







**Becoming a Smarter Trader: The Market
Impact of the Structure in the Sugar,
Coffee, and OJ Markets**

Judith Ganes

March 12th, 2014

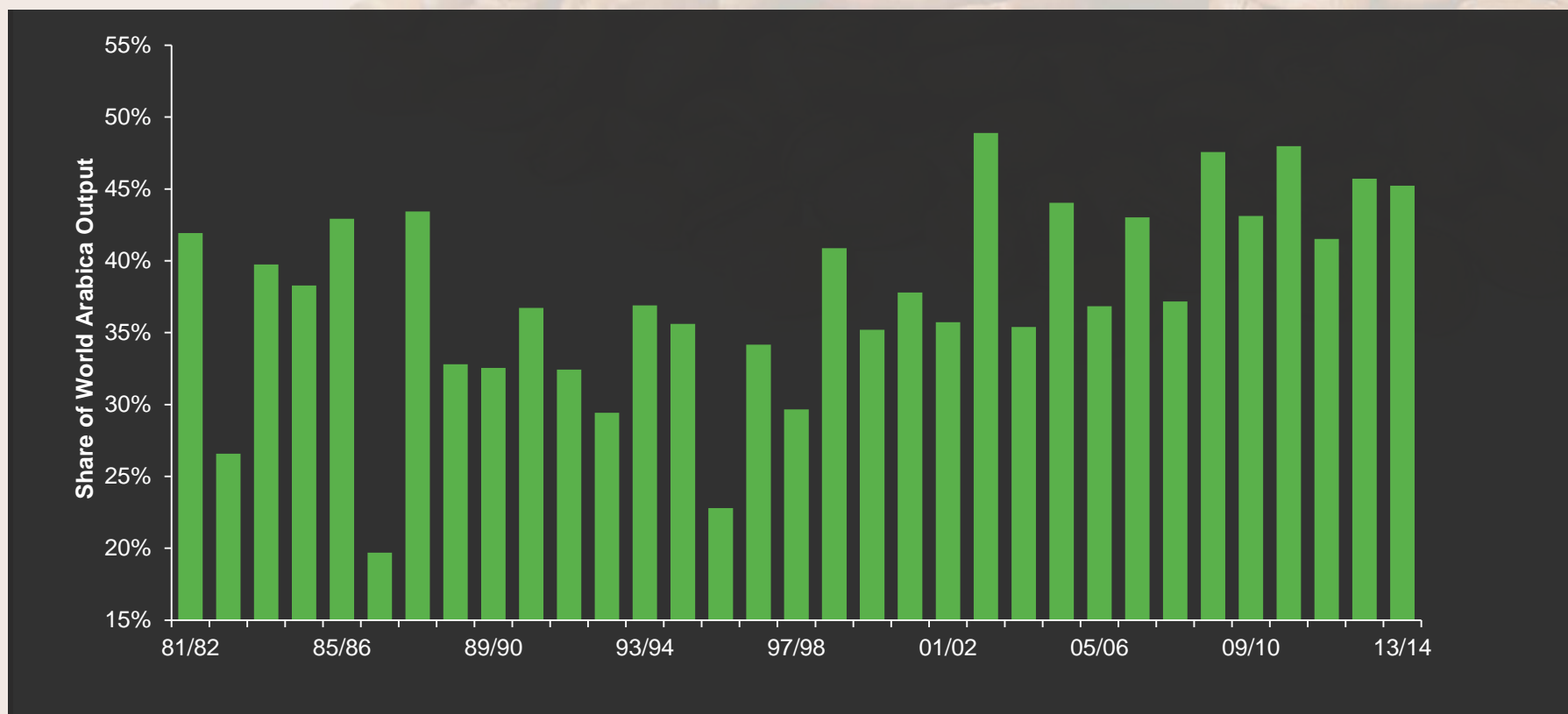
Increasing Reliance on a Few Suppliers for Global Needs

-  Efficiency gains in major producers helping to keep small producing countries out of export markets
 -  Government provided financing and subsidies exacerbating the trend
 -  Geographical concentration increasing the risk from weather and disease
 -  While not exclusive to coffee, OJ, and sugar markets, these softs are experiencing potential supply disruptions due to global market structure
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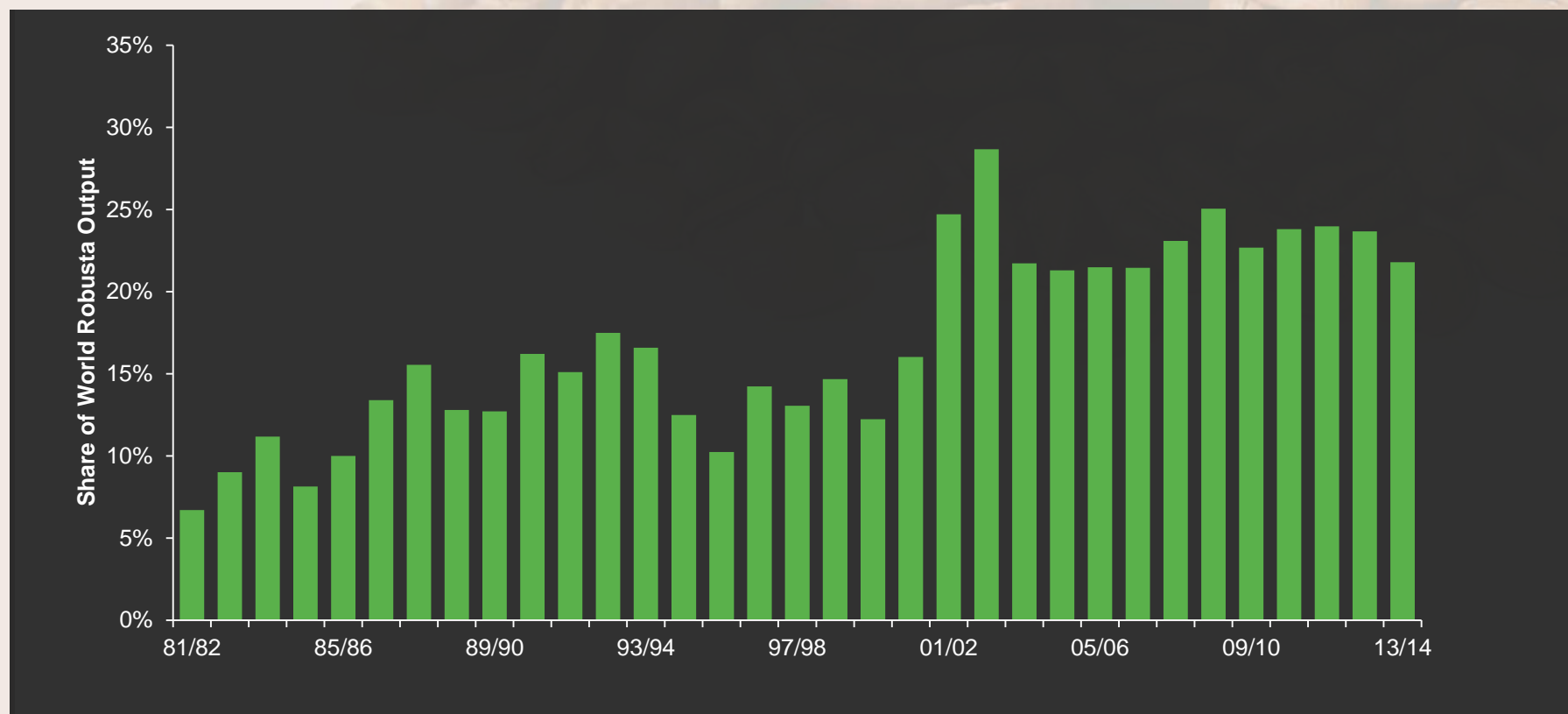
Brazilian Weather Launching Arabica Prices Upward



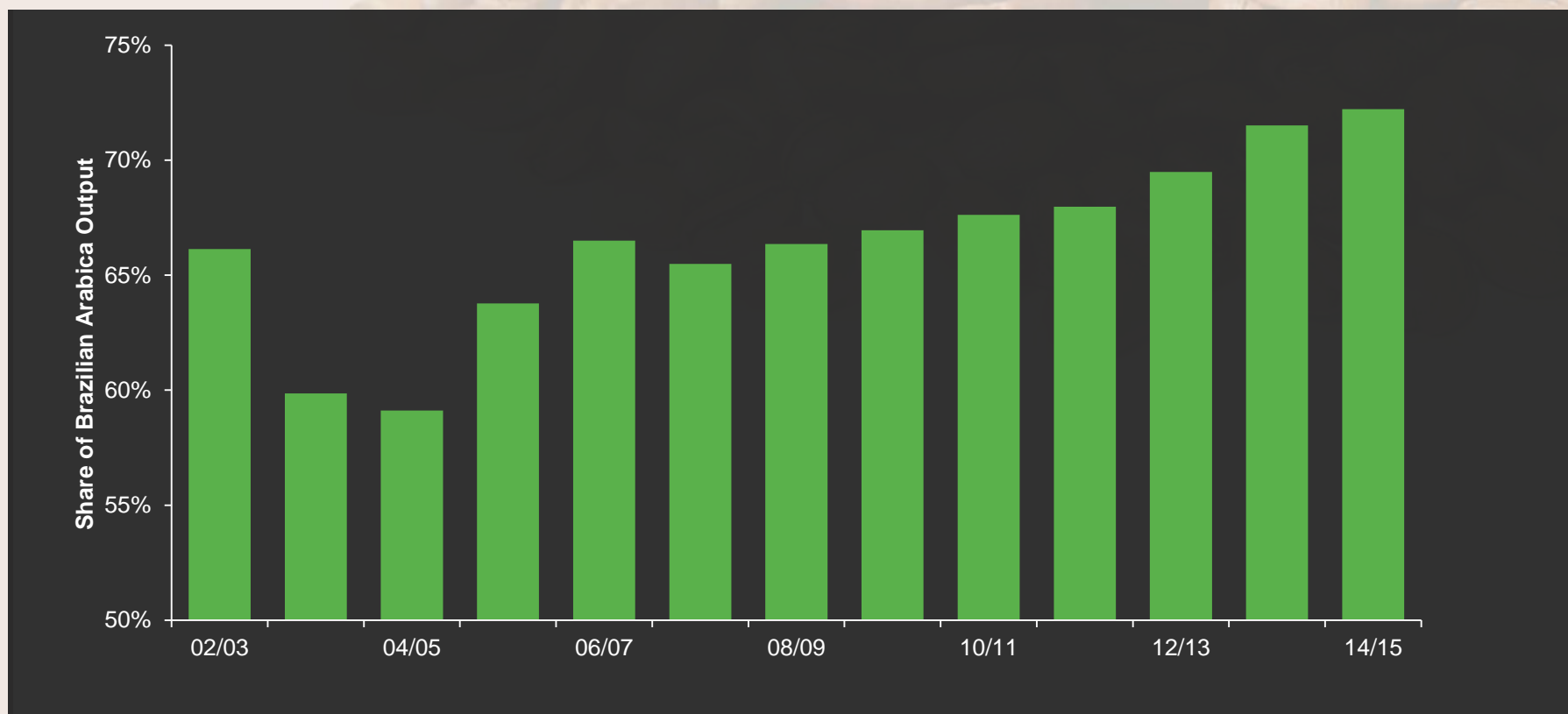
Recent Brazilian On-Years Responsible for Nearly 50% of Global Arabica Output



