

**Weather and Market Discussion**



We discussed in last week's sugar report the possibility for a quick upside move on the Oct contract before settling back down in a range that we have seen over the last two weeks. After crossing 24 cents last week (reaching 24.85), OCT ICE futures have slid back down to a more reasonable trading range, starting the week off between 20.5 – 21.5 cents. Given the current global market situation, the low 20 cent range seems reasonable for the current week, and

despite stronger crude and a weaker USD, both supportive for agricultural commodities, our view is anticipating additional downside pressure as we approach October. When asked recently when the Oct09 contract was around 23 cents and rising, if we expected to see 28 or 18 cent sugar come first, we responded with the latter, and still feel that the fundamentals support this case. The supply deficit is now firmly built into the raws price, and at the moment, S-D fundamentals seem to support Oct09 at around 21 cents, and Mar10 at around 22-22.5 cents, with more risk to the downside.

Weekly Rainfall vs Normal (08 SEP 2009 - 14 SEP 2009)

Weekly Rainfall vs Previous Year (08 SEP 2009 - 14 SEP 2009)

