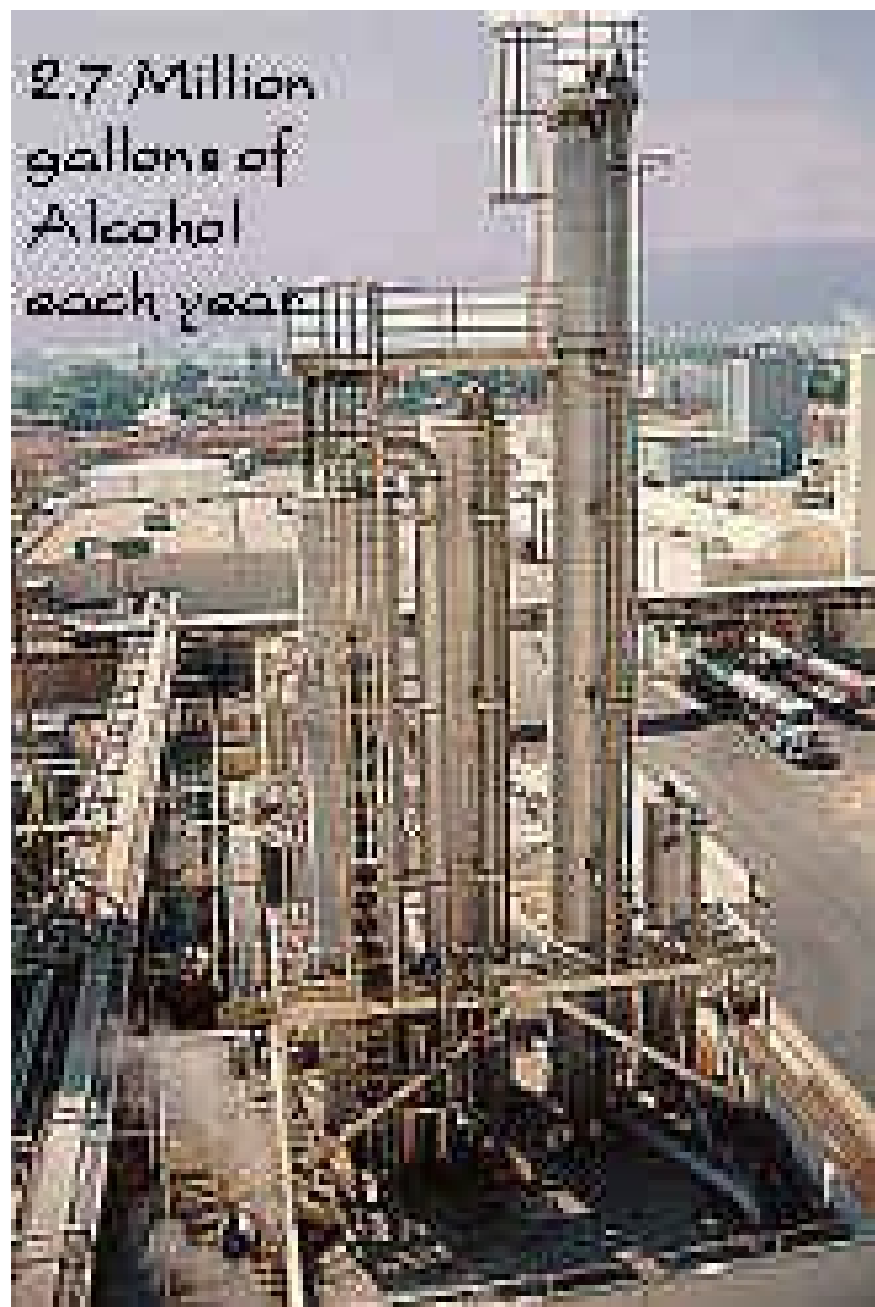


SOFT COMMODITIES REVUE

UNDER THE CHARM OF ENERGY'S MAIRMAIDS



Christian Plaetevoet
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GRAIN GENERAL

Key points

Despite the various signals of significant increase of stocks available in the estimates of the crops to come and pressure on the forward curve, the prices are still in the upper side of the curve.

The prices in Q2 will remain under pressure of the energy prices and seem to be maintained in a band relatively stable with a limited bull trend.

Any weather impacts so will lead to extreme reactions on the upper side with significant punctual increase in the volatility.

The world estimated crops of USDA are nevertheless globally stable with in certain sections of the market (country or commodity) a limited decrease in the volume expected.

The USDA underestimated the acreage of corn planting and overestimated Soya planted area, to then dramatically review its figures. These changes in figures conducted to recent significant upper and lower shift in the prices' trends linked to corrections in the level of fund (or general financial operators) open positions.

Market analysis

The market is very significantly under pressure of weather evolution

In the US the investments made in processing for energy needs' expectations resulted in a major change in the farmer global allocation of their crop with an USDA estimated increase of 12,2 millions (+15%) in corn planted acres from previous year level.

This evolution has major impacts on the price trend and on the global allocation of other crops. The principal impact is supported by the Soya which experienced a price reduction in sympathy with corn correction. The fact that USDA put the stock level under the traders' estimates was not discounted.

The market trend stay globally well oriented since mid 2006, and the recent correction did not significantly impact this evolution.

However the dry bulk fret rate tendency is clearly bullish, impacting the prices globally to destination where the prices stay on a consolidation mood. (Stabilization or limited increase)

The general mood of the macro funds (**Goldman Sachs index, Commodity Research Bureau Index & Dow Jones/AIG index** for the most well known) were understandably impacted by the progression of the pessimistic view in the global economy, and despite a global long position they have progressively reduced the level of their holdings.

The trend reversal is nevertheless not totally clear, as total stocks estimates vary according each commodity own dynamics, and the trade clearly is concerned by weather accidents and prospect of evolution in the crop planting pace in the US that may drastically change the picture.

Globally the ending stocks estimates are decreasing putting some pressure on the forward prices.

The bullish trend on the dry bulk fret rate had some pressure on the prices at destination even if the Asian region seems globally to balance its needs.

The impact of the investment in the processing of ethanol is the major uncertainty and weather driven

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The world estimates are in all the various grain production categories directed to a decrease of ending stocks

World and U.S. Supply and Use for Grains 1/
Million Metric Tons

Commodity	Output	Total Supply	Trade 2/	Total Use	Ending Stocks
World					
Total grains 3/					
2004/05	2,043.07	2,400.95	241.14	1,993.57	407.38
2005/06 (Est.)	2,015.18	2,422.56	252.32	2,026.86	395.71
2006/07 (Proj.)					
February	1,974.50	2,369.15	247.18	2,050.22	318.93
March	1,974.76	2,370.47	248.02	2,051.53	318.94
Wheat					
2004/05	628.58	761.18	111.13	609.96	151.22
2005/06 (Est.)	620.61	771.83	116.77	624.37	147.46
2006/07 (Proj.)					
February	592.03	738.95	109.04	618.16	120.80
March	593.11	740.56	108.02	619.34	121.23
Coarse grains 4/					
2004/05	1,014.01	1,153.90	101.65	975.89	178.01
2005/06 (Est.)	977.54	1,155.56	107.48	989.14	166.41
2006/07 (Proj.)					
February	967.21	1,133.64	109.01	1,014.36	119.28
March	966.70	1,133.12	110.85	1,014.47	118.65
Rice, milled					
2004/05	400.47	485.87	28.36	407.72	78.15
2005/06 (Est.)	417.03	495.18	28.07	413.34	81.84
2006/07 (Proj.)					
February	415.27	496.56	29.12	417.71	78.85
March	414.95	496.79	29.14	417.73	79.07
United States					
Total grains 3/					
2004/05	385.62	434.59	83.91	275.97	74.71
2005/06 (Est.)	363.16	442.69	91.28	279.73	71.68
2006/07 (Proj.)					
February	335.58	413.50	88.59	288.69	36.21
March	335.62	413.56	88.61	288.71	36.24
Wheat					
2004/05	58.74	75.53	29.01	31.82	14.70
2005/06 (Est.)	57.28	74.20	27.47	31.19	15.55
2006/07 (Proj.)					
February	49.32	67.99	23.81	31.33	12.85
March	49.32	67.99	23.81	31.33	12.85
Coarse grains 4/					
2004/05	319.42	350.42	51.41	240.22	58.80
2005/06 (Est.)	298.76	359.62	60.13	244.73	54.77
2006/07 (Proj.)					
February	280.11	337.40	61.54	253.46	22.40
March	280.11	337.40	61.54	253.46	22.40
Rice, milled					
2004/05	7.46	8.64	3.50	3.94	1.21
2005/06 (Est.)	7.11	8.87	3.69	3.81	1.37
2006/07 (Proj.)					
February	6.15	8.11	3.24	3.90	0.97
March	6.20	8.17	3.26	3.92	0.99

1/ Aggregate of local marketing years. 2/ Based on export estimate. See individual commodity tables for treatment of export/import imbalances. 3/ Wheat, coarse grains and milled rice. 4/ Corn, sorghum, barley, oats, rye, millet and mixed grains (for U.S. excludes millet and mixed grains).

The global evolution of the world grain production is expected with a 2.15% decrease compared to a stable level of consumption and trade flows decrease of 1.98%.

By comparison the situation in the US is notably tenser with a decrease in production of 6.59% leading to a global decrease of the ending stocks of 49.44%.

The main sector affected is coarse grains with 59.1% collapse of the ending stocks

The farmers' production reallocations are (according to FIMAT estimates) orientated to corn and cotton with significant modifications of the acreage of respectively for those commodities (+13%) and (-17,7%).

The farmers are in a process of reallocation of their crops in consideration of the prices and prospects

USDA Prospective Plantings Report

	U.S. Planted Acreage (Million acres)									Fimat	Net Change
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Corn	80.2	77.4	79.6	75.7	78.9	78.6	80.9	81.8	78.3	88.3	10.0
Wheat	65.8	62.7	62.5	59.4	60.3	62.1	59.7	57.2	57.3	60.2	2.9
Soybeans	72.0	73.7	74.3	74.1	74.0	73.4	75.2	72.0	75.5	68.5	-7.0
G. Sorghum	9.6	9.3	9.2	10.2	9.6	9.4	7.5	6.5	6.5	6.7	0.2
Barley	6.3	5.0	5.8	5.0	5.0	5.3	4.5	3.9	3.5	3.5	0.0
Oats	4.9	4.7	4.5	4.4	5.0	4.6	4.1	4.2	4.2	4.0	-0.2
Cotton	13.4	14.9	15.5	15.8	14.0	13.5	13.7	14.2	15.3	12.6	-2.7
Rice	3.3	3.5	3.1	3.3	3.2	3.0	3.3	3.4	2.8	2.7	-0.1
Sunflower	3.6	3.6	2.8	2.6	2.6	2.3	1.9	2.7	2.0	2.0	0.0
Canola	1.5	1.5	1.5	1.5	1.5	1.1	0.9	1.2	1.0	1.1	0.1
Dry Edible Beans	2.0	2.0	1.8	1.4	1.9	1.4	1.4	1.6	1.6	1.5	-0.1
Peanuts	1.5	1.5	1.5	1.5	1.4	1.3	1.4	1.7	1.2	1.1	-0.1
Rye	1.6	1.6	1.3	1.3	1.4	1.3	1.4	1.4	1.4	1.3	-0.1
Sugar Beets	1.5	1.6	1.6	1.4	1.4	1.4	1.3	1.3	1.4	1.3	-0.1
Harvested Hay	60.1	63.2	60.4	63.5	63.9	63.4	62.0	61.7	60.8	61.8	1.0
CRP	30.1	29.8	31.4	33.6	34.0	34.1	34.7	35.0	36.1	37.1	1.0
Total	357.4	356.0	356.8	354.7	358.1	356.2	353.9	349.8	348.9	353.7	4.8
Corn + Soybeans	152.2	151.1	153.9	149.8	152.9	152.0	156.1	153.8	153.8	156.8	3.0

Source USDA/ FIMAT

The trade impact is globally relatively limited but the wheat sector seems to generate a more significant evolution in the US despite a rather moderate evolution on the world global exchanges

WASDE-444-9

World and U.S. Supply and Use for Grains, Continued 1/ Million Metric Tons

Commodity	Output	Total Supply	Trade 2/	Total Use	Ending Stocks
Foreign 3/					
Total grains 4/					
2004/05	1,657.45	1,966.36	157.23	1,717.60	332.67
2005/06 (Est.)	1,652.03	1,979.88	161.04	1,747.13	324.03
2006/07 (Proj.)					
February	1,638.92	1,955.66	158.58	1,761.53	282.72
March	1,639.14	1,956.92	159.41	1,762.83	282.71
Wheat					
2004/05	569.85	685.65	82.12	578.13	136.52
2005/06 (Est.)	563.33	697.63	89.30	593.18	131.91
2006/07 (Proj.)					
February	542.71	670.96	85.23	586.83	107.94
March	543.79	672.57	84.21	588.01	108.38
Coarse grains 5/					
2004/05	694.59	803.48	50.25	735.67	119.21
2005/06 (Est.)	678.78	795.94	47.35	744.42	111.65
2006/07 (Proj.)					
February	687.09	796.25	47.48	760.90	96.89
March	686.59	795.72	49.32	761.01	96.25
Rice, milled					
2004/05	393.01	477.23	24.86	403.79	76.94
2005/06 (Est.)	409.92	486.31	24.38	409.53	80.47
2006/07 (Proj.)					
February	409.12	488.45	25.88	413.80	77.89
March	408.76	488.62	25.88	413.81	78.08

1/ Aggregate of local marketing years. 2/ Based on export estimate. See individual commodity tables for treatment of export/import imbalances. 3/ Total foreign is equal to world minus United States. 4/ Wheat, coarse grains and milled rice. 5/ Corn, sorghum, barley, oats, rye, millet and mixed grains.

