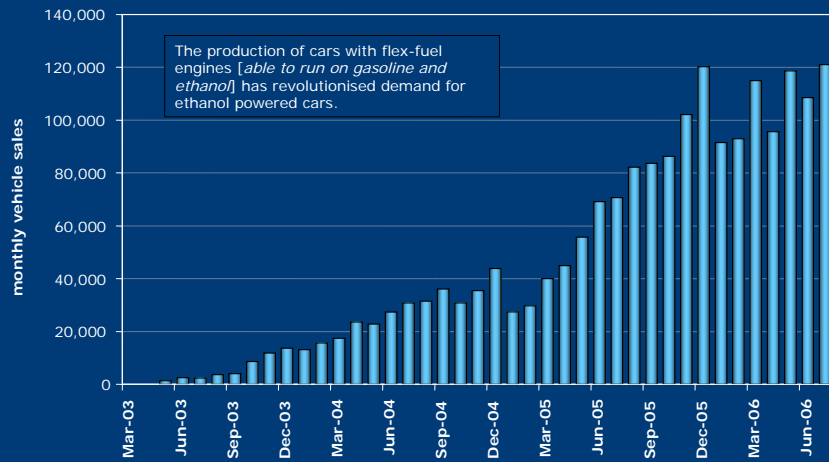
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Brazilian Sugar & Ethanol



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Brazilian Flex Fuel Car Sales

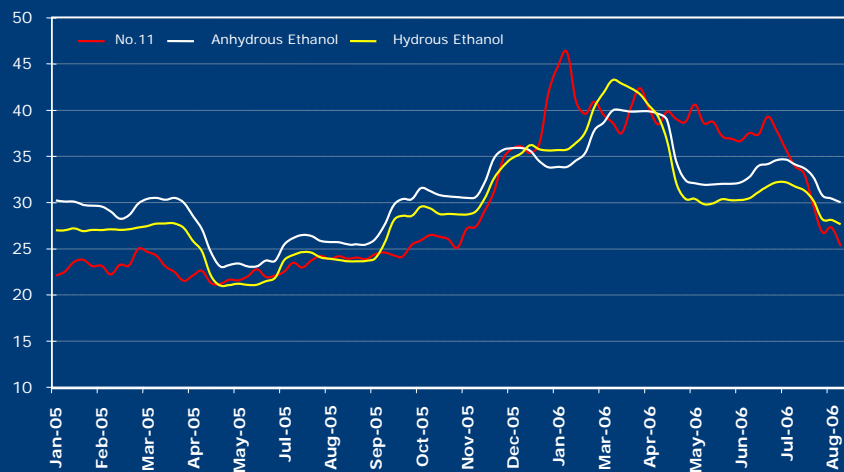


Source: Anfavea

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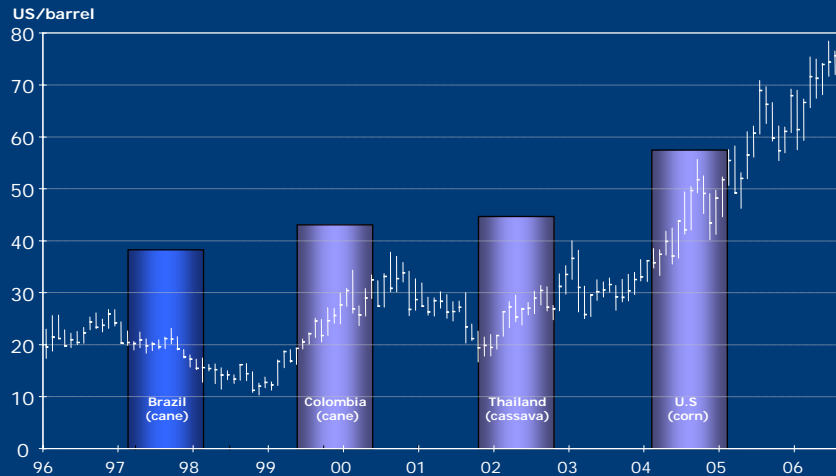
Brazilian Sugar & Ethanol

R\$/50kg of Sugar Equivalent



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Crude Oil vs. Ethanol

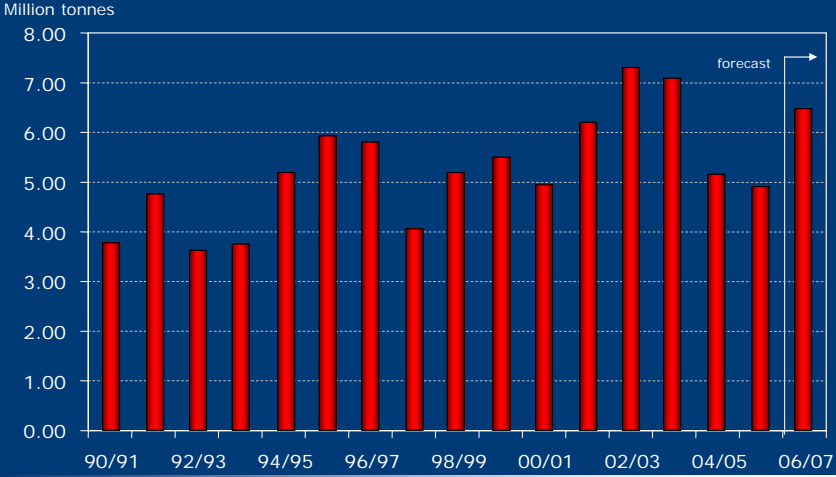


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... these structural changes will continue to have an effect, but the February price spike has provoked a short term reaction ...