Brazil Also Supplies an Increasingly Meaningful Portion of Global Robustas

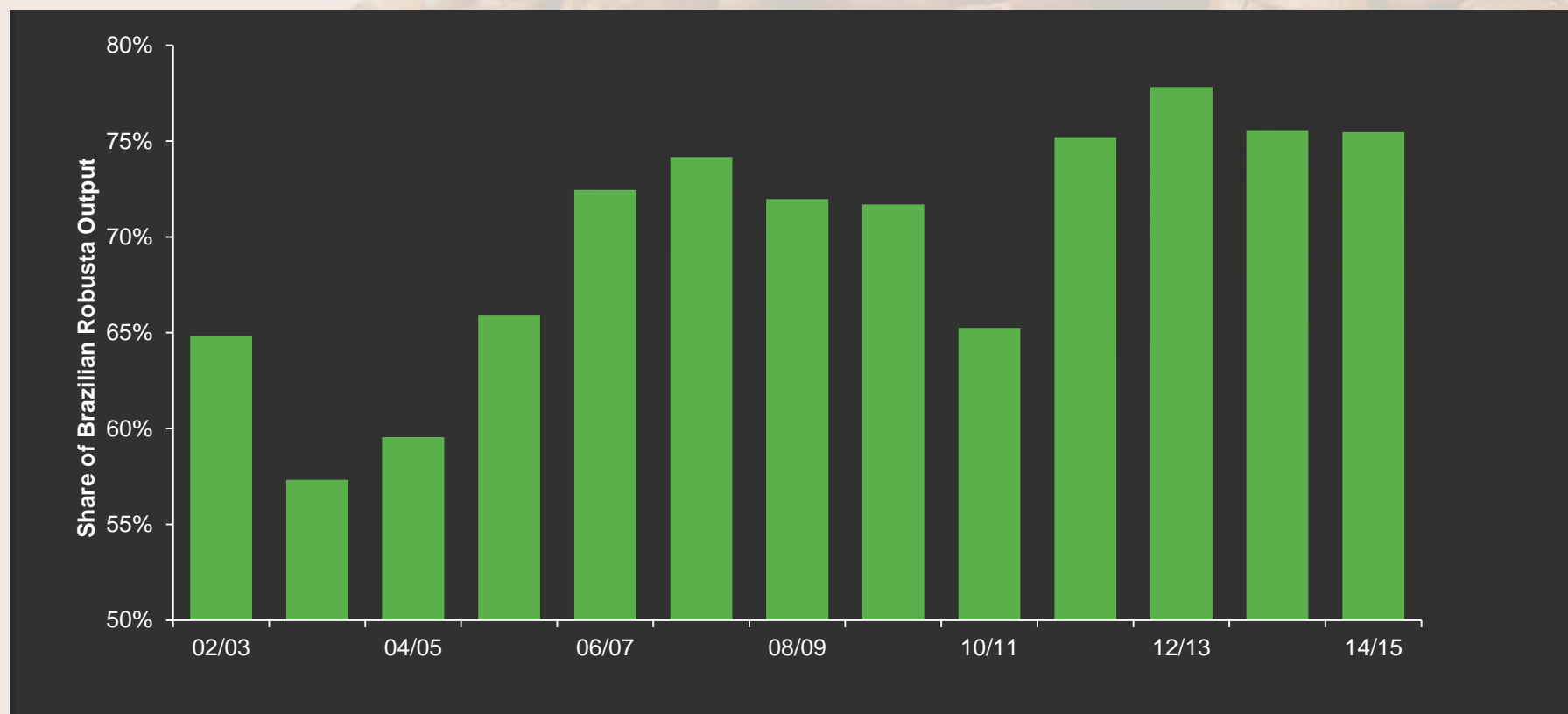


Brazilian Arabica Production Dominated by Minas Gerais State



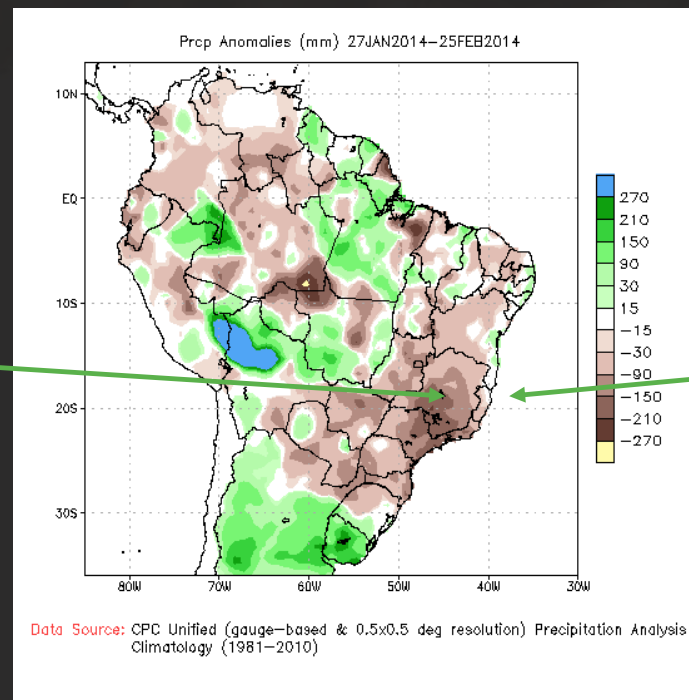
Source: USDA

Similar Internal Brazilian Concentration Seen for Robustas in Espirito Santo



Source: USDA

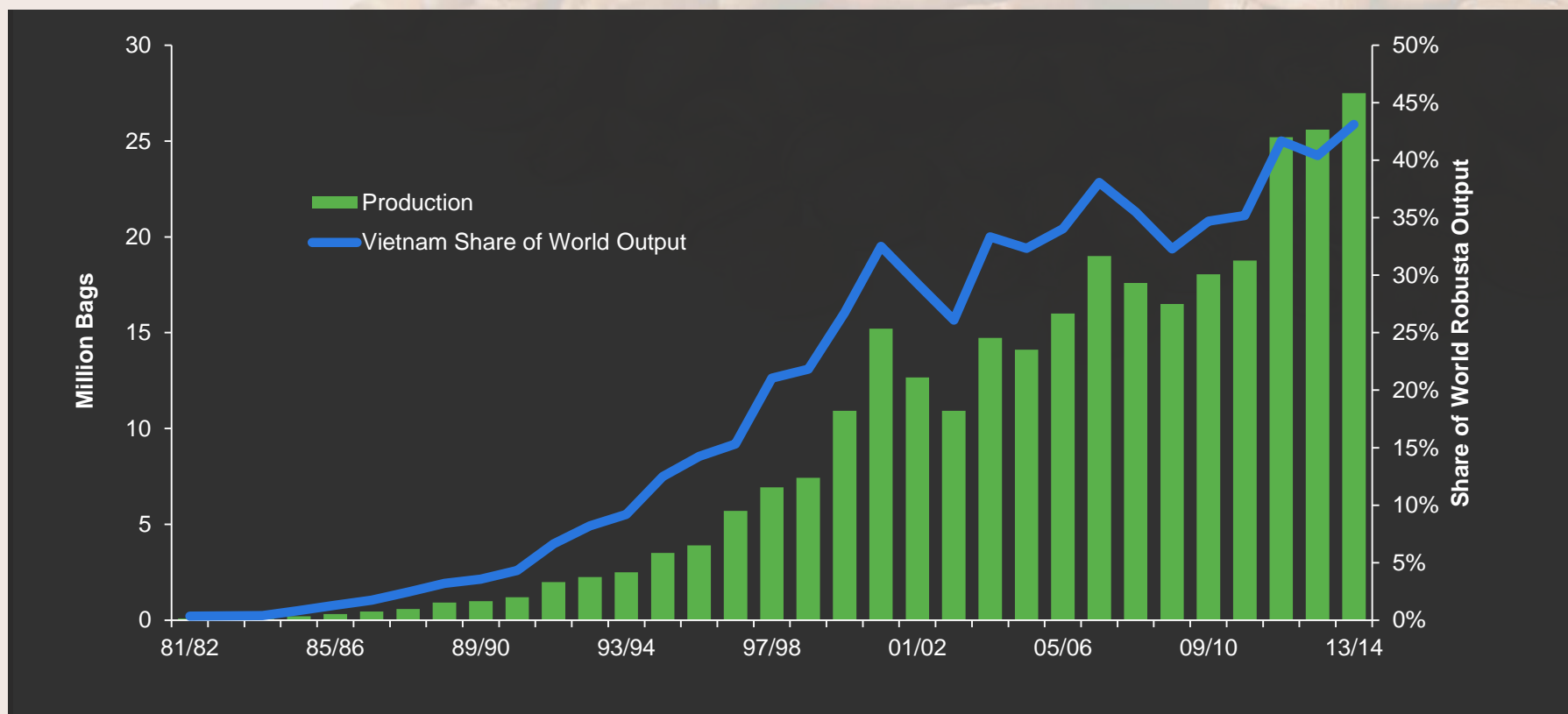
Precipitation Well Below Expected Levels in Main Brazilian Growing Regions