CORN

Key points

The Corn market is strongly impact by the outcomes of energy prospects

The evolution of the price has been significantly impacted by the important modification of the USDA estimate of the planted area and of the potential of the crop volume.

The reaction of the Mexican media to the impact of the price increase of US yellow corn on the price of basic food made from white corn

The difference of efficiency between cane produce ethanol and corn produce ethanol

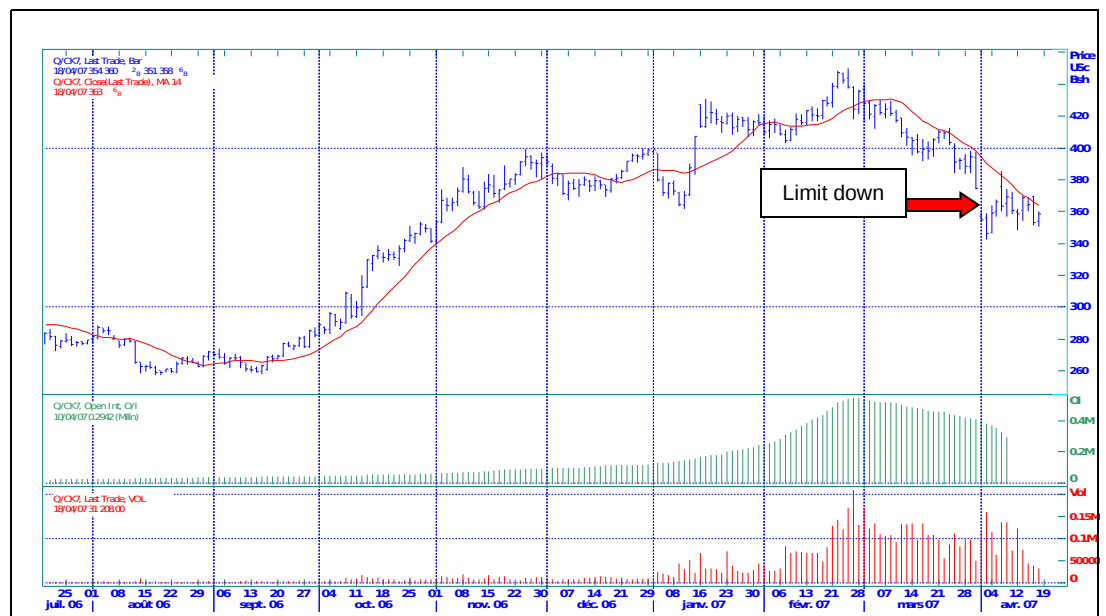
The evolution of the incentive paid by the American Government in the context of important budget deficit.

The evolution of the incorporation of alcohol in gasoline for the driving season

Market analysis

The market trend show mix forces involved

CORN CBOT mars 2006/mars 2007 the liquidity crisis



The market shows a bullish global trend since June 2006. The effect of the USDA stringent estimate revision conducted the market to limit down with 15000 contracts on the pit and 91000 with electronic futures.

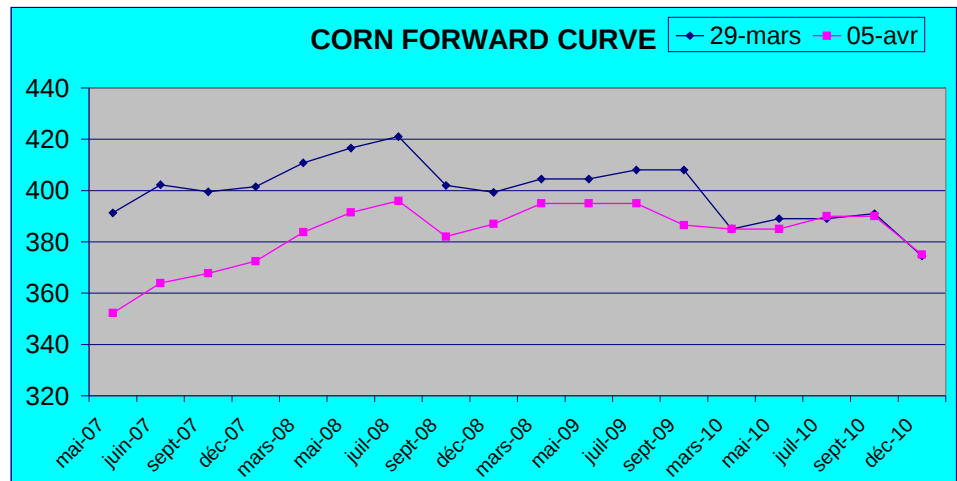
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The structure of the forward curve changed dramatically

The impact of this relatively unusual accident may be significant as globally the estimate gross loss in value is in the range of 350 to 400 millions USD;

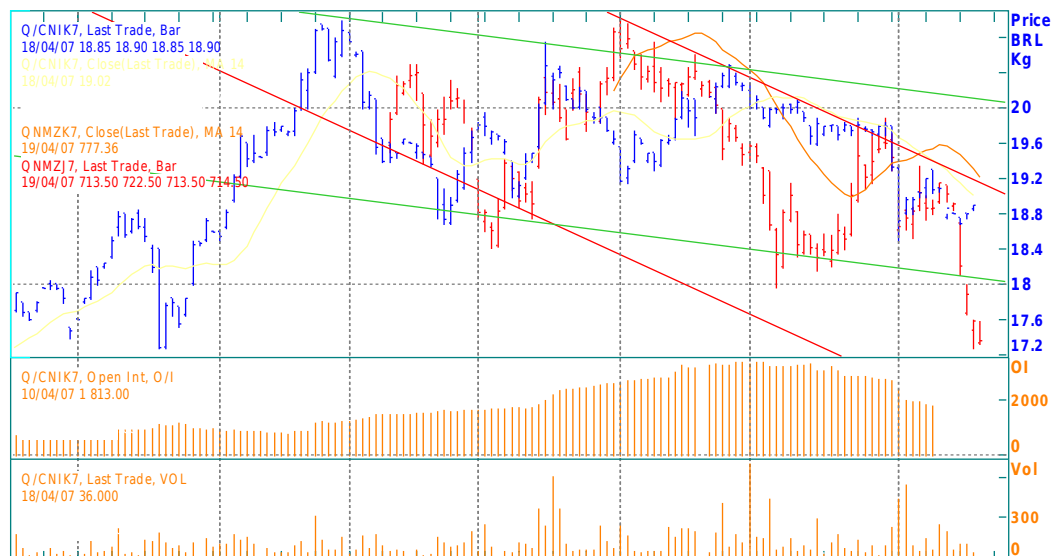
This reversal conduct the market to backwardation at the end of March, the recover of a contango structure was very fast as seen in the graph below.

However the market medium term view is not quite clear as contango and backwardation structure still endure



The basic risk between the main geographical areas is significant with a price range in the US from 3.6 to 4.6 \$/ bushel ie 141.73 to 181,1 \$/t to be compared to Brazilian origin quote from 90,69 to 102,94 and Indian one from 172,7 to 196\$/t

Comparison Corn quote India /Brazil show markers loose correlations



The basic local market trends are intrinsically bearish on one year horizon having so a different market analysis from the US MARKET. However the stringent correction encountered at the end of March induced a significant modification of the trend gradient and in INDIA reversed the path.

Back to basic the comparison between the 2006 estimates and the mars 2007 forecasts conduct to a limited evolution in the world production (-0,4%) with a significant US decrease of 5,20% (acreage -4.3%) after a 2006 decrease of 5,87% (acreage harvested+2%) and a confirmed trend of increase by majors importers (+5,9%) after 2,7% in 2006.

The situation has allowed significant possible moves on a major producer like CHINA. Globally in a balance situation where the forecasts show a 2.6% increase in production, the last news of major typhoon on CHINA may impact seriously production, turning the limited forecasted surplus to a significant deficit

The forecasts for 2007 have been significantly revised since publication

WASDE-444-23								
World Corn Supply and Use 1/ (Cont'd.)								
(Million Metric Tons)								
=====								
	:	Supply			:	Use		:
	:	=====			:	=====		:
Region	:	:	:	:	:	Domestic 2/	:	Ending
	:	Beginning	Production	:	:	:	:	stocks
	:	stocks	:	Imports	:	Feed	:	Total
	:	:	:	:	:	:	:	Exports
=====								
	:	2006/07 (Projected)						
World 3/	:	:	:	:	:	:	:	:
February	:	124.51	692.42	80.71	479.03	728.98	86.45	87.95
March	:	124.40	693.15	82.71	480.92	729.75	87.84	87.79
United States	:	:	:	:	:	:	:	:
February	:	49.97	267.60	0.25	151.77	241.56	57.15	19.10
March	:	49.97	267.60	0.25	151.77	241.56	57.15	19.10
Total foreign	:	:	:	:	:	:	:	:
February	:	74.54	424.82	80.46	327.26	487.42	29.30	68.85
March	:	74.43	425.55	82.46	329.15	488.19	30.69	68.69
Major exporters 4/	:	:	:	:	:	:	:	:
February	:	2.58	30.50	0.50	9.60	16.00	14.75	2.83
March	:	2.28	28.50	1.50	9.50	15.90	14.60	1.78
Argentina	Feb	1.06	21.00	0.00	5.10	7.00	14.00	1.06
	Mar	0.56	21.50	0.00	5.10	7.00	14.00	1.06
South Africa	Feb	1.53	9.50	0.50	4.50	9.00	0.75	1.78
	Mar	1.73	7.00	1.50	4.40	8.90	0.60	0.73
Major importers 5/	:	:	:	:	:	:	:	:
February	:	18.40	88.62	50.15	100.80	140.77	0.35	16.05
March	:	18.62	89.08	51.15	102.00	141.98	0.40	16.48
Egypt	Feb	0.47	5.87	4.80	8.60	10.60	0.00	0.54
	Mar	0.47	5.87	4.80	8.60	10.60	0.00	0.54
EU-25 6/	Feb	9.94	43.90	4.00	40.50	50.30	0.15	7.39
	Mar	10.16	43.88	4.50	41.00	50.80	0.20	7.54
Japan	Feb	1.05	0.00	16.50	12.00	16.60	0.00	0.95
	Mar	1.05	0.00	16.50	12.00	16.60	0.00	0.95
Mexico	Feb	2.71	22.00	7.50	13.40	29.00	0.00	3.22
	Mar	2.71	22.00	8.00	13.90	29.50	0.00	3.21
S.-east Asia 7/	Feb	2.16	16.73	4.05	15.10	20.75	0.20	1.99
	Mar	2.16	17.22	4.05	15.30	20.95	0.20	2.28
South Korea	Feb	1.35	0.07	8.80	6.80	8.90	0.00	1.32
	Mar	1.35	0.07	8.80	6.80	8.90	0.00	1.32
Selected other	:	:	:	:	:	:	:	:
Brazil	Feb	3.19	46.00	0.35	34.00	40.50	5.00	4.04
	Mar	3.19	48.00	0.35	34.00	40.50	6.50	4.54
Canada	Feb	2.00	9.30	2.00	8.50	11.50	0.20	1.60
	Mar	2.00	9.30	2.00	8.50	11.50	0.20	1.60
China	Feb	35.26	143.00	0.10	103.00	141.00	4.00	33.36
	Mar	35.26	143.00	0.10	103.00	141.00	4.00	33.36
Other Europe	Feb	3.61	19.81	0.32	15.68	19.66	2.28	1.80
	Mar	3.63	19.81	0.32	15.68	19.66	2.28	1.82
FSU-12	Feb	1.63	12.73	0.50	10.29	11.93	1.13	1.80
	Mar	1.63	12.83	0.50	10.39	12.03	1.13	1.80
Ukraine	Feb	0.92	6.40	0.00	4.50	5.25	1.00	1.07
	Mar	0.92	6.40	0.00	4.50	5.25	1.00	1.07

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina and South Africa. 5/ Egypt, the EU-25, Mexico, Japan, South Korea, Taiwan, and Southeast Asia. 6/ Trade excludes intra-trade. 7/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

On the TOKYO GRAIN EXCHANGE the prices on the 4th of April is in the range of 210.10 to 220,93 \$/t with a contango price curve, save some place to the up side.



04/04/2007 17:45 TOKYO GRAIN EXCHANGE Corn Futures

The prices in Asia are still in the high of the price range

	May-07	Jul-07	Sep-07	Nov-07	Jan-08	Mar-08	Volume
Prev Closing Price	24490	Cv24320	Cv24500	Cv24820	Cv25340	Cv25980	2689
Morning 1st	24370	23950	24240	24730	25270	25940	503
Morning 2nd	24610	23990	24360	24690	25270	25920	316
Morning 3rd	24500	24000	24300	24790	25360	25990	270
Afternoon 1st	24770	24320	24650	25000	25580	26220	429
Afternoon 2nd	24840	24430	24660	24960	25540	26160	380
Afternoon 3rd	24870	24360	24580	24830	25520	26140	354
Volume	67	527	862	1903	4785	14391	2253
Settlement Price	24870	24360	24580	24830	25520	26140	
Change from prev day	+380	+40	+80	+10	+180	+160	
Open Interest	952	5526	12089	20930	30014	42832	11234

CONCLUSION

The bullish trend has gone to a halt in a very strong manner, revealing some lack of liquidity in the market that may have impacted some operators with a potential of loss in the range of 20% on the more fragile positions.