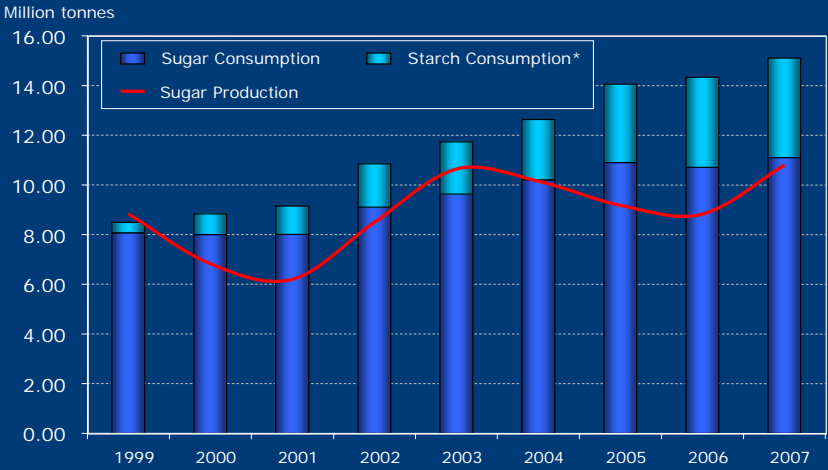
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Thailand Production



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China: Starch vs. Sugar

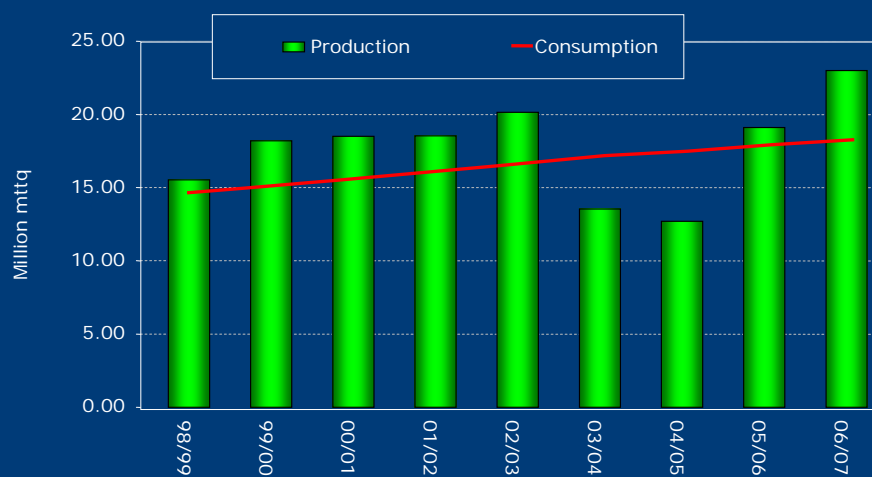


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... and then there is India ...

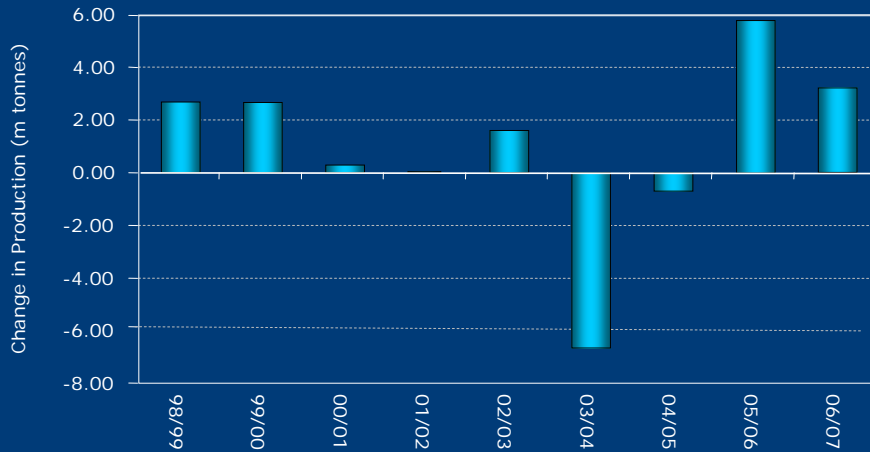
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Indian Production Cycle



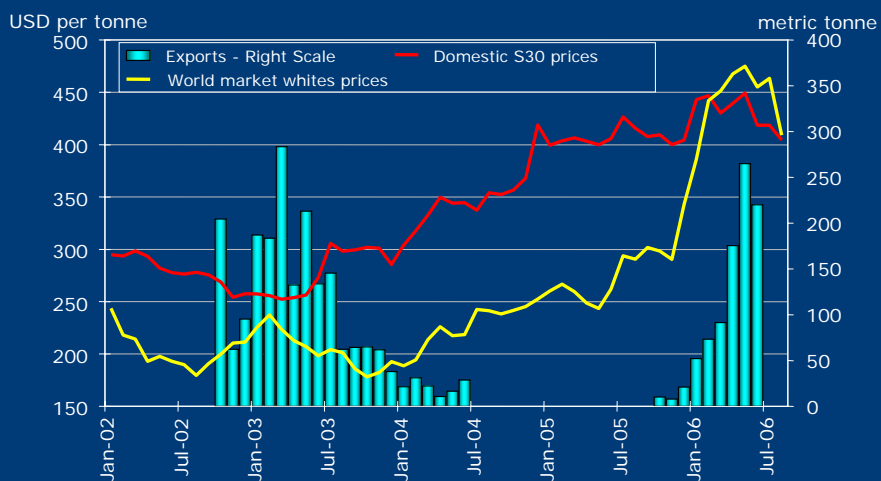
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Indian Production Cycle



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Indian Export Sensitivity



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Conclusion

- Producers and consumers have responded to the February price spike and the market has corrected downwards.
- The effects of structural change are still working through.
- But low stocks, higher global production costs and rising oil prices should support a higher 'floor value' for the market.

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