Minas Gerais

Espirito Santo

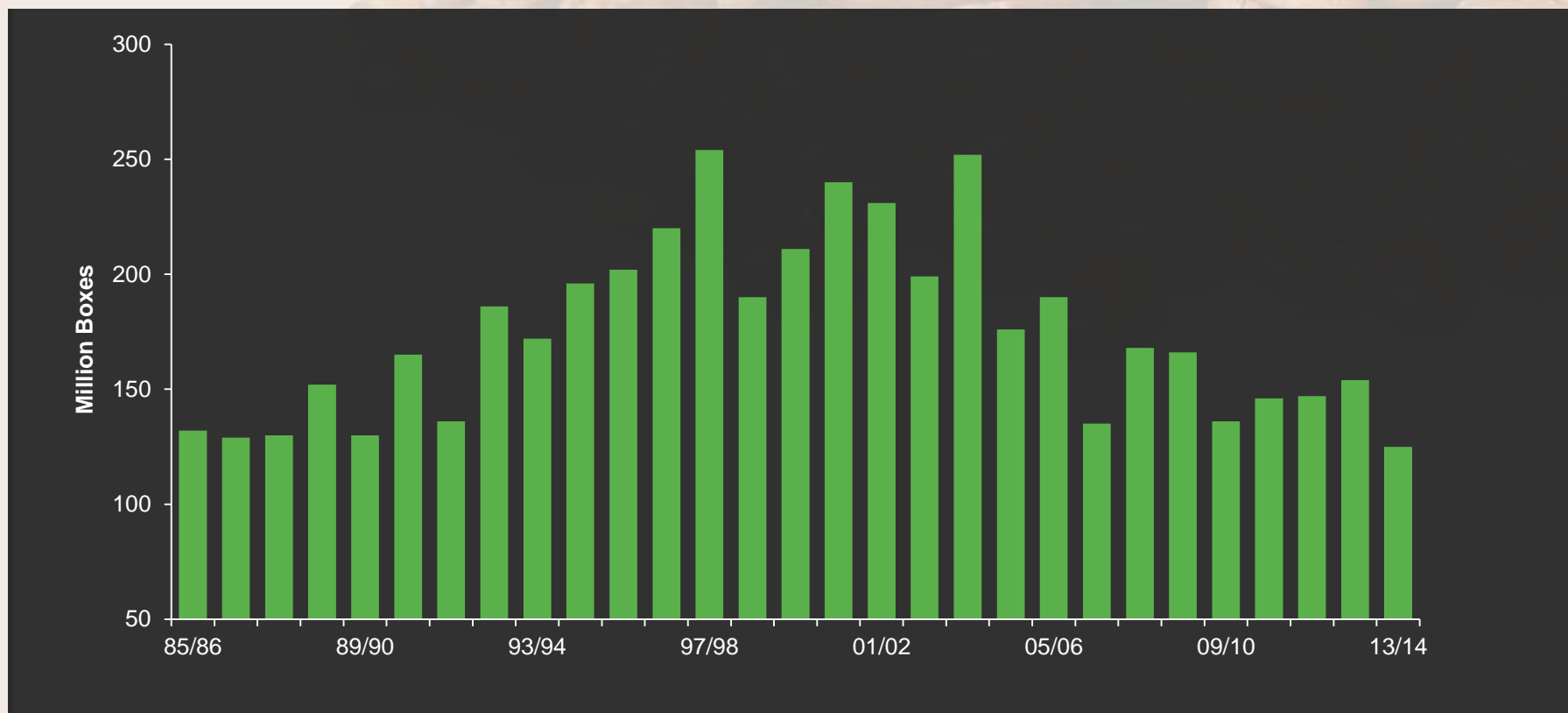
Vietnam Emerged as Dominant Global Robusta Supplier



FCOJ Range Trading as Weather and Disease Worries Checked by Ample U.S. Imports and Muted Demand

