

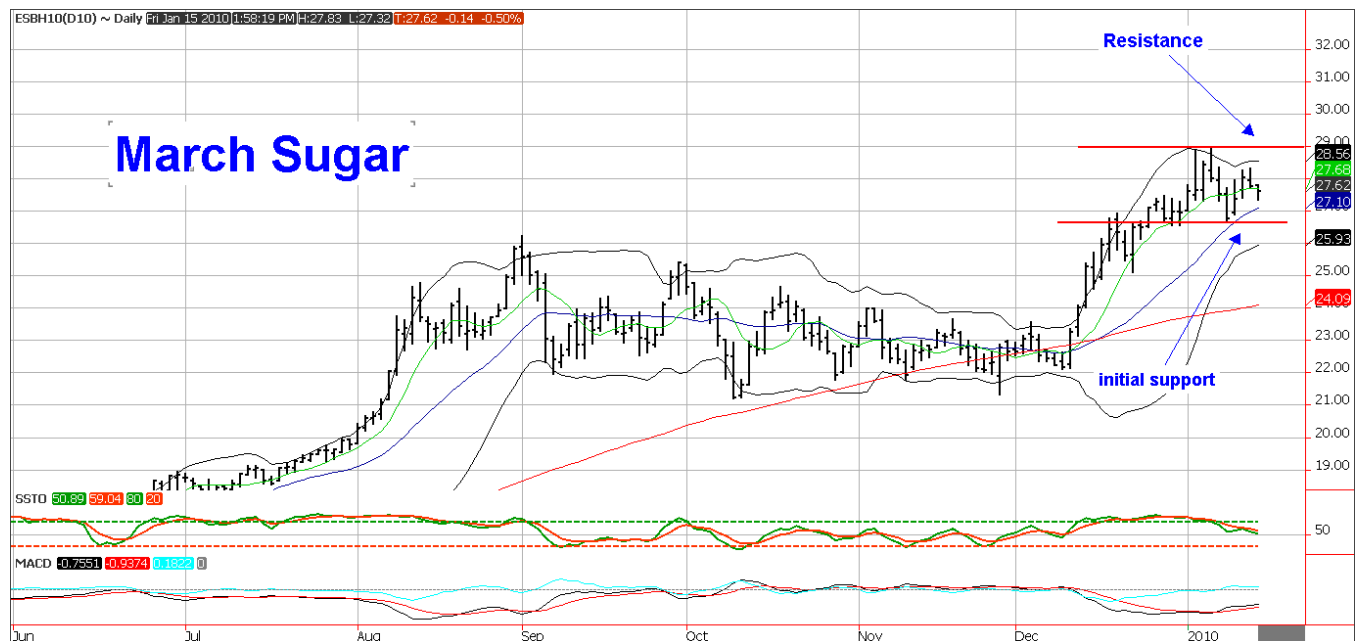


# Sugar Wire

March raw sugar futures fell Friday as the market paused under the influence of a stronger U.S. dollar and widespread selling in the commodity sector. The most active March sugar lost 14 points, or 0.50%, to settle at 27.62 cents a pound. The strengthening dollar caused traders to take some riskier investments off the table, pressuring many commodity markets. Lower crude oil futures held more direct bearish sway on sugar, however, brokers said. Lower crude oil prices are often bearish for sugar because it makes ethanol production from sugar cane less attractive. For the week ended Friday, March sugar lost just 9 points as prices consolidated after reaching a 29-year top on Jan. 7.

Many mills in Brazil have continued to run through the inter-harvest season, trying to add cushion to world's supply deficit. Brazil's upcoming crop is expected to a bumper crop as high prices have encouraged the planting of additional acres. Reports of sugarcane orange rust surfaced out the Center-South region yesterday. Orange rust wiped out an entire crop in Australia 10 years ago, however more than 70% of the cane planted in Brazil is immune to the disease. Cash markets still remain active with Indonesia and Egypt shopping. State-run Thai Cane and Sugar Corp sold 161,833 tonnes of raw sugar to Cargill and Bunge. The Brazilian vessel line-up is down 25% week over week. The market could start to focus on emerging crops out of Brazil, which will like provide some reprieve in supplies

Open interest rose 5,783 contracts to total 840,620 lots. Futures volume was estimated at 141,944 lots traded; with 35,129 calls and 7,971 put options traded. Option volatility was off 4%, down to 50% while futures volatility remains around 30%.



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