The recover has developed on a rapid pace without major disturbance due to some delay in the planting pace, giving material to a recovery, but the short put options transferred on May and July settlement dates continue to pressure the market.

Despite the strong signal it seems that there is no major treat on a 90 days tenor but an inquiry among ours clients may give some more in depth market information

However analyzing the chart we can detect some structural weakness in the market with liquidity problems on two occasions.

RICE

Key points

The evolution of the price bullish at a moderate pace turn very bearish mid March on a trading blockade at Mexico border on GMO test certification.

The reaction of the Mexican media to the impact of the price increase of US yellow corn on the price of their basic food diet made from white corn may not be absent of the context.

The magnitude of the potential reduction of exports to Mexico leads the market to end steeply lower near the trading limit making more evident the strong interlinks between the various soft commodity markets.

The commodity funds despite the global market rather bullish trend liquidated their long positions, accelerating the path.

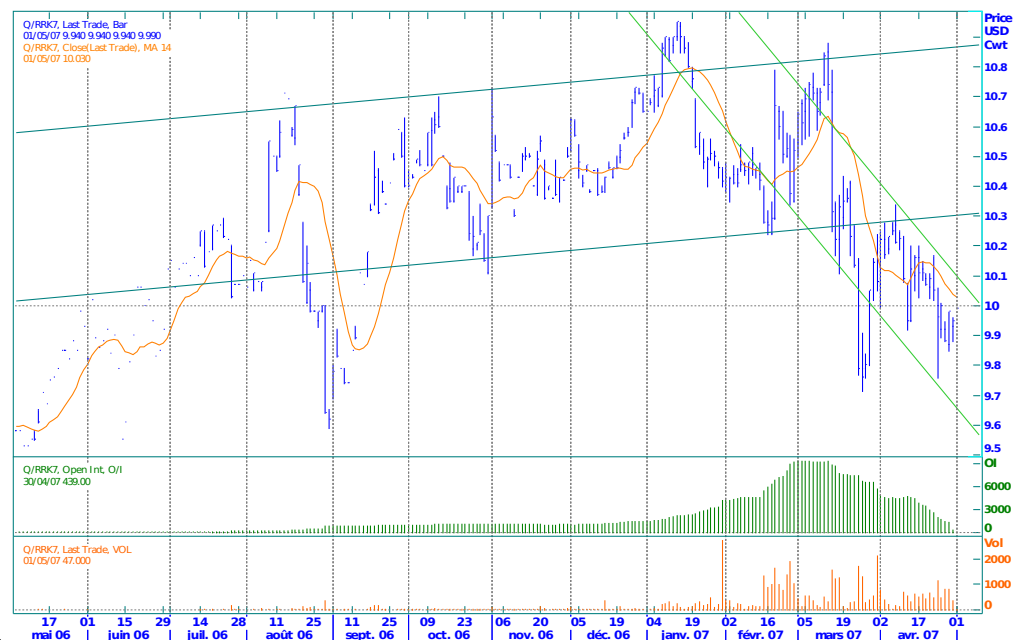
On the world markets the evolution appears unsettled by the US MARKET's price reduction, pursuing a strongly bullish trend due to the general drought risks reported on various producers' markets. (Thailand, China).

The evolution of the incorporation of alcohol in gasoline seems not to have a direct impact on the rice price evolution.

Market analysis

The market analysis limited to CHICAGO BOARD OF TRADE contract has to be considered as a local market despite a rather significant volume produced to export (nearly 50%).

Corn CBOT
Marsh 2006/mars 2007
affected by Mexican blockade



The global trend shows a bullish global pattern since March 2006. The effect of the blockade at the Mexico border reversed strongly the price evolution with a mark ending near the limit.

The export volumes already are lagging 20% lower than previous year on a discovery of a biotech gene material (LLRICE601) found in the US rice last summer.

The Funds sold their long positions and bought put option adding steam to the fundamental export market difficulties.

The evolution after a global crop increase in 2006 hedge toward a return of 2005 situation

World Rice Supply and Use (Milled Basis) 1/ (Million Metric Tons)						
Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Total 2/ Domestic	Exports	
2004/05						
World 3/	85.39	400.47	26.31	407.72	28.36	78.15
United States	0.76	7.46	0.42	3.94	3.50	1.21
Total foreign	84.63	393.01	25.89	403.79	24.86	76.94
Major exporters 4/	17.44	128.13	0.32	110.77	19.94	15.18
India	10.80	83.13	0.00	80.74	4.69	8.50
Pakistan	0.64	4.92	0.00	2.55	2.80	0.20
Thailand	1.71	17.36	0.00	9.48	7.27	2.31
Vietnam	4.30	22.72	0.32	18.00	5.17	4.16
Major importers 5/	12.56	60.23	9.25	68.52	0.57	12.94
Brazil	1.34	9.00	0.55	8.86	0.28	1.75
EU-25 6/	0.97	1.87	1.00	2.53	0.18	1.14
Indonesia	4.02	34.83	0.50	35.85	0.05	3.45
Nigeria	1.00	2.30	1.37	4.25	0.00	0.42
Philippines	4.05	9.43	1.50	10.40	0.00	4.57
Sel. Mideast 7/	0.99	2.31	3.27	5.05	0.06	1.46
Selected other						
Burma	1.63	9.57	0.00	10.30	0.19	0.71
C. Amer & Carib 8/	0.11	0.07	0.42	0.48	0.00	0.13
China	43.92	125.36	0.61	130.30	0.66	38.93
Egypt	0.72	4.13	0.00	3.25	1.10	0.50
Japan	1.70	7.94	0.78	8.30	0.20	1.92
Mexico	0.18	0.20	0.55	0.75	0.00	0.17
South Korea	0.85	5.00	0.19	4.86	0.27	0.91
2005/06 (Estimated)						
World 3/	78.15	417.03	26.41	413.34	28.07	81.84
United States	1.21	7.11	0.54	3.81	3.69	1.37
Total foreign	76.94	409.92	25.86	409.53	24.38	80.47
Major exporters 4/	15.18	138.31	0.40	115.53	18.87	19.49
India	8.50	91.79	0.00	85.22	3.80	11.27
Pakistan	0.20	5.55	0.00	2.56	3.00	0.20
Thailand	2.31	18.20	0.05	9.50	7.38	3.69
Vietnam	4.16	22.77	0.35	18.25	4.69	4.34
Major importers 5/	12.94	59.93	10.95	69.66	0.47	13.69
Brazil	1.75	7.87	0.75	8.97	0.25	1.15
EU-25 6/	1.14	1.73	1.10	2.55	0.16	1.26
Indonesia	3.45	34.96	0.55	35.80	0.00	3.16
Nigeria	0.42	2.70	1.78	4.35	0.00	0.55
Philippines	4.57	9.82	1.90	11.00	0.00	5.29
Sel. Mideast 7/	1.46	2.38	3.76	5.39	0.06	2.14
Selected other						
Burma	0.71	10.44	0.00	10.40	0.08	0.67
C. Amer & Carib 8/	0.13	0.07	0.51	0.49	0.00	0.22
China	38.93	126.41	0.65	128.00	1.22	36.78
Egypt	0.50	4.13	0.00	3.28	1.00	0.36
Japan	1.92	8.26	0.70	8.25	0.20	2.43
Mexico	0.17	0.18	0.58	0.78	0.00	0.16
South Korea	0.91	4.77	0.40	4.85	0.13	1.10

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in some countries. 4/ India, Pakistan, Thailand, and Vietnam. 5/ Brazil, Indonesia, Hong Kong, Cote d'Ivoire, Nigeria, Philippines, selected Middle East, and the EU-25. 6/ Trade excludes intra-trade. 7/ Selected Middle East includes Iran, Iraq, and Saudi Arabia. 8/ Central American and Caribbean countries.

The fundamentals of the commodity are globally stable with an healthy position in the ending 2006 stocks (19% of the production) increased by 4.7% from 2005

The forecasts for the current year are a bit tighter reversing to the 2005 situation, despite a global stabilization in production and no major change in the main producing countries.

WASDE-444-25

World Rice Supply and Use (Milled Basis) 1/ (Cont'd.)
(Million Metric Tons)

		Supply		Use		Ending
Region		Beginning	Production	Total 2/	Domestic	Exports
		stocks				stocks
2006/07 (Projected)						
World 3/						
February		81.29	415.27	27.34	417.71	29.12
March		81.84	414.95	27.36	417.73	29.14
United States						
February		1.37	6.15	0.59	3.90	3.24
March		1.37	6.20	0.60	3.92	3.26
Total foreign						
February		79.92	409.12	26.76	413.80	25.88
March		80.47	408.76	26.76	413.81	25.88
Major exporters 4/						
February		18.81	137.62	0.40	118.02	20.90
March		19.49	137.62	0.40	118.02	20.90
India	Feb	10.52	91.00	0.00	87.50	4.30
	Mar	11.27	91.00	0.00	87.50	4.30
Pakistan	Feb	0.30	5.60	0.00	2.56	3.00
	Mar	0.20	5.60	0.00	2.56	3.00
Thailand	Feb	3.65	18.25	0.10	9.46	8.70
	Mar	3.69	18.25	0.10	9.46	8.70
Vietnam	Feb	4.34	22.77	0.30	18.50	4.90
	Mar	4.34	22.77	0.30	18.50	4.90
Major importers 5/						
February		13.72	58.79	11.42	70.24	0.33
March		13.69	58.44	11.42	70.24	0.33
Brazil	Feb	1.15	7.70	0.85	8.95	0.13
	Mar	1.15	7.70	0.85	8.95	0.13
EU-25 6/	Feb	1.24	1.68	1.10	2.60	0.15
	Mar	1.26	1.68	1.10	2.60	0.15
Indonesia	Feb	3.21	33.70	1.80	35.85	0.00
	Mar	3.16	33.30	1.80	35.85	0.00
Nigeria	Feb	0.55	2.80	1.60	4.45	0.00
	Mar	0.55	2.80	1.60	4.45	0.00
Philippines	Feb	5.29	10.00	1.85	11.30	0.00
	Mar	5.29	10.05	1.85	11.30	0.00
Sel. Mideast 7/	Feb	2.14	2.44	3.10	5.49	0.05
	Mar	2.14	2.44	3.10	5.49	0.05
Selected other						
Burma	Feb	0.67	10.50	0.00	10.50	0.15
	Mar	0.67	10.50	0.00	10.50	0.15
C. Am & Car. 8/	Feb	0.15	0.07	0.45	0.50	0.00
	Mar	0.22	0.07	0.45	0.50	0.00
China	Feb	36.83	128.00	0.80	127.80	1.20
	Mar	36.78	128.00	0.80	127.80	1.20
Egypt	Feb	0.36	4.14	0.00	3.30	0.90
	Mar	0.36	4.14	0.00	3.30	0.90
Japan	Feb	2.43	7.94	0.65	8.20	0.20
	Mar	2.43	7.94	0.65	8.20	0.20
Mexico	Feb	0.18	0.18	0.60	0.80	0.00
	Mar	0.16	0.18	0.60	0.80	0.00
South Korea	Feb	1.10	4.68	0.27	4.84	0.10
	Mar	1.10	4.68	0.27	4.84	0.10

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in some countries. 4/ India, Pakistan, Thailand, and Vietnam. 5/ Brazil, Indonesia, Hong Kong, Cote d'Ivoire, Nigeria, Philippines, selected Middle East, the EU-25. 6/ Trade excludes intra-trade. 7/ Selected Middle East includes Iran, Iraq, and Saudi Arabia. 8/ Central American and Caribbean countries.

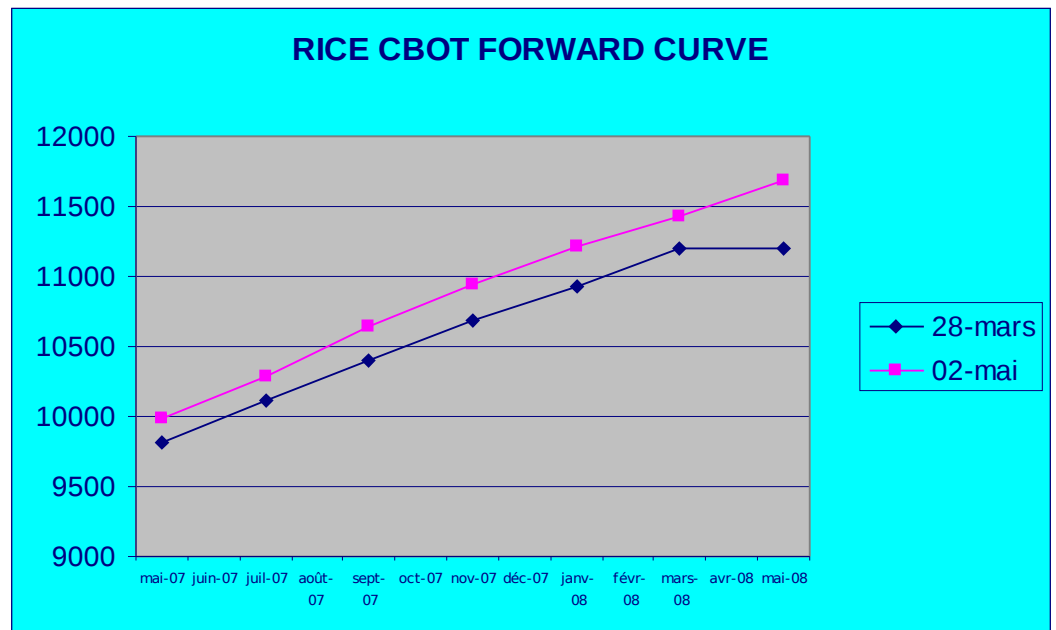
The origin of the decrease in the ending stock (-4,7 in 2006 & -3,7% in estimate 2007) is to be seen in the consumption evolution both in producing countries and in major importers.