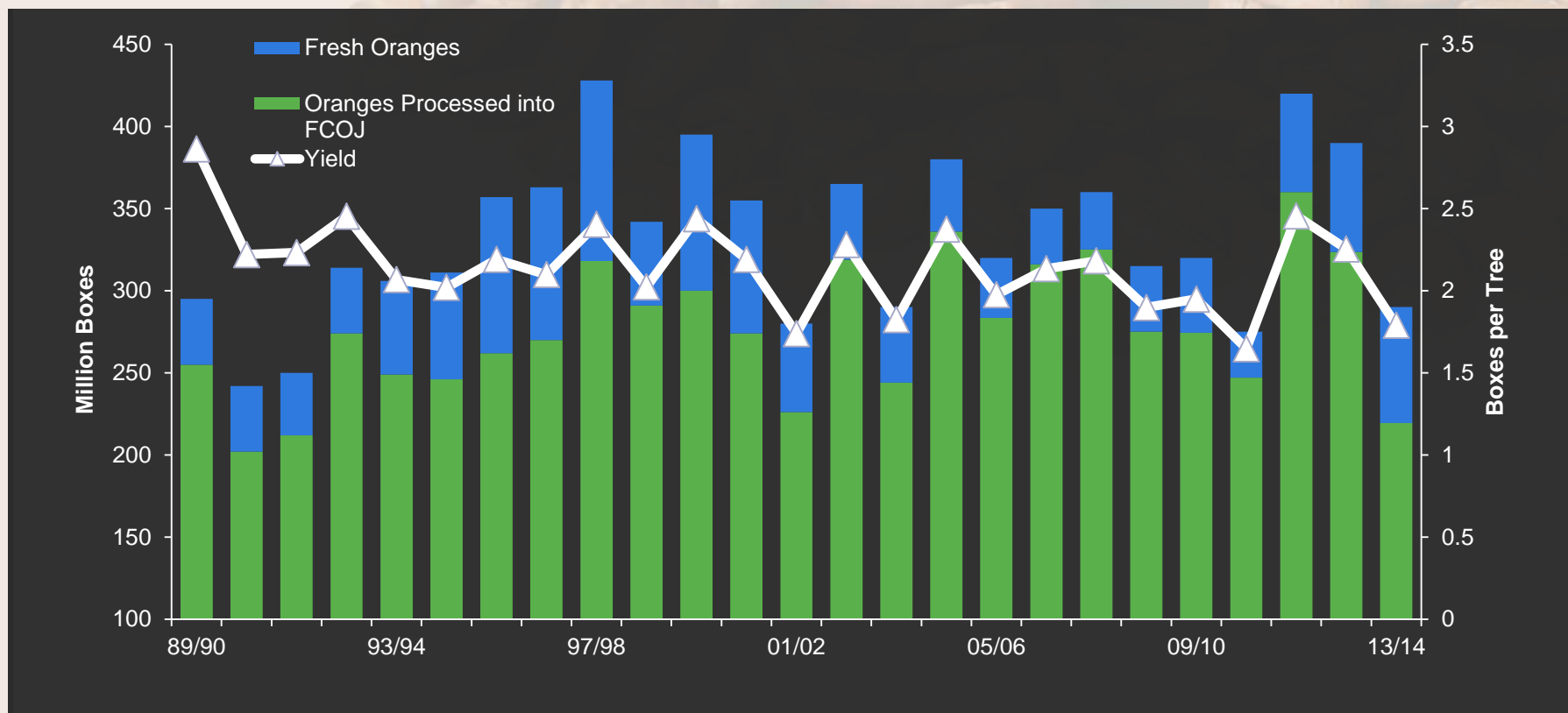


Citrus Greening Weighed Heavily on October Florida Orange Estimates

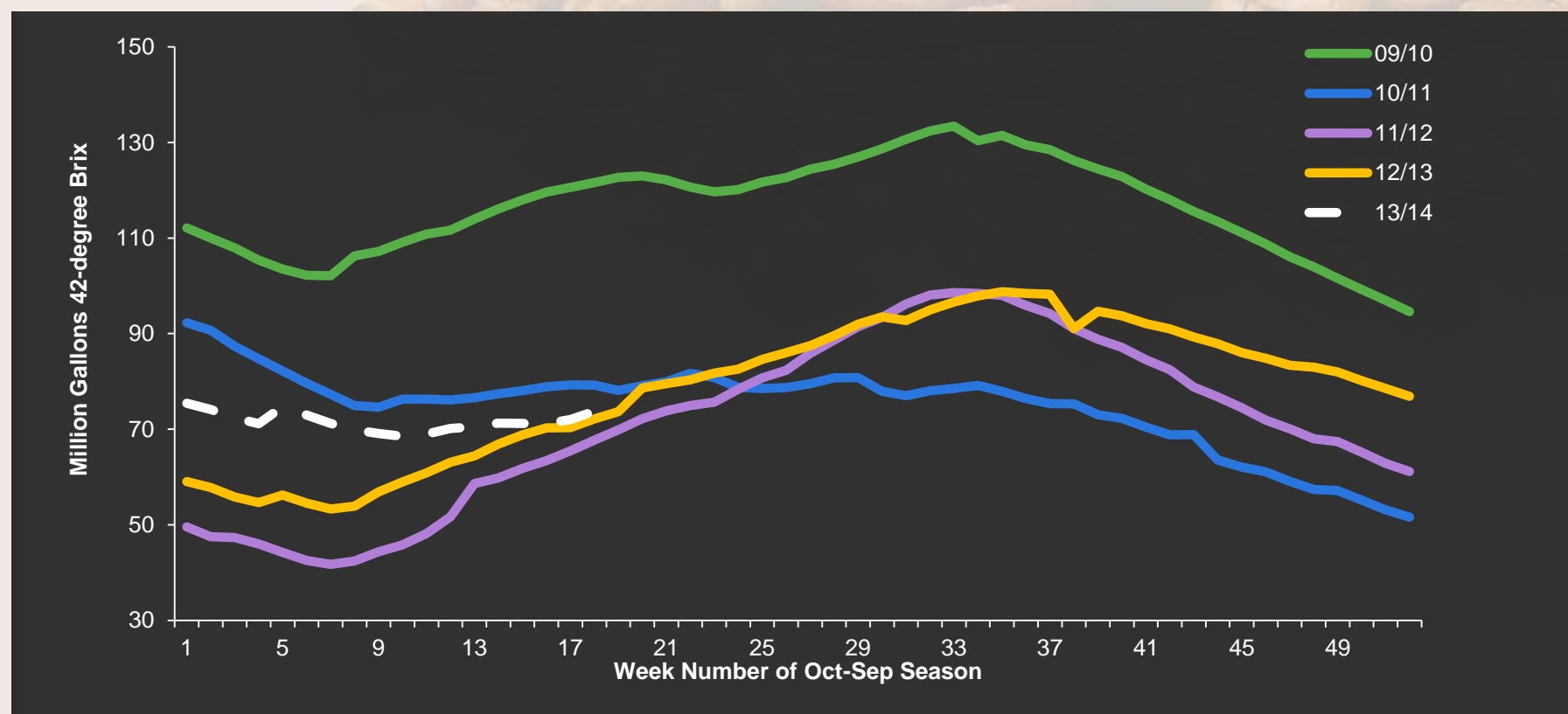


Source: USDA

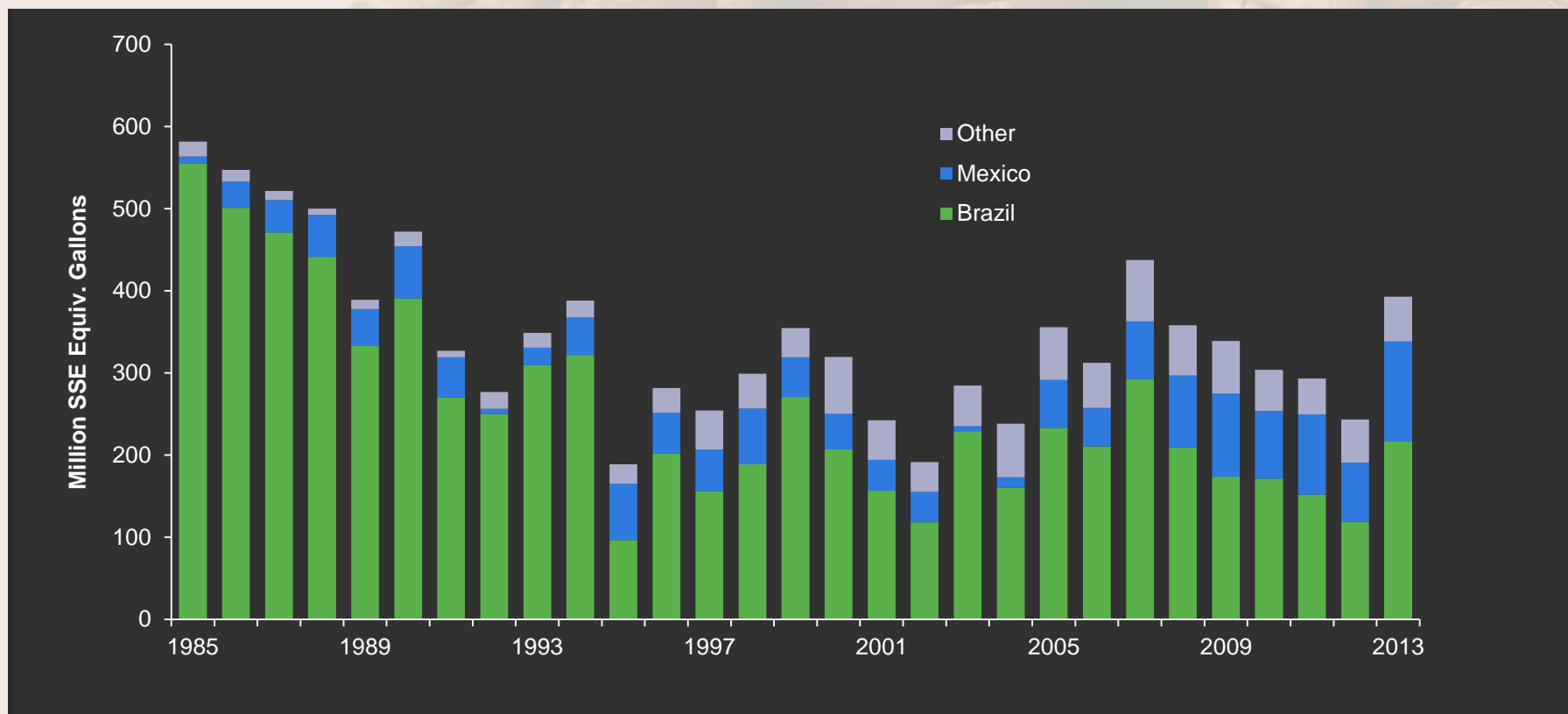
Sao Paulo Crop Used for FCOJ Lowest Since 91/92 on Disease Impacted Yields



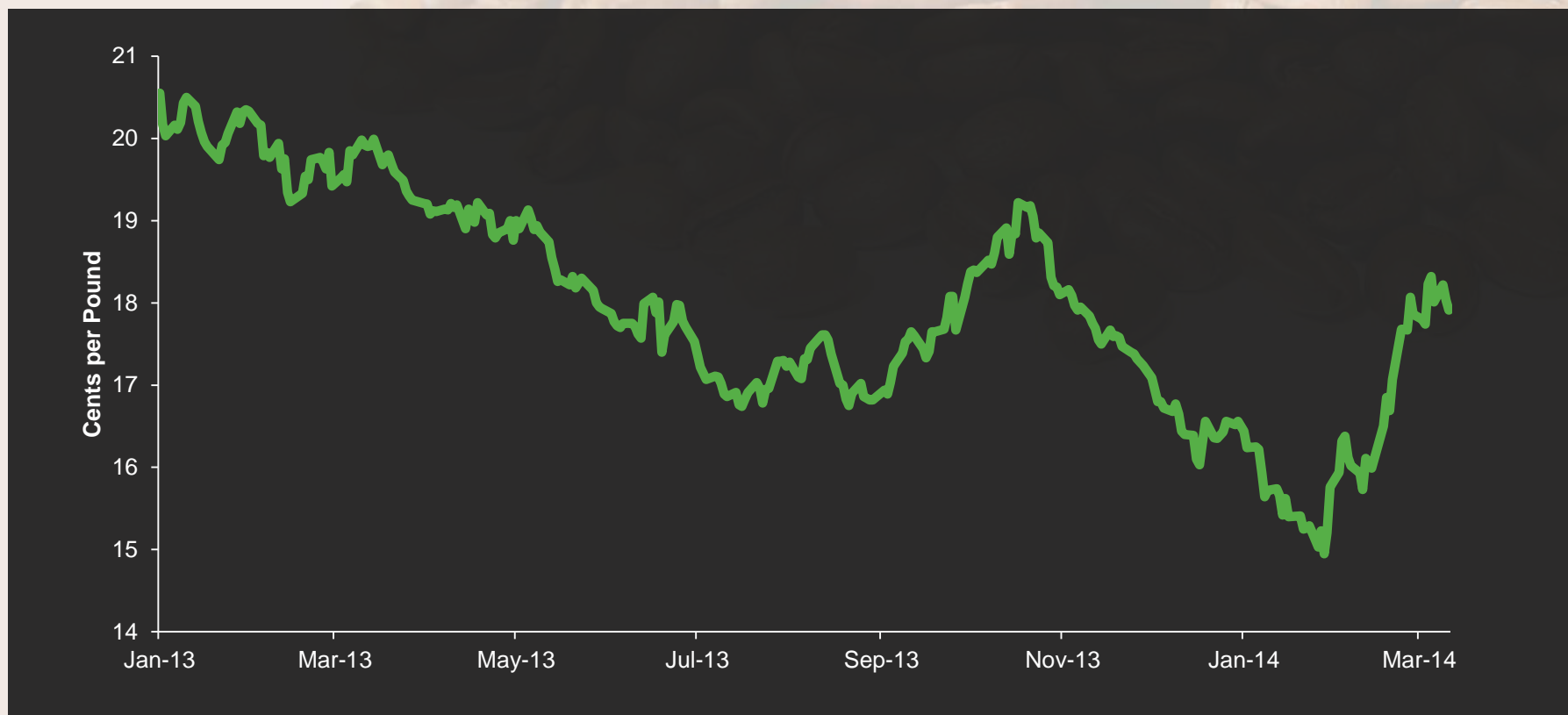
Florida Stocks Have Remained Level Heading Into Spring



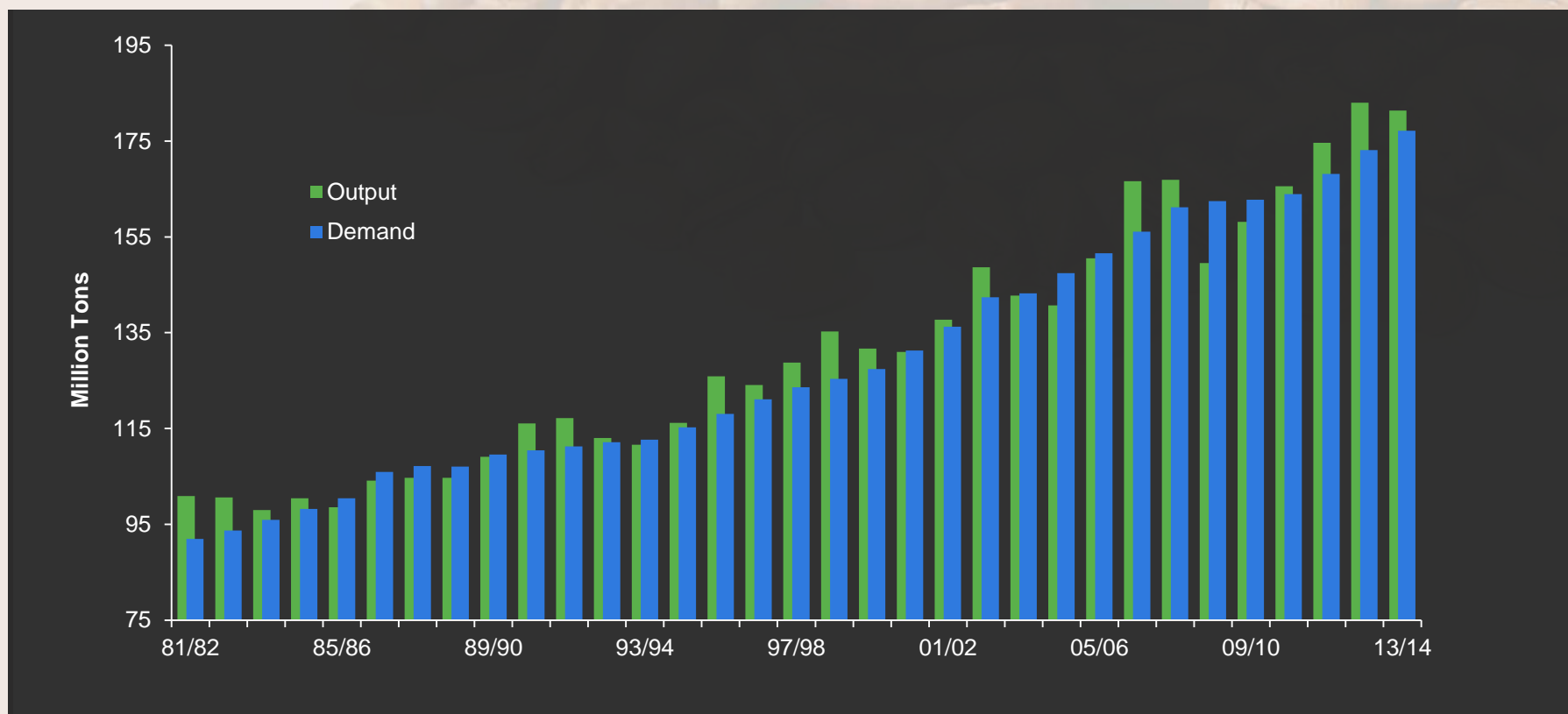
Strong U.S. Imports, Aided by Record Mexican Shipments, Have Helped to Keep Stocks From Depleting



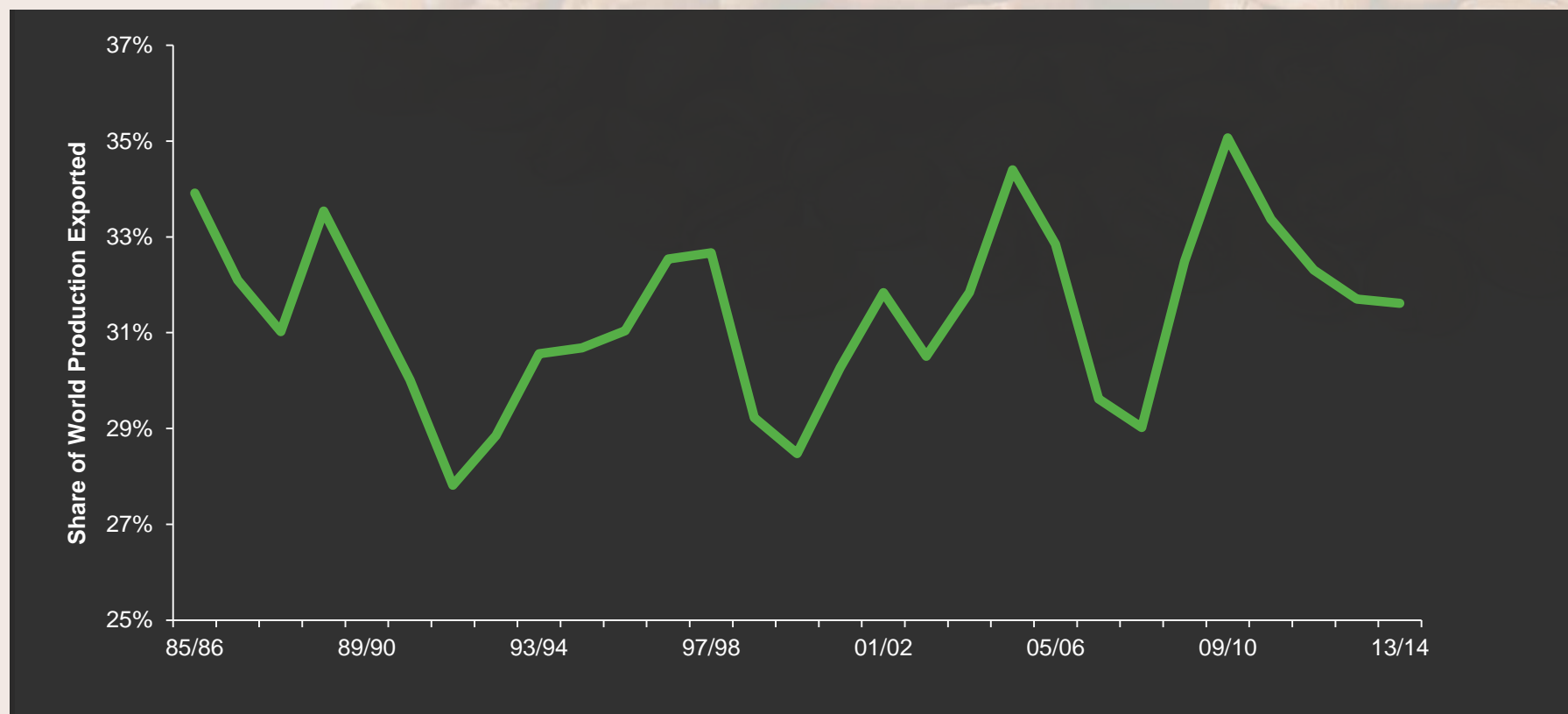
Dry Brazilian Weather and Ethanol Production Estimates Behind Recent Sugar Rally



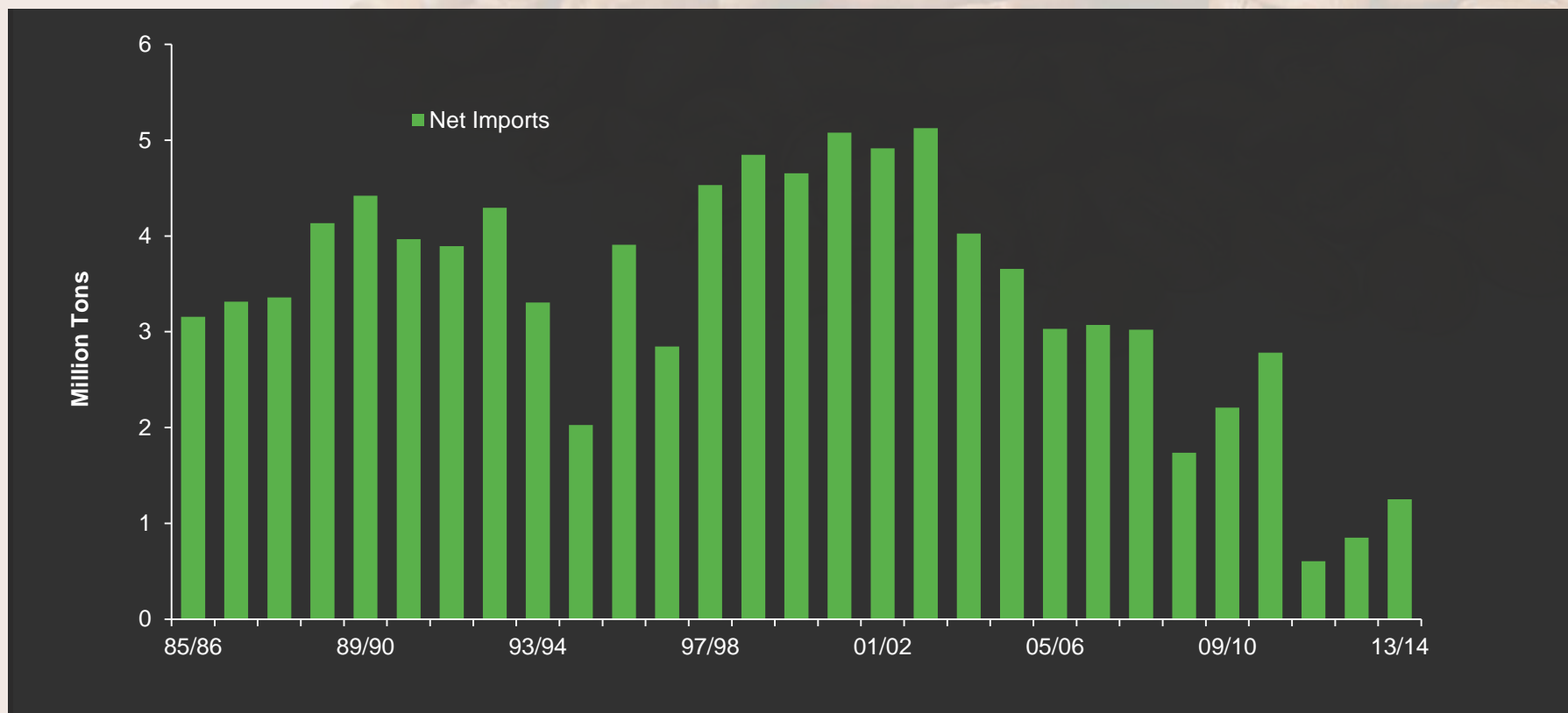
Four Consecutive Years of Surplus in the Global Sugar Market