The major producer China's situation is estimated globally balanced, but last weather news leads to be less optimistic and to be opened to re estimations.

The forward curve on CBOT's contracts remains strongly in contango implying that the recent stress on export to Mexican market is considered of limited impact consequences.

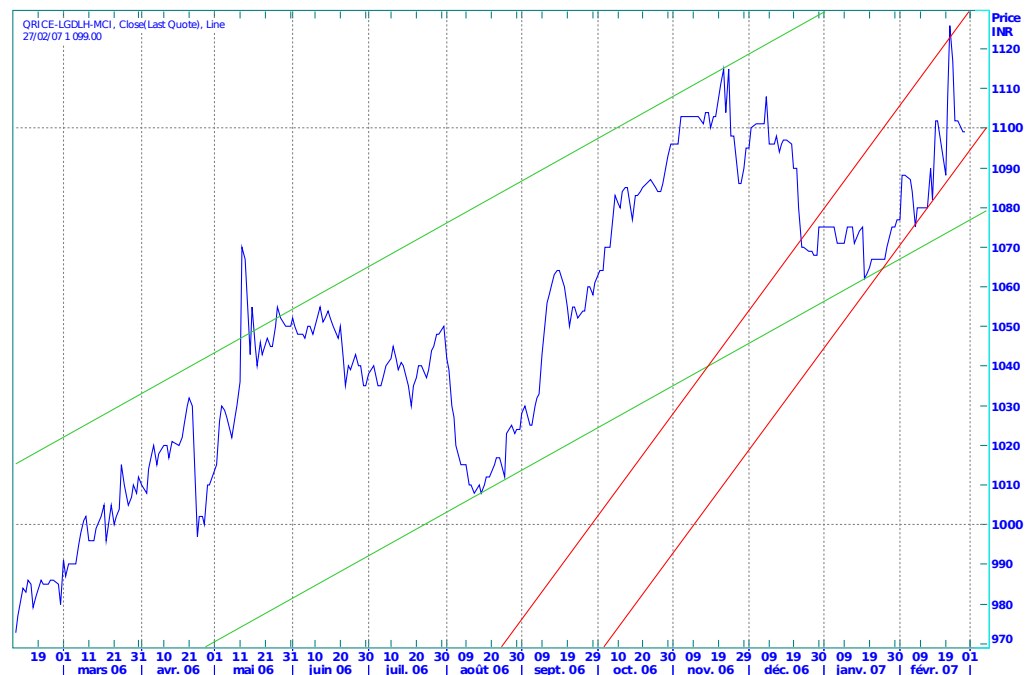
However the market medium term view is not quite clear as contango and backwardation structure still endure.

The price curve does not anticipate a major change in the market



The basic risk between the main geographical areas has so far increased due to the significant trend gap with a price range in the US from 180 to 200 \$/t to be compared to Indian origin quote from 280 to 292, 200 to 210 from Viet Nam and Thai one from 300 to 324\$/t

INDIA long rice prices evolution
Strongly bullish



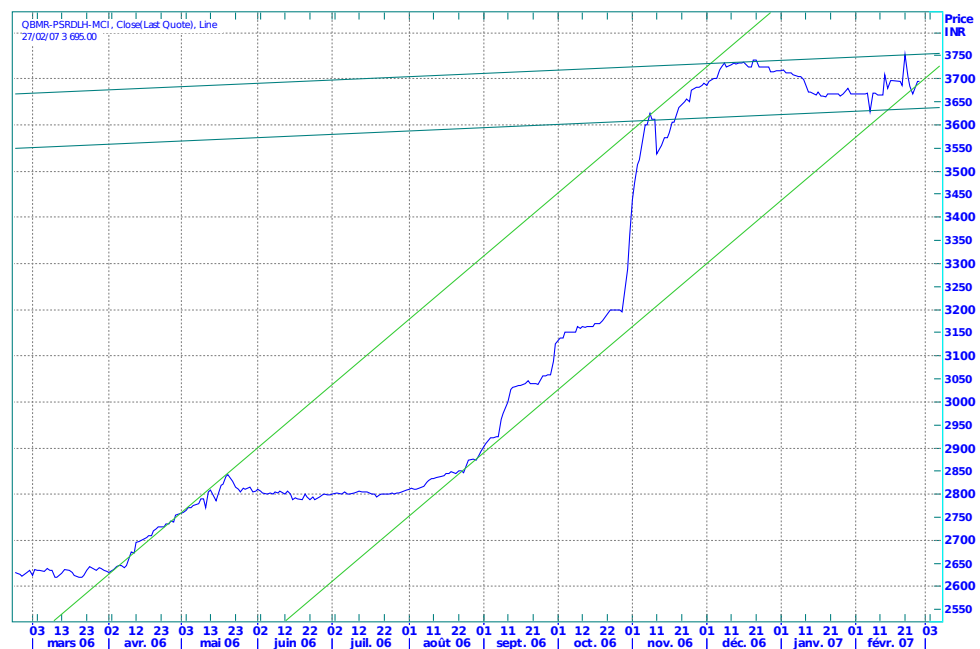
The basic local market trends are intrinsically bullish on one year horizon with regular downward correction. If the market pattern reproduces the previous six month cycle, having so, a different market analysis from the US MARKET, the way upward seems reasonably large.

SARBATI RICE Indian price evolution (long grain PUNJAB) bullish but stabilizing



The higher quality rice presents a more stable evolution with market correction less frequent and postponed in comparison with the more standard quality.

BASHMATI RICE Indian price evolution (extra long grain) on a stabilization mood after strong progression

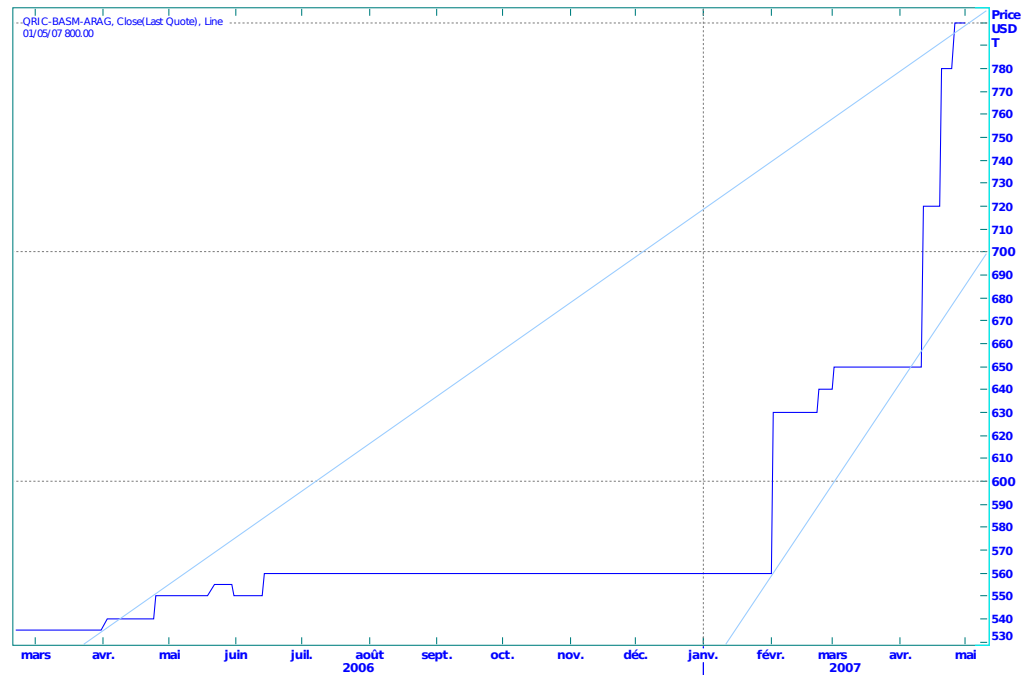


On the same period the upper quality had very steep bullish trend over 2006 that stabilized since year end.

These types of information conduct to consider that standard of living have significantly improved in INDIA allowing a less stringent control by the Government.

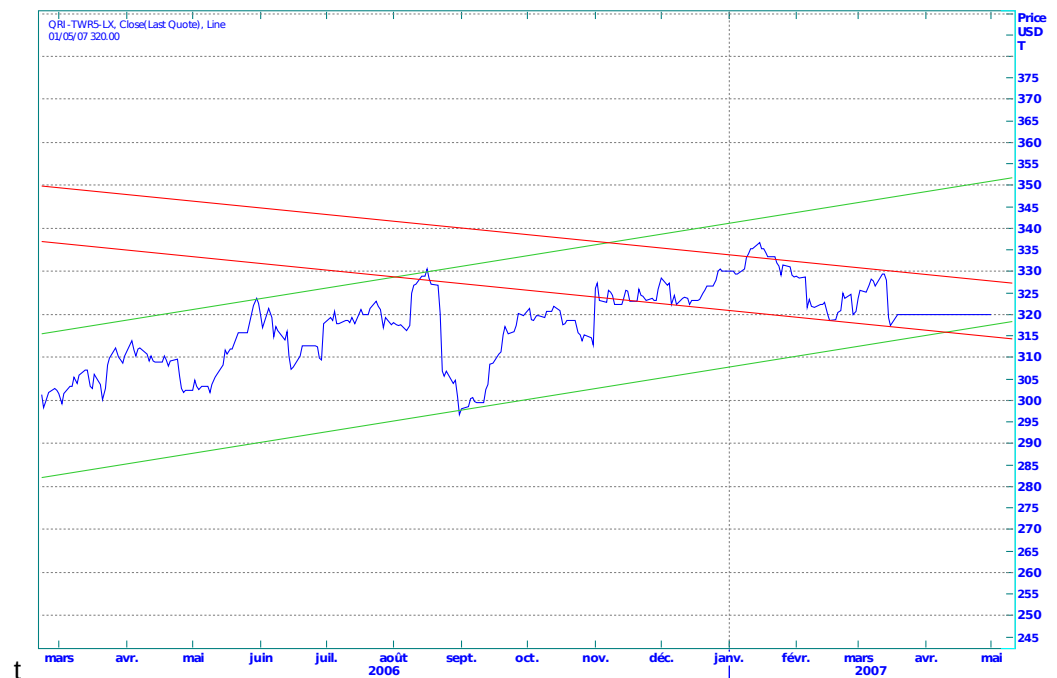
The information available for BASHMATI RICE from Pakistan is not very significant but confirms the global significant increase in prices

PAKISTAN BASHMATI RICE
price evolution strongly
bullish but not liquid



The trend on the VIET NAM origin is also rather positive with a limited downward pressure detected from end of September 2006 on

VIET NAM rice's prices
evolution
Long rice 5% broken in a
stabilizing mode with some
moderate bullish trend



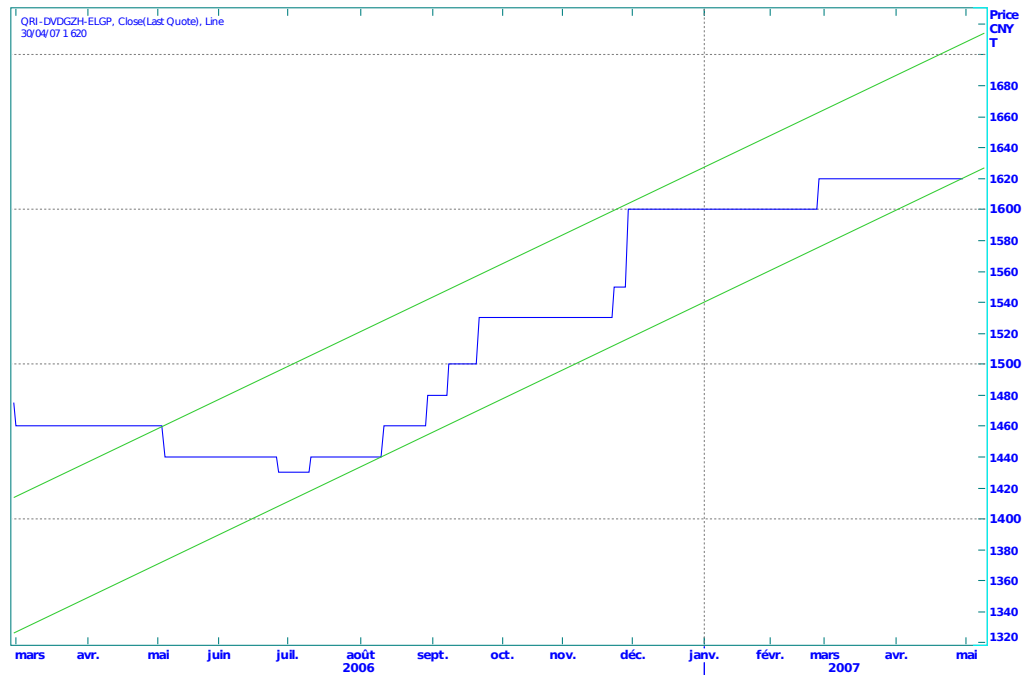
On the main producer market CHINA the trend is also strongly bullish, despite limited data available

The prices are given on a regional basis with strong difference between qualities.