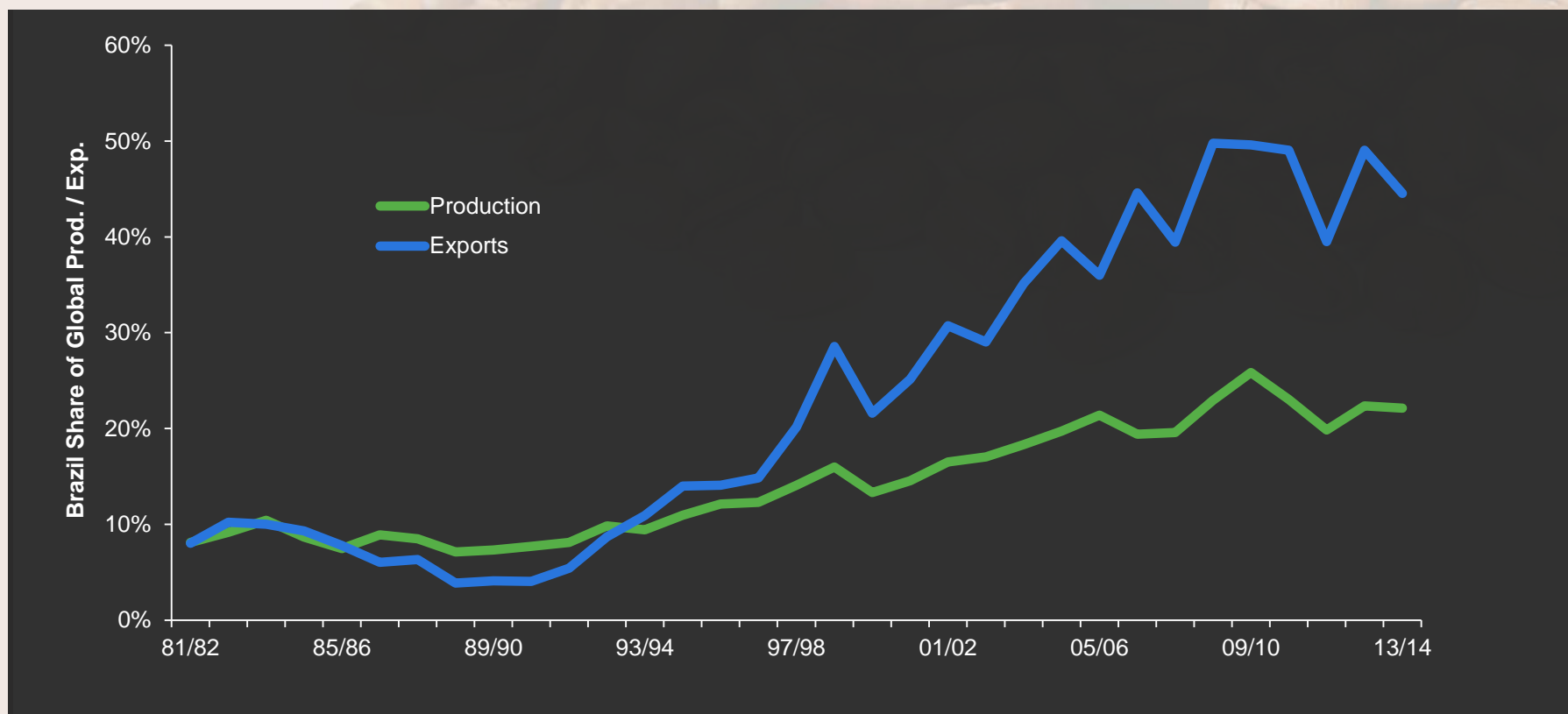
More Countries Become Self Sufficient Is Reducing Share of Global Sugar Production Exported



Russian Domestic Production Has Reduced Import Needs by Nearly 3 Million Tons Over the Past Decade

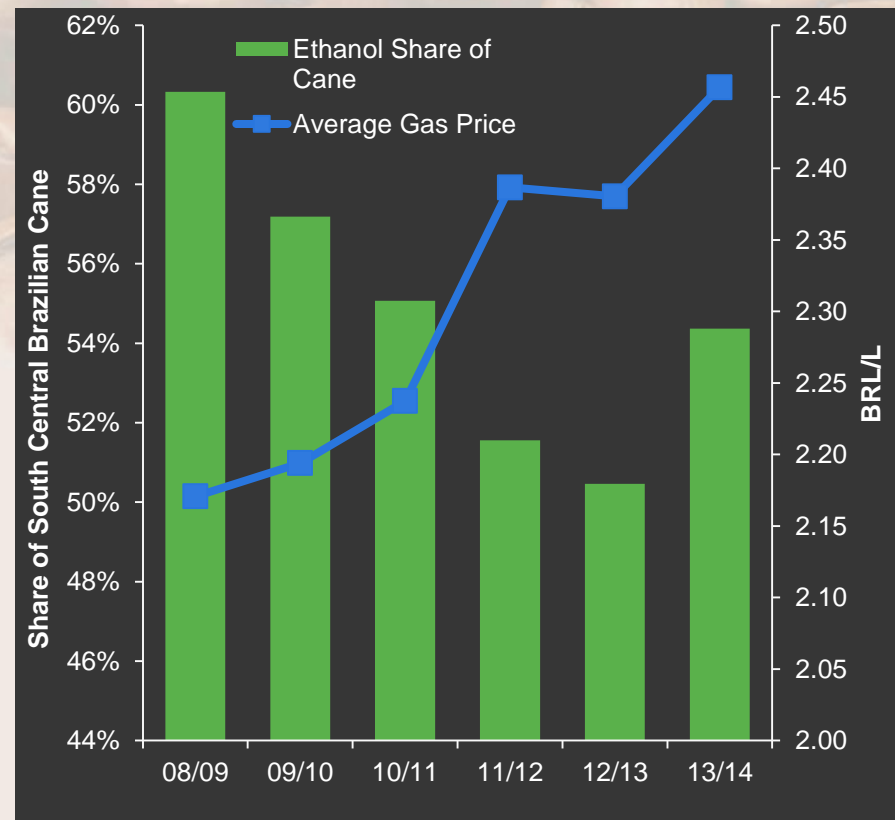


Brazil Dominant in Sugar Export Market Despite Only Producing 22% of World Sugar

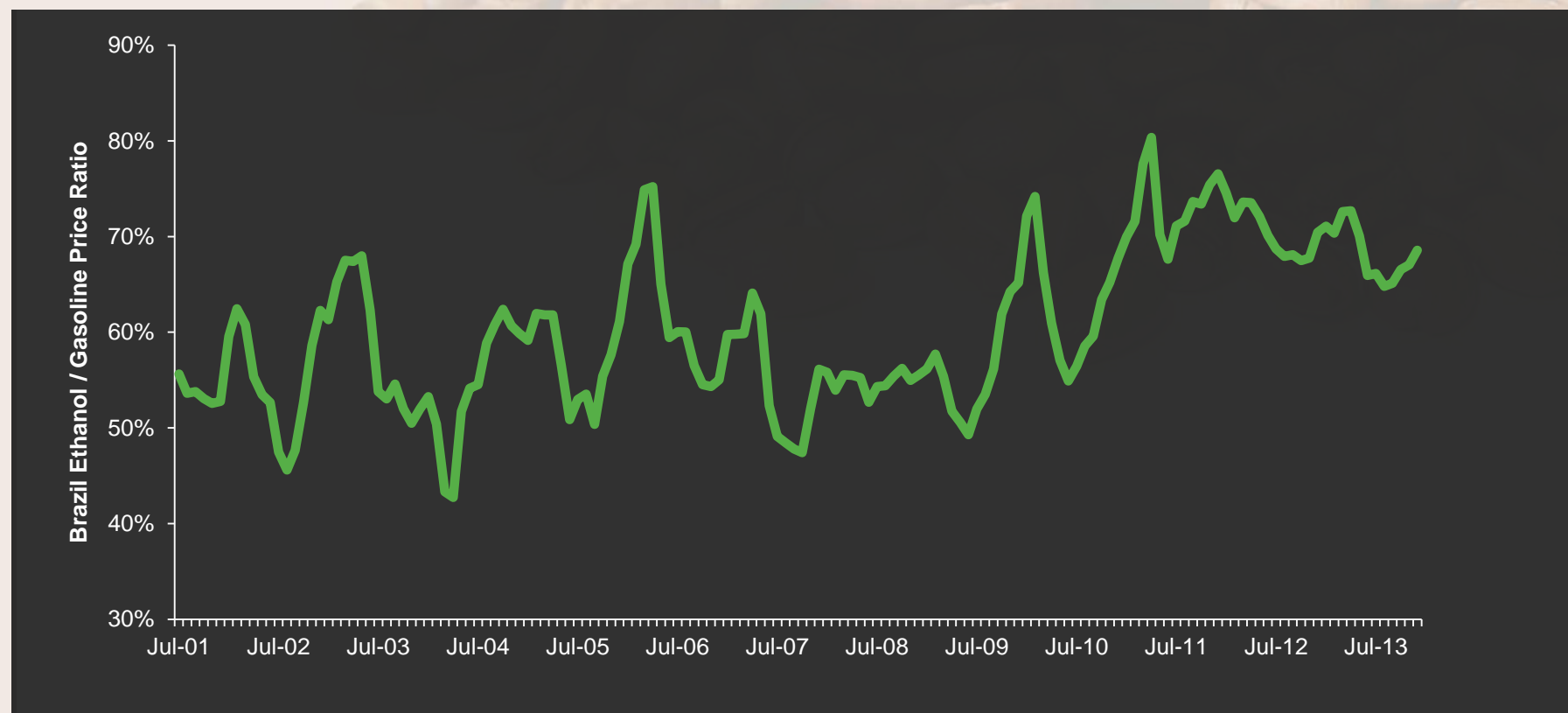


High Ethanol, Lower Gas Prices, Reduced Share of Sugarcane Used for Ethanol

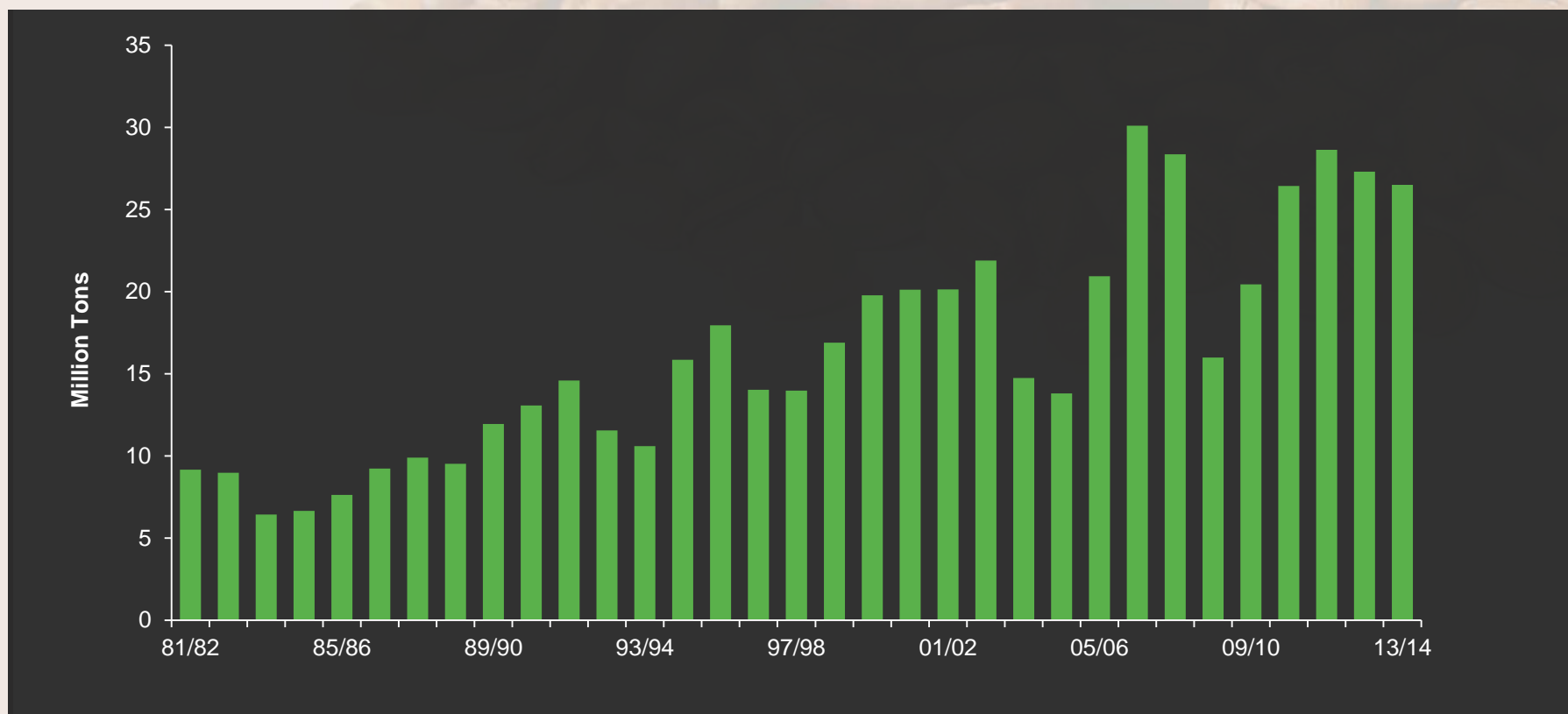
- Brazilian consumer gas prices held level during 2012/2013
- With gas prices back on the rise, E27 could be a possibility
- 8% more anhydrous ethanol would be required. Roughly equivalent to 1.5m tons of raw sugar.



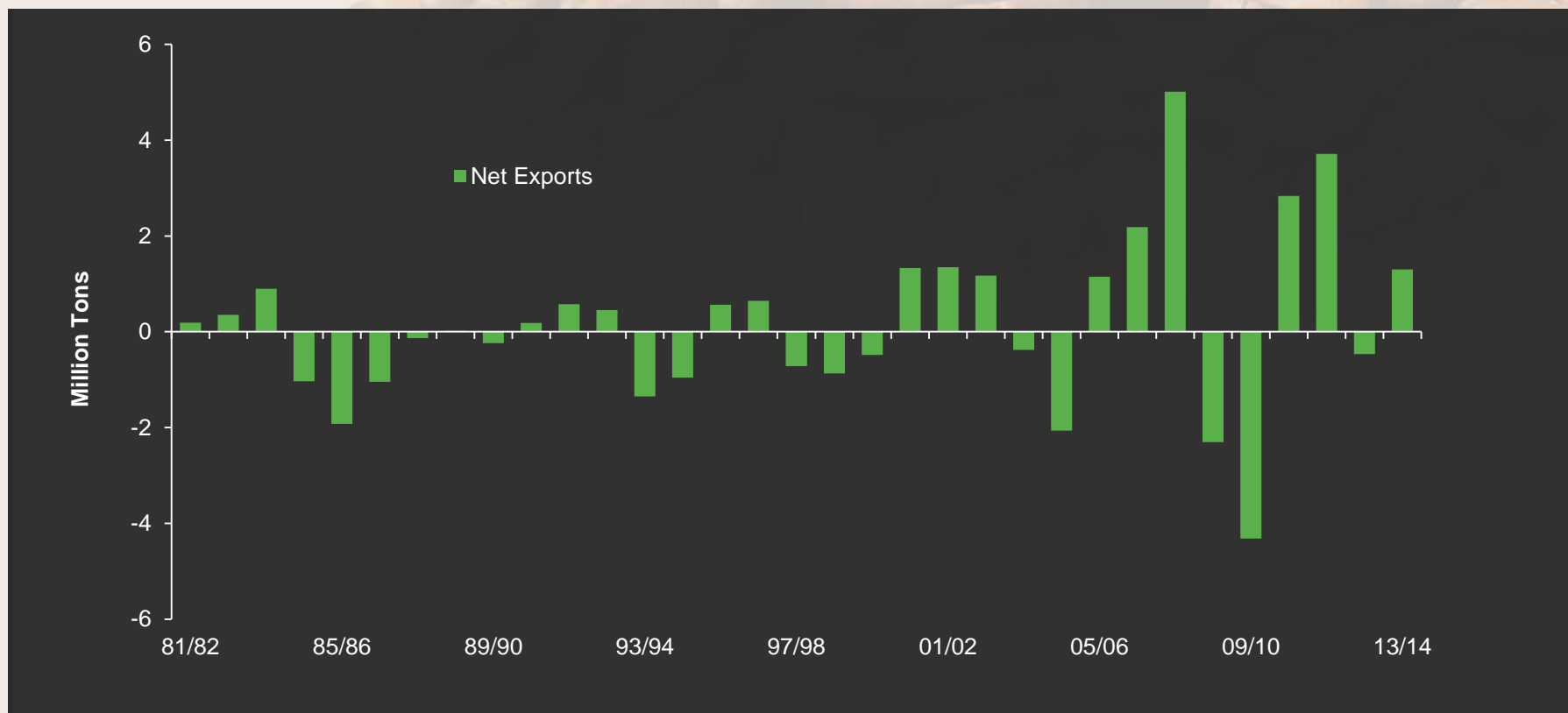
Brazilian Consumer Hydrous Ethanol Prices Remain Off Recent Highs for Flex Fuel Drivers



Indian Sugar Production Prone to Sharp Downturns...