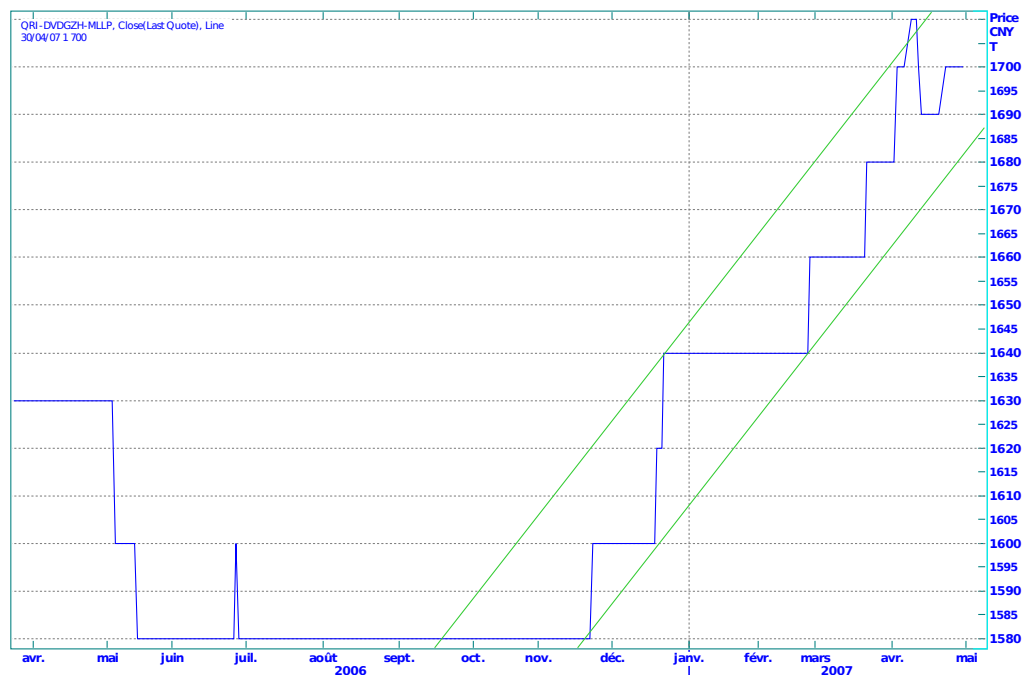
It appears that the bullish trend is strong and confirmed in every compartment of the market

The Chinese market price lists are not well documented but the trend is strongly bullish especially in the medium quality range

CHINA rice's prices evolution
Guangzhou Early Long Paddy



CHINA rice's price's evolution
Guangzhou Med short Paddy



The differentials by locations are significant with prices ranges for the medium quality that spread between:

USA CHICAGO	219.90 to 245.6 USD/t
CHINA	327.49 to 396.34 USD /t
INDIA	445.44 to 777.64 for BASHMATI USD/t
VIET NAM	297.50 USD/t
ITALY	279.50 USD/t

Considering the wide range of prices distributed on numerous quality specifications the spreads of prices appear relatively coherent on the various studied markets

CONCLUSION

The bullish trend has gone to a halt in a very strong manner, in the US but on a rather local trade dispute based on health safety and on regulation. This modification has not distorted the forward structure of the market and so seems considered to find a solution.

The global trend in producing countries is very strongly bullish based on stable trend on consumption and a production that may be affected by weather adverse conditions.

The analysis would have been more accurate with some study of the AFRICAN MARKET, but data are not yet available.

WHEAT

Key points

The evolution of the price has turned bullish at the end of the last crop and then turn to a moderate bearish mode in every type of the product range

The reaction of the spot market to bio energy anticipations must be carefully monitored as they have different implications related to production zones

The important impact of the increase of the acreage in RUSSIA, UKRAINE and KAZAKSTAN will continue to impact the EUROPE and CENTRAL ASIA market structure.

The evolution of the needs in CHINA and INDIA seems sufficient to equilibrate the market globally

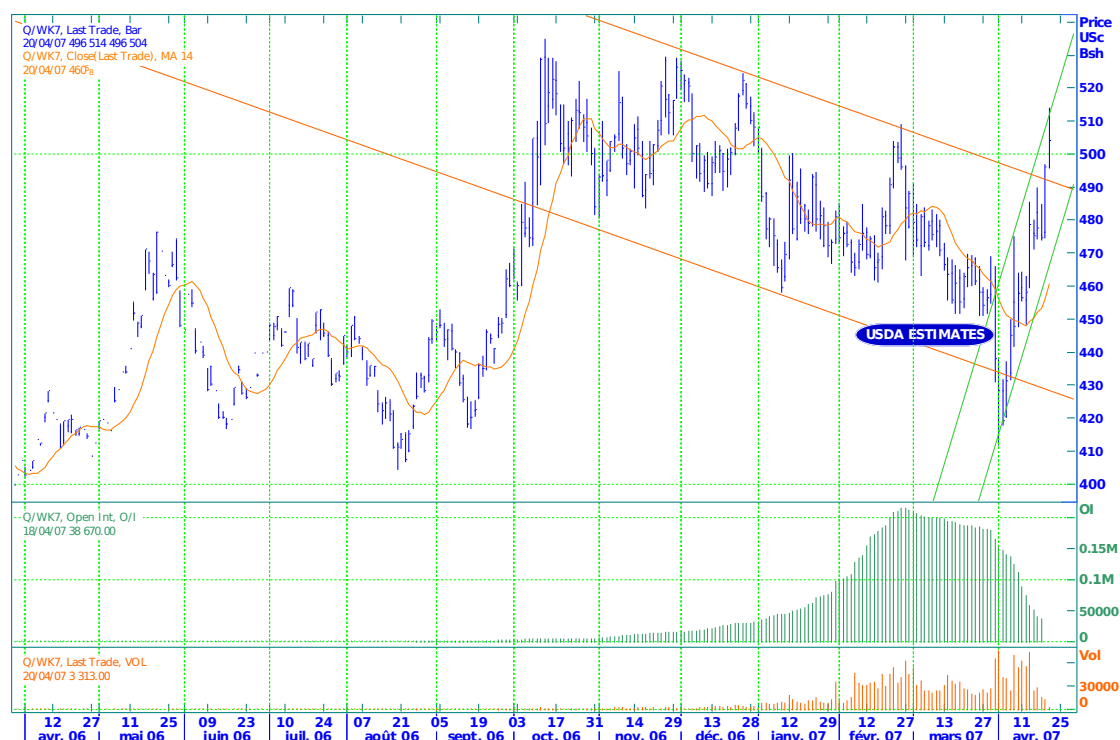
The evolution of the incorporation of alcohol in gasoline for the driving season may have some impact on the price, but the sensitivity centered on WEST EUROPE will have a far more limited impact than corn in the US.

Market analysis

The market trend show mix forces involved

The global bullish trend in mid 2006 which strongly accelerated in September had rapidly adopted since October a softer global trend. The prices staying however in the upper range of the curve in a range of 4 to 4.75 USD/bu, near the bull of 1989 and 1996..

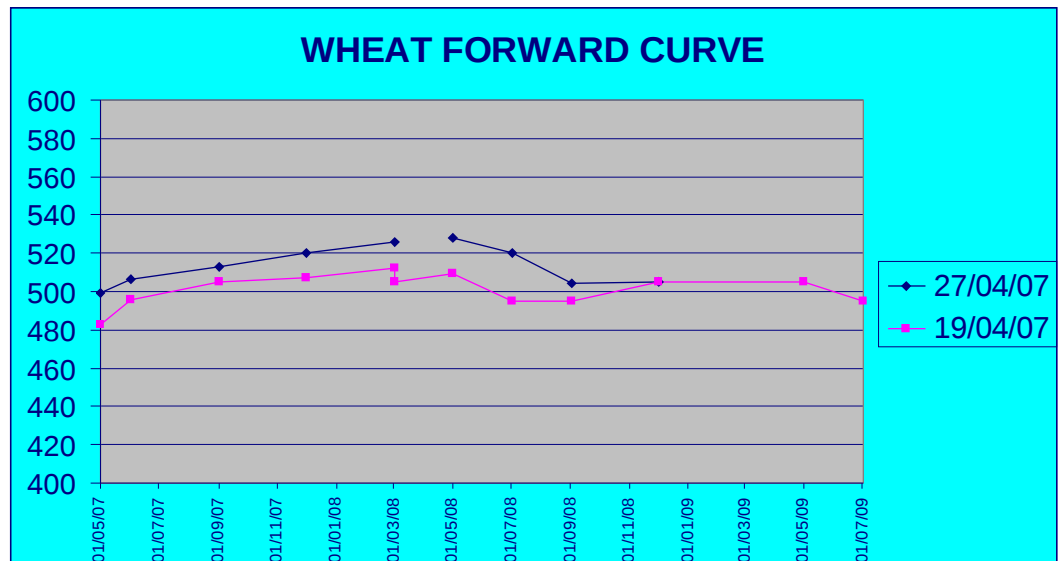
WHEAT CBOT bearish tend strongly affected by USDA corn estimates changes and unfavorable weather



The effect of the USDA stringent estimate revision conducted the market to a strong downward reaction in relation to the funds position in the market and some substitution's, effects for animal feeds, then inducing a more bullish mode on news of significant freeze of winter planting.

However the open position on the market is nearly balanced and the medium term view is clear as limited contango and backwardation structure endure giving a very limited prospective of evolution

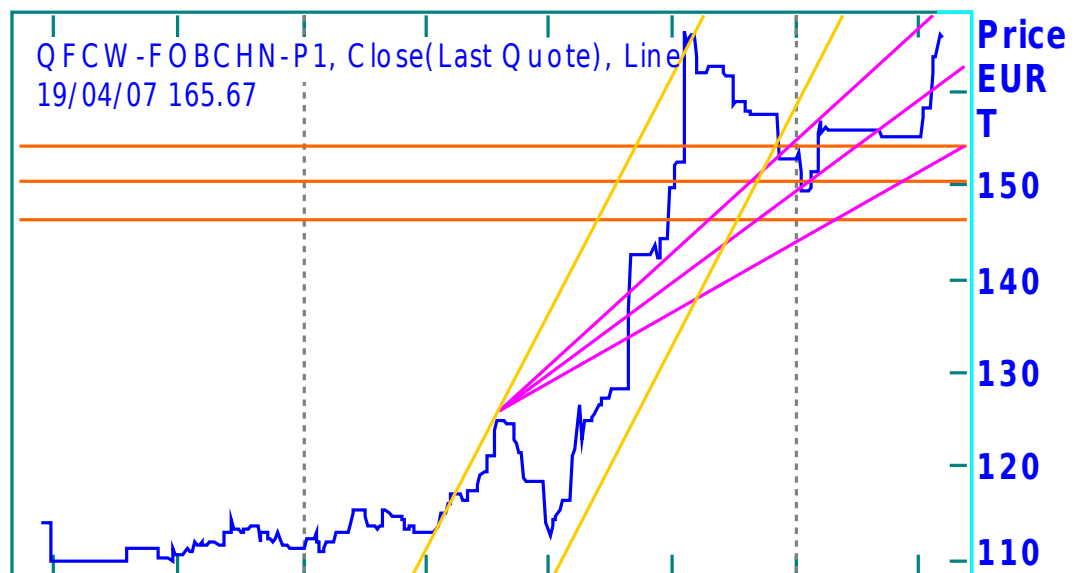
The market potential imbalance is reflected in the forward curve



The basic risk between the main geographical areas is significant with a price range in the US from 4 to 4,8 \$/ bushel ie 147 to 176,4 \$/t to be compared to European origin quote from 225,15 to 273 \$/t, Argentinean's 120.2 \$/t Chinese's 197,1 to 221,7 \$/t and Australian's one from 221 to 249.5 \$/t.

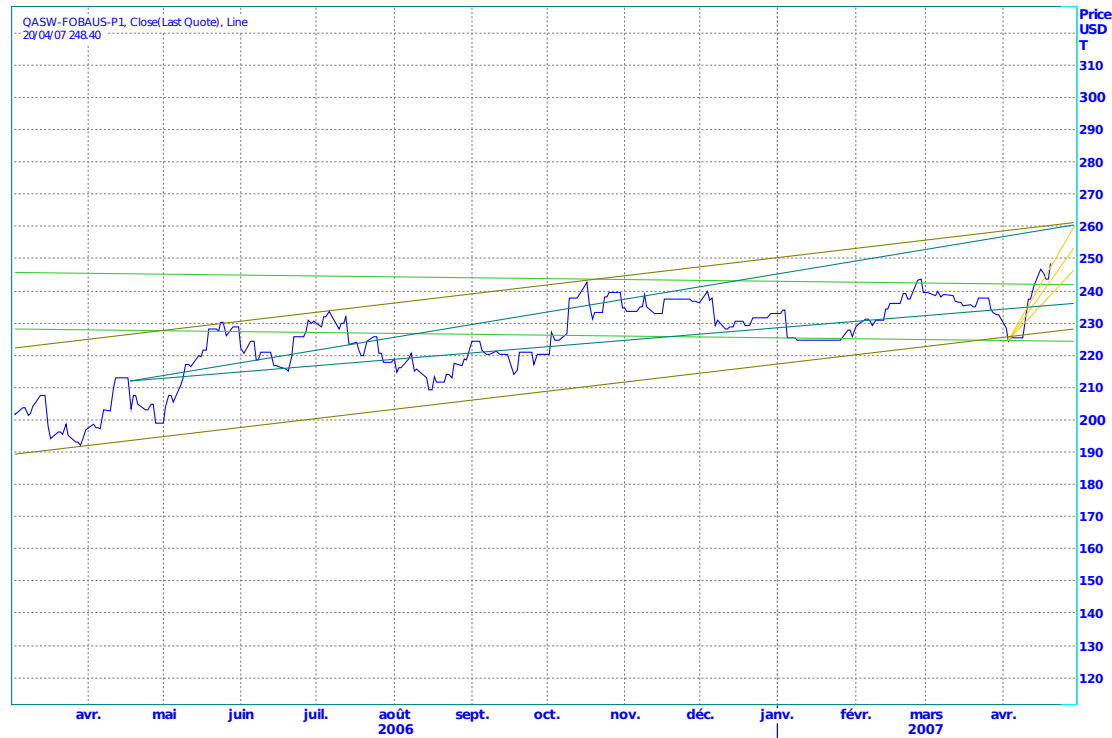
For the European origins the currency impact is very significant and is cumulative to a very strong price evolution linked to energy solution

France wheat prices confronted to a very strong upward correction and currency pressure



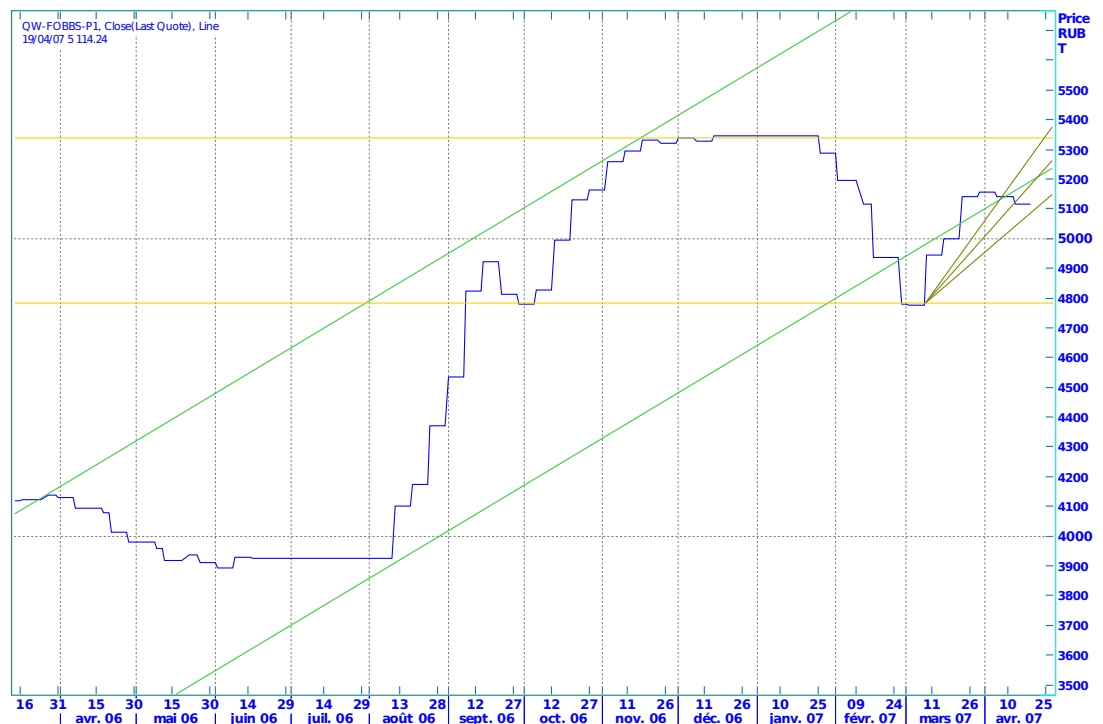
In Australia after a significant weather impact of the tendency which was is clearly oriented to easing in prices has been clearly impacted by the weather in the US

Australia's wheat price is stuck to evolution in a long and stable price range which reversed a six months slightly bearish trend



In Russia even with a strong increased prospect in the crop estimate the price stay on a bullish trend

Wheat prices for back sea evolution are well oriented for expansion



Despite the increase of acreage in Russia, Central Asia and Ukraine, the impact on the global production growth is considered limited in the USDA projections (ie, with an impact of less than 10% of the world production). Taking in consideration risk linked to weather forecast the volume is posted decreasing of 6.5% worldwide.

WASDE-444-19

World Wheat Supply and Use 1/ (Cont'd.)
(Million Metric Tons)

USDA wheat production –
consumption estimates

		Supply			Use			
Region					Domestic 2/			Ending
		Beginning	Produc-					stocks
		stocks	tion	Imports	Feed	Total	Exports	
		2006/07 (Projected)						
World 3/								
	February	146.93	592.03	109.78	107.23	618.16	109.04	120.80
	March	147.46	593.11	109.12	108.03	619.34	108.02	121.23
United States								
	February	15.55	49.32	3.13	3.95	31.33	23.81	12.85
	March	15.55	49.32	3.13	3.95	31.33	23.81	12.85
Total foreign								
	February	131.38	542.71	106.65	103.28	586.83	85.23	107.94
	March	131.91	543.79	106.00	104.08	588.01	84.21	108.38
Major exporters 4/								
	February	40.43	169.27	7.13	68.08	138.97	55.50	22.37
	March	40.91	169.05	7.13	68.88	140.26	54.50	22.33
Argentina	Feb	0.50	14.20	0.01	0.08	4.90	9.50	0.31
	Mar	0.50	14.20	0.01	0.08	4.90	9.50	0.31
Australia	Feb	9.26	10.50	0.08	4.20	6.90	10.50	2.43
	Mar	9.76	10.50	0.08	4.50	7.20	10.50	2.63
Canada	Feb	9.71	27.30	0.25	5.80	10.17	20.50	6.59
	Mar	9.71	27.30	0.25	5.80	10.17	20.50	6.59
EU-25 5/	Feb	20.97	117.27	6.80	58.00	117.00	15.00	13.04
	Mar	20.95	117.05	6.80	58.50	118.00	14.00	12.80
Major importers 6/								
	February	59.40	168.54	53.75	7.73	219.69	5.20	56.81
	March	59.40	168.54	53.55	7.73	219.54	5.15	56.80
Brazil	Feb	1.33	2.25	7.50	0.10	10.40	0.05	0.63
	Mar	1.33	2.25	7.50	0.10	10.40	0.05	0.63
China	Feb	34.89	103.50	0.70	4.00	101.00	2.50	35.59
	Mar	34.89	103.50	0.70	4.00	101.00	2.50	35.59
Sel. Mideast 7/	Feb	6.06	18.80	10.00	1.40	29.44	0.60	4.82
	Mar	6.06	18.80	9.80	1.40	29.29	0.55	4.82
N. Africa 8/	Feb	9.84	18.33	16.20	0.30	34.78	0.22	9.37
	Mar	9.84	18.33	16.20	0.30	34.78	0.22	9.37
Pakistan	Feb	3.15	21.70	0.20	0.40	21.90	0.50	2.65
	Mar	3.15	21.70	0.20	0.40	21.90	0.50	2.65
SE Asia 9/	Feb	1.99	0.00	10.05	1.12	10.02	0.41	1.61
	Mar	1.99	0.00	10.05	1.12	10.02	0.41	1.61
Selected other								
India	Feb	2.00	68.00	6.00	0.30	72.70	0.30	3.00
	Mar	2.00	69.35	6.00	0.30	73.55	0.30	3.50
FSU-12	Feb	15.17	86.07	4.44	21.56	73.90	17.99	13.79
	Mar	15.17	86.02	4.44	21.56	73.90	17.99	13.74
Russia	Feb	3.81	44.90	1.20	14.10	37.10	10.00	2.81
	Mar	3.81	44.90	1.20	14.10	37.10	10.00	2.81
Kazakhstan	Feb	4.28	13.50	0.02	2.80	8.10	5.00	4.70
	Mar	4.28	13.50	0.02	2.80	8.10	5.00	4.70
Ukraine	Feb	2.41	14.00	0.10	2.10	11.50	2.80	2.21
	Mar	2.41	14.00	0.10	2.10	11.50	2.80	2.21

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Australia, Canada, and the EU-25. 5/ Trade excludes intra-trade. 6/ Brazil, China, Japan, Mexico, N. Africa, Pakistan, selected Middle East, and Southeast Asia. 7/ Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman. 8/ Algeria, Egypt, Libya, Morocco, and Tunisia. 9/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

CONCLUSION

The structure of the market is very segmented with different basic trend in action, in a situation globally balanced in volumes. There seems to be multiple possibilities of arbitrage for traders reinforced by weather uncertainties.

Global player would have a strong market advantage if the freight evolution is not too bullish.

The situation of local or regional players would be strongly impacted by weather uncertainties and need to be followed closely. .

SOYA BEANS

Key points

The evolution of the price followed the positive trend induced by the focus on renewable energy fuel. This trend turned on more bullish mode since October 2006.

The revised projection made by USDA on corn, the delays in corn planting induced by unfavorable weather, the bumper ARGENTINIAN crop lead to a strong bearish reaction. Would it be sufficient to modify the strong up trend of the complex?

The Chinese crop forecasts are stable in comparison with the previous season and the Chinese buyers have delayed their orders

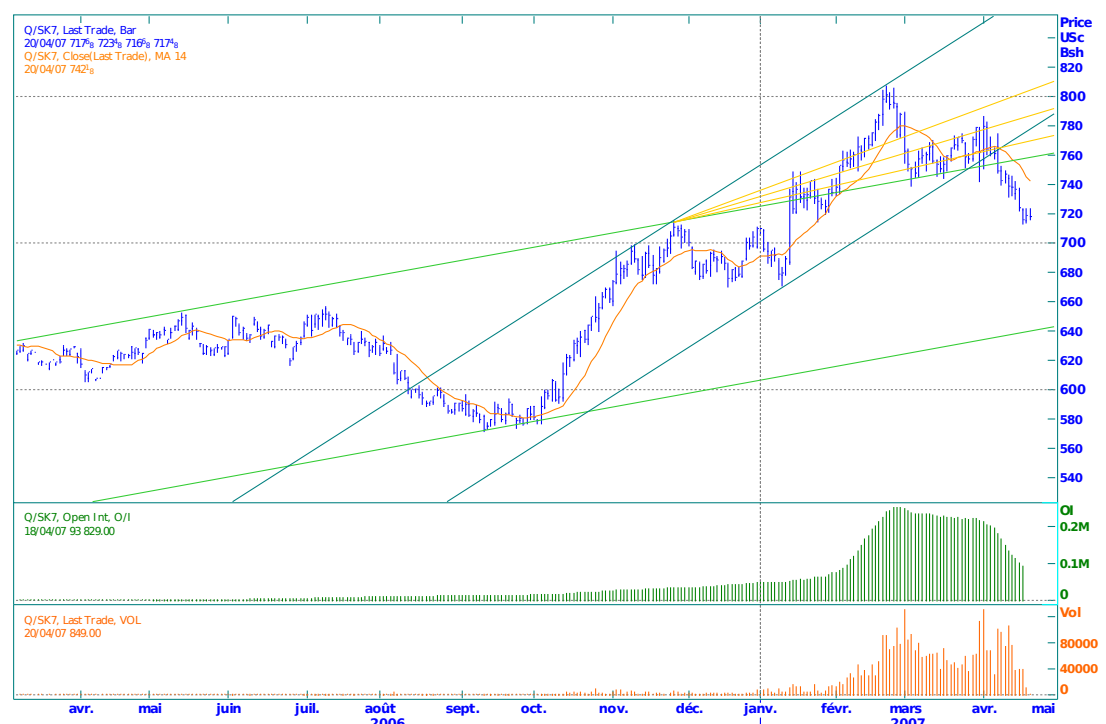
The bio energy impact on the vegetable oil sector seems less significant than for corn and wheat

Market analysis

The market trend show mix forces involved

The market shows a bullish global trend since September 2006 and a significant recovery from reverse trend experienced from 2004 and 2005. The evolution seems to be more in line with a 10 years cycle effect.