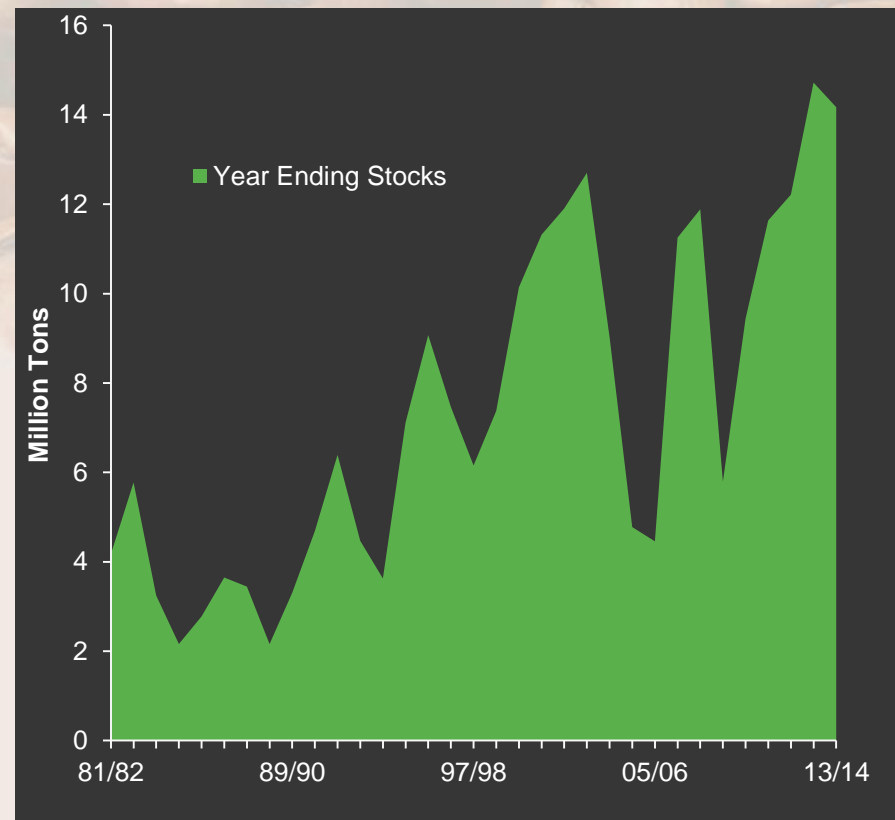


And Swings Between Being a Net Exporter / Importer

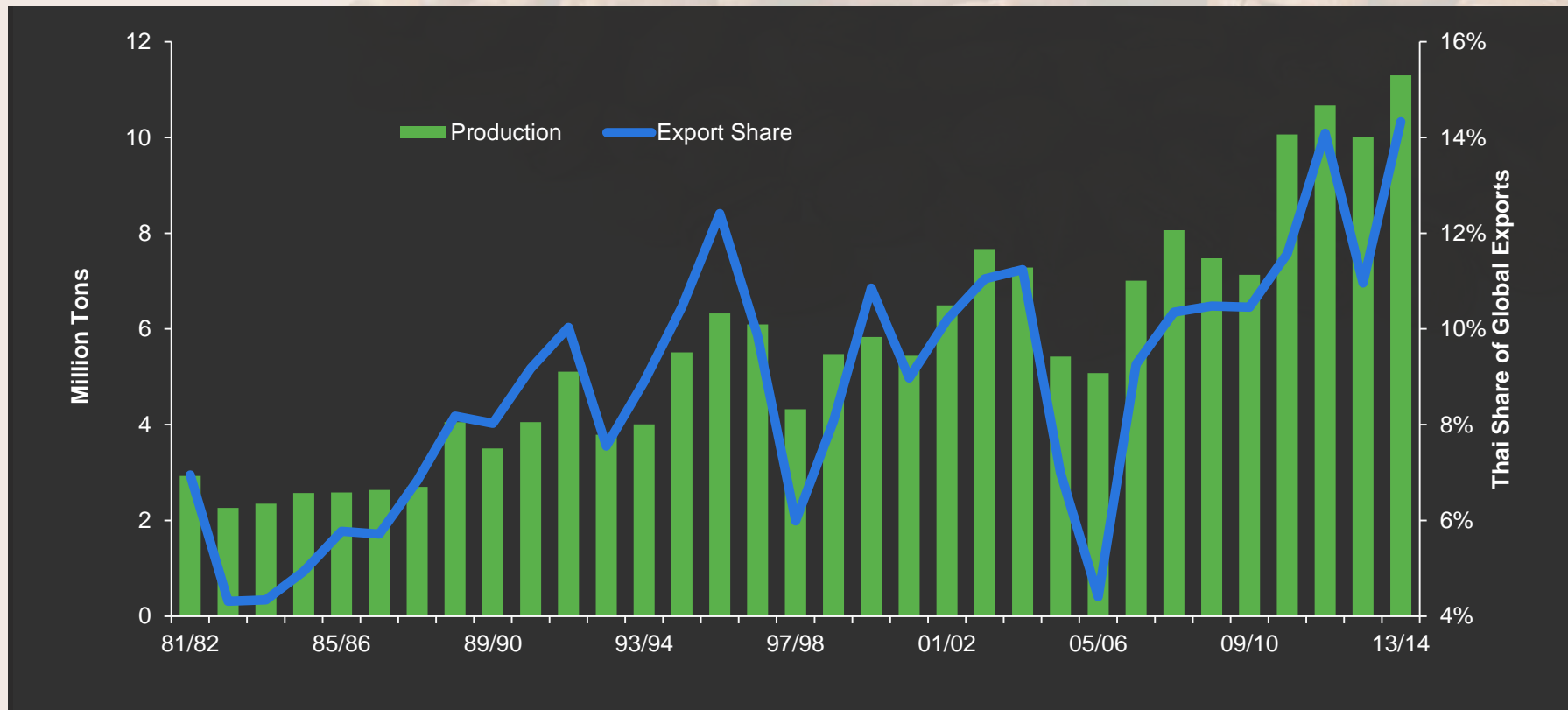


Record Indian Stocks Have Resulted in Export Subsidies To Reduce Oversupply

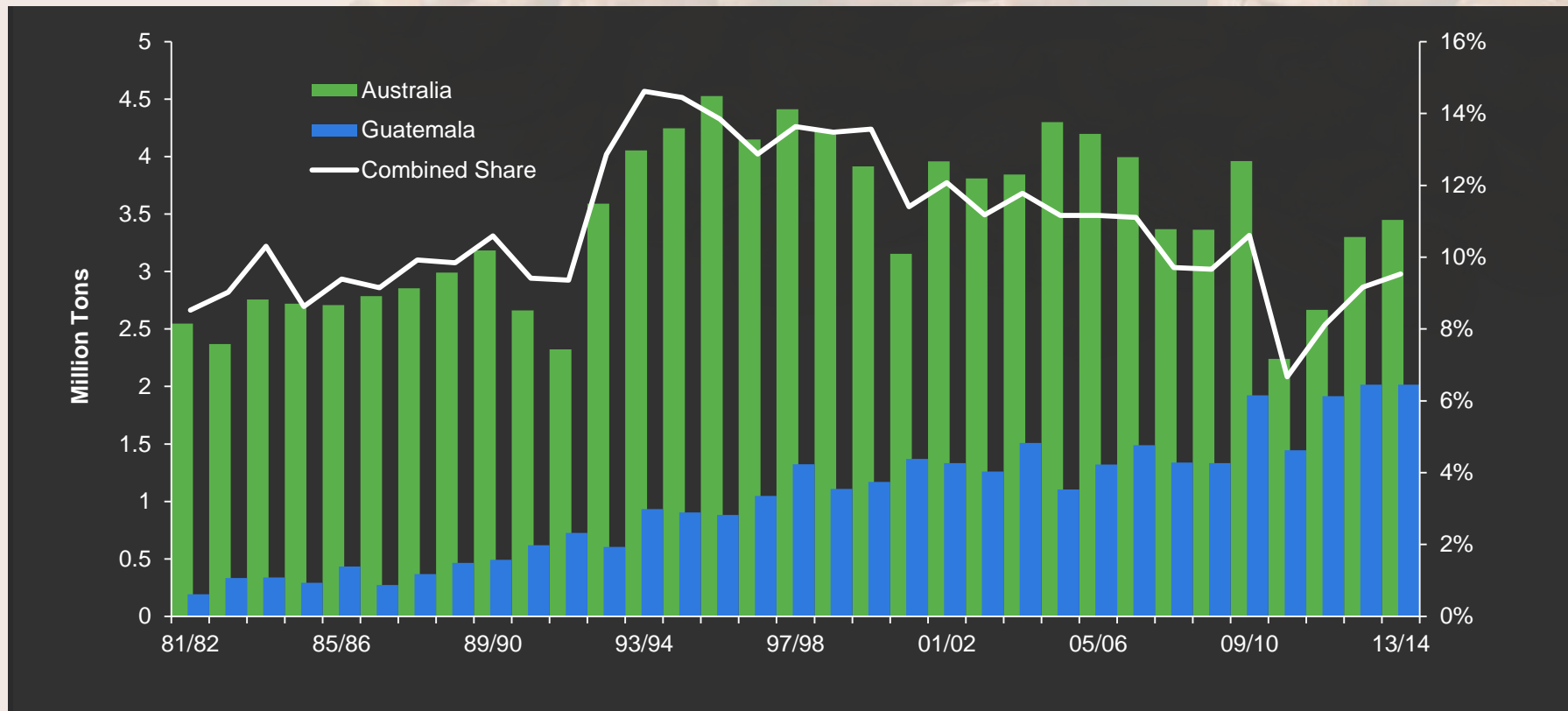
- As of February 2014, mills given 3,333 Rupees (\$54) per ton exported
- Subsidy provides 11% premium over end February domestic prices
- Expected to result in 4 million tons exported



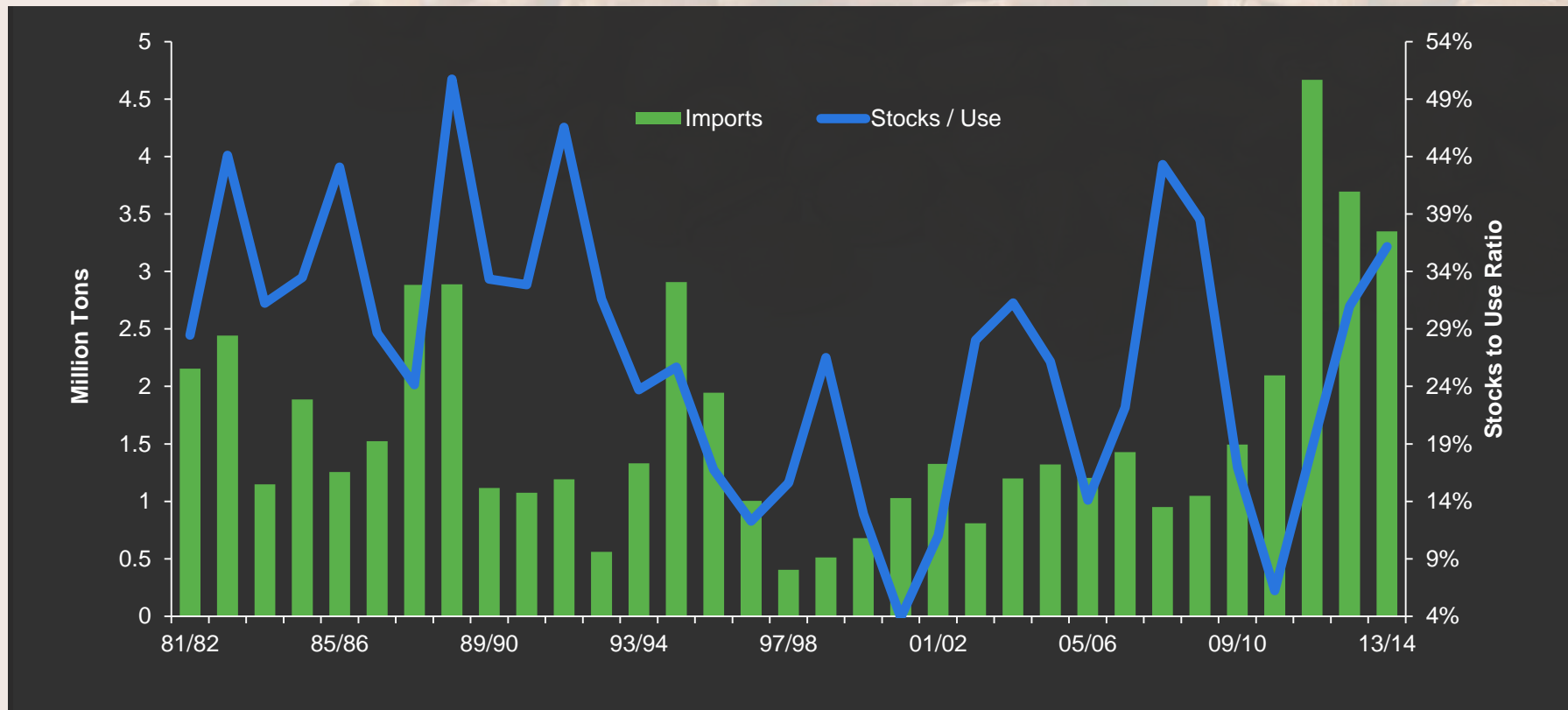
After Brazil, Thailand Proving to Be Reliable Second Largest Sugar Exporter



Australia, Guatemala Only Other Countries to Export At Least 1M Tons per Year for the Past Five Years



China Has Mopped Up Much of Recent Supply for Stock Building





Questions?

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