SOYA CBOT
Marsh 2006/april 2007 under
pressure of corn planting

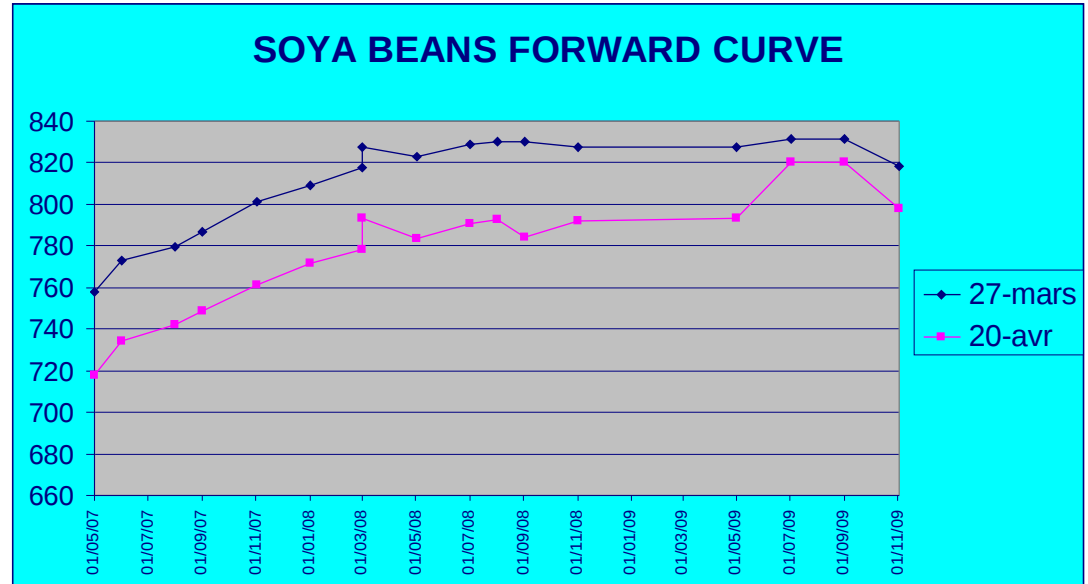


The market is under pressure of a significant shift in planting due to damages anticipated in the winter wheat crop

This reversal has no impact on a strong contango market structure that stays nearly unchanged from March to April

How ever the market medium term view is not quite clear as backwardation structure is seen at the end of the curve.

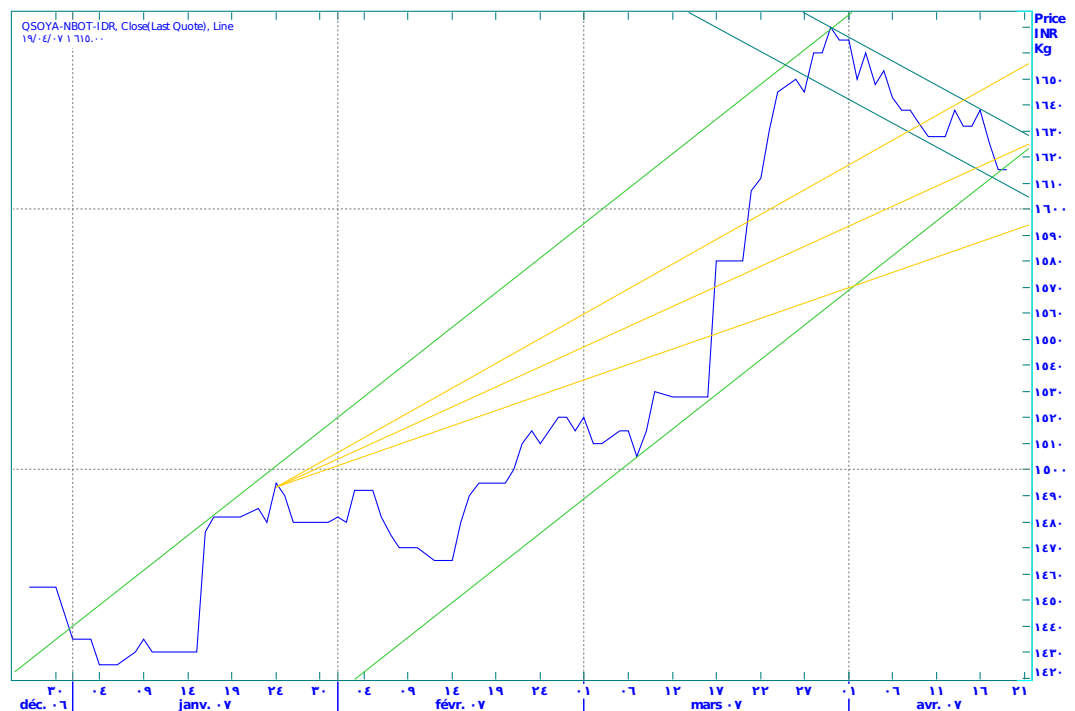
The forward curve reacts on a moderate tone to the present uncertainties



The basic risk between the main geographical areas is significant with a price range in the US from 7 to 8 \$/ bushel ie 257.2 to 293.9 \$/t to be compared to Brazilian origin quote from 265.83 to 280, to Chinese Dalian market quote of 386,66 to 395.74 \$/t and Indian one from 382,21 to 415,53 \$/t

The currency evolution between BRL an USD has conduct to a similar range of price offer from the US and BRAZIL

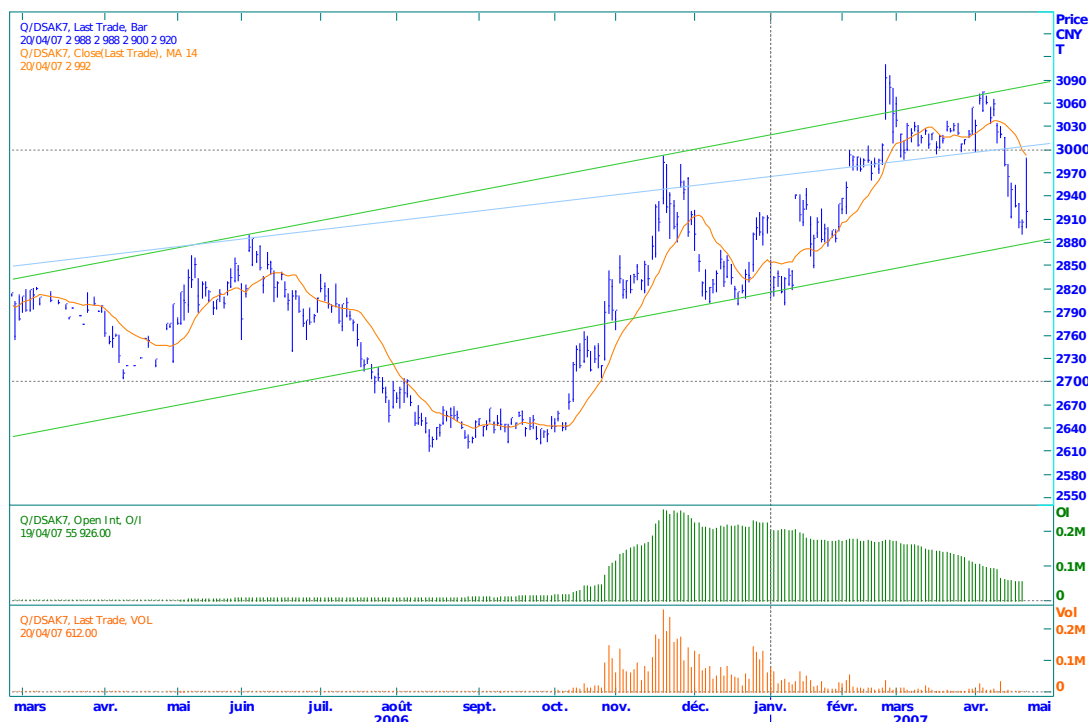
Soya seeds INDORE the bullish trend is influenced by the shift of the US MARKET



The basic local market trends are intrinsically bullish on one year horizon having then a different market dynamic from the US MARKET. However the stringent correction

encountered at the end of March induced a significant modification of the trend gradient and in INDIA reversed the path.

SOYA BEAN DALIAN
IN CHINA the pass of
evolution is moderate



In China the bullish trend appears on a more soft and robust mode. The correction base on the potential shift of planting has been of very limited effects

Back to basic the comparison between the 2006 estimates and the mars 2007 forecasts conduct to a strong evolution in the US production (4.86%) with an significant increase of the ending stocks (+32,5%)

WASDE-444-15

U.S. Soybeans and Products Supply and Use (Domestic Measure) 1/

Item	2004/05	2005/06	2006/07 Projections	
		Est.	February	March
SOYBEANS:		Million acres		
Area				
Planted	75.2	72.0	75.5	75.5
Harvested	74.0	71.3	74.6	74.6
			Bushels	
Yield per harvested acre	42.2	43.0	42.7	42.7
			Million bushels	
Beginning stocks	112	256	449	449
Production	3,124	3,063	3,188	3,188
Imports	6	3	4	4
Supply, total	3,242	3,322	3,642	3,642
Crushings	1,696	1,739	1,780	1,780
Exports	1,097	947	1,100	1,100
Seed	88	93	91	87
Residual	104	94	75	79
Use, total	2,986	2,873	3,046	3,046
Ending stocks	256	449	595	595
Avg. farm price (\$/bu) 2/	5.74	5.66	5.90- 6.50	6.10 - 6.50

On a world basis the evolution forecast of 5.53% doesn't take into account the shift of acreage from wheat anticipated supra. The evolution in Brazil (+3.6%) is limited, but the 10% in Argentina may be underestimated as a favorable weather evolution is observed since estimations

The significant stocks push heavily on the price evolution

WSRDS-444-23							
World Soybean Supply and Use 1/ (Million Metric Tons)							
	Supply			Use			
Region	Beginning stocks	Production	Imports	Domestic Crush	Total	Exports	Ending stocks
2004/05							
World 2/	18.80	215.72	61.71	175.68	205.15	64.64	48.45
United States	3.04	85.01	0.15	46.16	51.40	29.86	6.96
Total foreign	15.75	130.71	61.55	129.52	153.74	34.78	41.49
Major exporters 3/	11.18	96.05	1.20	57.54	62.04	32.59	33.00
Argentina	15.58	19.00	0.69	27.31	28.75	9.57	16.96
Brazil	15.51	53.00	0.48	29.25	32.10	20.14	16.75
Major importers 4/	3.62	19.55	51.95	53.33	68.34	0.42	6.16
China	2.10	17.40	25.88	30.36	40.21	0.19	4.70
EU-25	0.90	0.79	14.54	14.00	15.35	0.01	0.87
Japan	0.30	0.17	4.30	3.15	4.50	0.00	0.26
Mexico	0.04	0.13	1.64	1.73	3.76	0.00	0.05
2005/06 (Estimated)							
World 2/	48.45	217.89	64.09	184.29	213.95	64.07	52.13
United States	6.96	81.37	0.09	47.32	52.41	25.78	12.23
Total foreign	41.49	134.53	63.99	136.97	161.53	38.29	40.10
Major exporters 3/	33.80	99.50	0.68	61.09	65.49	35.56	32.93
Argentina	16.96	40.50	0.58	31.89	33.34	7.25	17.45
Brazil	16.75	55.00	0.08	28.05	30.65	25.91	15.27
Major importers 4/	6.16	18.65	53.07	56.40	71.70	0.19	5.91
China	4.70	16.35	28.32	34.50	44.54	0.15	4.47
EU-25	0.87	0.86	13.93	13.31	14.73	0.02	0.92
Japan	0.26	0.21	3.96	2.82	4.19	0.00	0.25
Mexico	0.05	0.15	1.67	1.78	3.82	0.00	0.04
2006/07 (Projected)							
World 2/	52.23	228.40	69.21	193.33	222.70	69.63	57.43
February	52.23	228.40	69.21	193.33	222.70	69.63	57.43
March	52.13	229.40	69.13	194.12	223.84	69.51	57.50
United States	12.23	86.77	0.11	48.44	52.97	29.94	16.21
February	12.23	86.77	0.11	48.44	52.97	29.94	16.21
March	12.23	86.77	0.11	48.44	52.97	29.94	16.20
Total foreign	40.00	141.63	69.10	144.89	169.81	39.69	41.23
February	40.10	142.63	69.02	145.68	170.87	39.57	41.30
March	40.10	142.63	69.02	145.68	170.87	39.57	41.30
Major exporters 3/	32.81	104.70	1.04	63.60	67.73	34.40	34.41
February	32.93	105.70	0.84	64.10	68.47	34.45	34.56
March	32.93	105.70	0.84	64.10	68.47	34.45	34.56
Argentina	17.45	44.00	0.93	34.50	36.07	7.15	18.96
Feb	17.45	44.00	0.73	35.00	36.57	7.25	18.16
Mar	17.45	44.00	0.73	35.00	36.57	7.25	18.16
Brazil	15.27	56.00	0.10	27.90	30.26	25.75	15.17
Feb	15.27	56.00	0.10	27.90	30.26	25.75	15.17
Mar	15.27	56.00	0.10	27.90	30.26	25.75	15.17
Major importers 4/	5.91	18.55	57.04	59.86	75.70	0.19	5.41
February	5.91	18.55	57.04	59.86	75.70	0.19	5.41
March	5.91	18.55	57.03	59.89	75.72	0.43	5.14
China	4.47	16.30	31.50	37.50	47.85	0.15	3.97
Feb	4.47	16.30	31.50	37.50	47.85	0.19	3.93
Mar	4.47	16.30	31.50	37.50	47.85	0.19	3.93
EU-25	0.92	0.92	14.14	13.67	15.05	0.01	0.91
Feb	0.92	0.92	14.14	13.67	15.05	0.02	0.90
Mar	0.92	0.92	14.14	13.67	15.05	0.02	0.90
Japan	0.25	0.20	4.05	2.88	4.24	0.00	0.26
Feb	0.25	0.20	4.10	2.93	4.29	0.00	0.26
Mar	0.25	0.20	4.10	2.93	4.29	0.00	0.26
Mexico	0.04	0.16	1.76	1.88	3.92	0.00	0.04
Feb	0.04	0.16	1.76	1.88	3.92	0.00	0.04
Mar	0.04	0.16	1.78	1.90	3.94	0.00	0.04

1/ Data based on local marketing years except Argentina and Brazil which are adjusted to an October-September year. 2/ World imports and exports may not balance due to differences in local marketing years and to time lags between reported exports and imports. Therefore, world supply may not equal world use. 3/ Argentina, Brazil and Paraguay. 4/ Japan, China, and EU, Mexico, and Southeast Asia (includes Indonesia, Malaysia, Philippines, and Thailand).

A meaningful analysis of the edibles oils markets is too complex and out of the scope of the present and limited exercise, and the clear pattern taken to the bio-diesel shift in their utilizations is part of new forces in the market. A significant part of the evolution of the soy bean market is clearly connected to this evolution.

World and U.S. Supply and Use for Oilseeds 1/ (Million Metric Tons)						
Commodity	Output	Total Supply	Trade	Total Use 2/	Ending Stocks	
World						
Oilseeds						
2004/05	301.01	425.20	74.60	301.92	56.74	
2005/06 (Est.)	308.12	444.86	76.39	317.29	61.70	
2006/07 (Proj.)						
February	307.18	458.91	82.50	330.09	63.75	
March	309.14	460.91	82.50	331.54	63.99	
Oilmeals						
2004/05	205.87	212.49	60.35	203.87	7.57	
2005/06 (Est.)	214.91	222.48	65.70	214.64	6.10	
2006/07 (Proj.)						
February	224.92	231.11	67.82	223.40	5.94	
March	225.60	231.70	68.22	223.74	5.99	
Vegetable Oils						
2004/05	111.36	119.70	42.56	108.32	9.72	
2005/06 (Est.)	117.92	127.64	46.43	115.65	9.24	
2006/07 (Proj.)						
February	124.05	134.06	48.52	122.10	9.70	
March	124.31	133.57	48.52	122.54	9.16	
United States						
Oilseeds						
2004/05	95.94	100.77	30.71	50.17	8.29	
2005/06 (Est.)	95.51	104.49	26.81	51.90	14.20	
2006/07 (Proj.)						
February	96.08	112.02	31.02	53.10	17.49	
March	96.08	112.00	31.04	53.03	17.59	
Oilmeals						
2004/05	39.27	41.07	6.96	33.90	0.22	
2005/06 (Est.)	40.02	41.90	7.65	33.90	0.15	
2006/07 (Proj.)						
February	41.14	43.16	8.19	34.64	0.13	
March	41.10	43.13	8.19	34.61	0.13	
Vegetable Oils						
2004/05	9.76	12.39	0.84	10.45	1.09	
2005/06 (Est.)	10.42	13.90	0.90	11.20	1.80	
2006/07 (Proj.)						
February	10.38	14.64	1.09	11.99	1.55	
March	10.36	14.60	1.12	11.93	1.56	
Foreign 3/						
Oilseeds						
2004/05	205.07	324.43	43.97	251.76	48.45	
2005/06 (Est.)	292.59	340.37	49.58	265.39	47.57	
2006/07 (Proj.)						
February	300.30	346.90	51.48	276.99	46.26	
March	302.26	348.91	51.46	278.51	46.40	
Oilmeals						
2004/05	166.61	171.41	53.29	169.97	7.35	
2005/06 (Est.)	174.89	180.58	58.04	180.74	5.83	
2006/07 (Proj.)						
February	183.79	187.95	59.63	188.75	5.62	
March	184.50	188.65	60.04	189.13	5.66	
Vegetable Oils						
2004/05	101.60	107.31	41.72	97.87	8.63	
2005/06 (Est.)	107.50	113.74	45.53	104.45	7.44	
2006/07 (Proj.)						
February	113.67	119.42	47.43	110.10	8.23	
March	113.96	118.96	47.40	110.61	7.60	

1/ Aggregate of local marketing years with Brazil and Argentina on an Oct.-Sept. year. 2/ Crush only for oilseeds. 3/ Total Foreign is equal to world minus United States.

CONCLUSION

The bullish production forecast doesn't seem to be sufficient to put major pressure on the market, strongly supported by an energy oriented shift of the use. If this new application seems to be traduced in price with a gap in its trend to the momentum given to corn, this more delayed evolution seems more robust and more wide spread..

The correction seen in the prices might be turned down by a significant recover of the level of volume diverted to the new potential usages which seem technically easier to process and distribute.

Despite the strong downward signal it seems that there is no major threat on a 90 days tenor

However analyzing the economics, the leadership of soy based on its various capabilities as animal feed and oil provider, may be challenged by more efficient grains as regard to their oleo content.

COTTON

Key points

The evolution of the price has been significantly impacted by the important modification of the structure of the production area with the major development of the Brazilian origin. This modification had a significant impact on the price evolution.

Regarding the African production the currency impact is very important and the relation of XAF to EURO is a new a matter of discussion.

USDA estimate of the planted area and of the potential of the crop volume is in correlation with consumption evolution.

The reaction of the US market has limited interlinks with regional prices evolutions and in some region the evolution is strictly correlated to local events. (Pakistan)

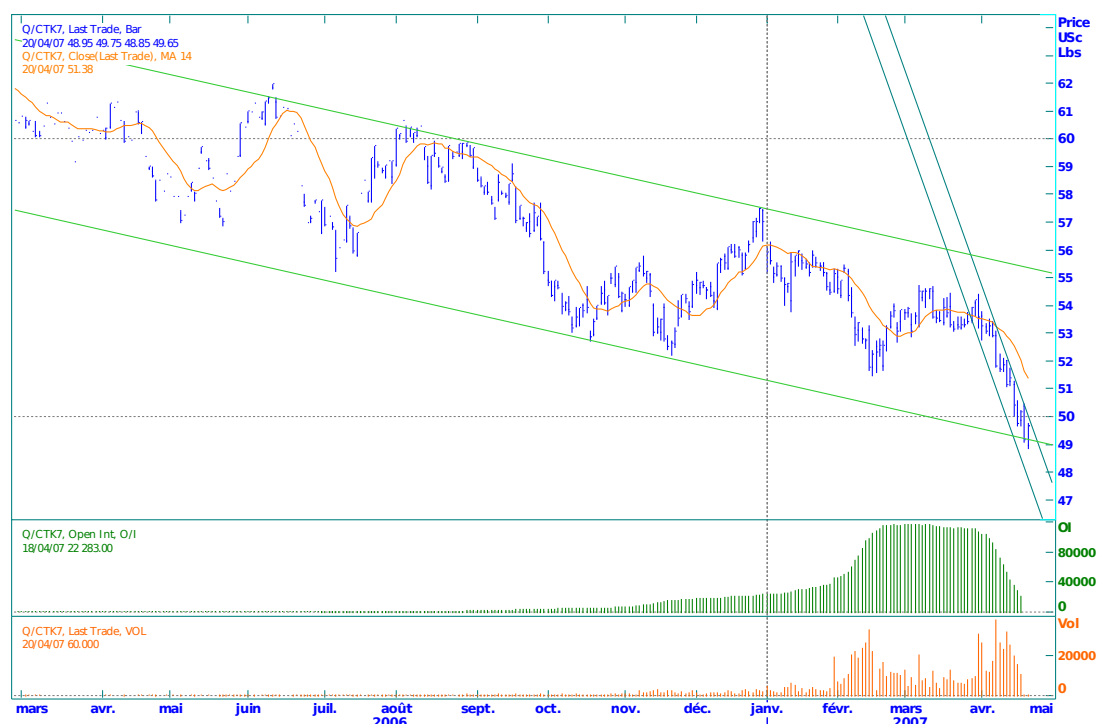
The difference of quality between origins is also a strong decorelation factor

The evolution of the incentive paid by the American Government in the context of important budget deficit and the WOLD TRADE ACTION as not yet induce significant impacts.

Market analysis

The market trends show mix information difficult to reconcile

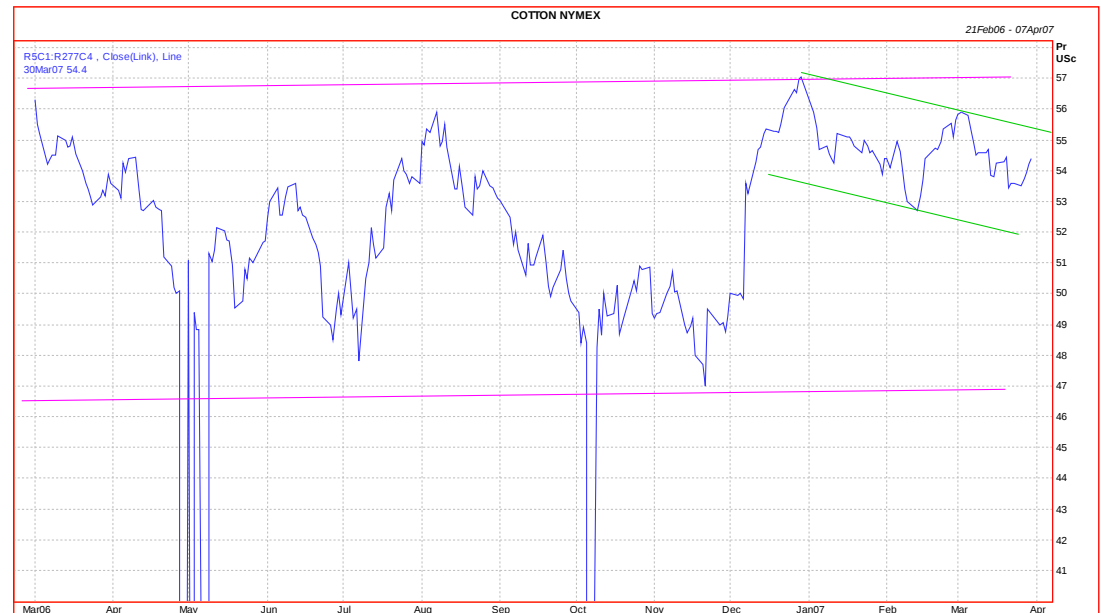
Cotton CBOT
2006/ 2007 prices show a
retreat in contradiction with
production forecasts



The NYCE market shows a bearish global trend since March 2006. The retreat is significant from 62 cts/lb to 49. but until end of March the evolution seems stable in a range between 52 and 58 cts/lb. Since the downward pressure increased, leading the trend, in a near future, to a price zone in the range of 47 to 45 cts/lb.

The information data from NYMEX is less pessimistic with a global stable picture with however a limited market correction leading to price range between 52 and 57 cts/lb.

NYMEX new market appears more in correlation with the world trend



This view seems to be confirmed by the data collected by the COTLOOK INDEX A which shows a positive market trend since January 2005 and stable and moderate upward market picture since March 2006.

The recent downward pressure is also present but with a moderate pace and still in the global price range of 56 to 64 cts/lb

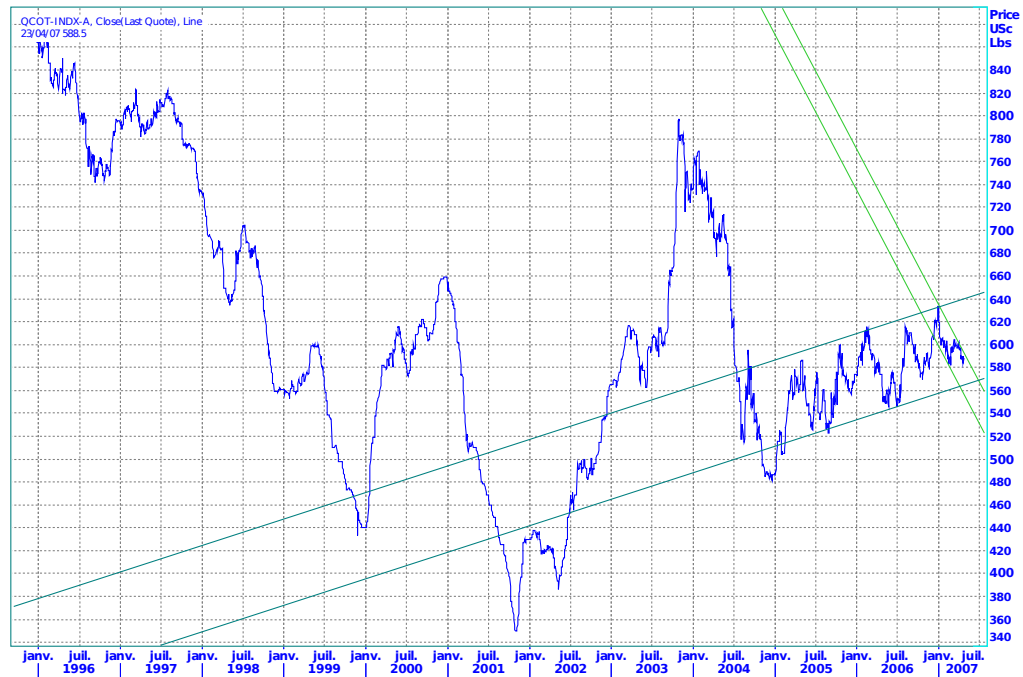
COTLOOK show a stable upward trend that develops in a limited price range



The impact of this relatively significant evolution seems to be the result of better weather pattern in the US growing states after a delayed planting due to drought worries

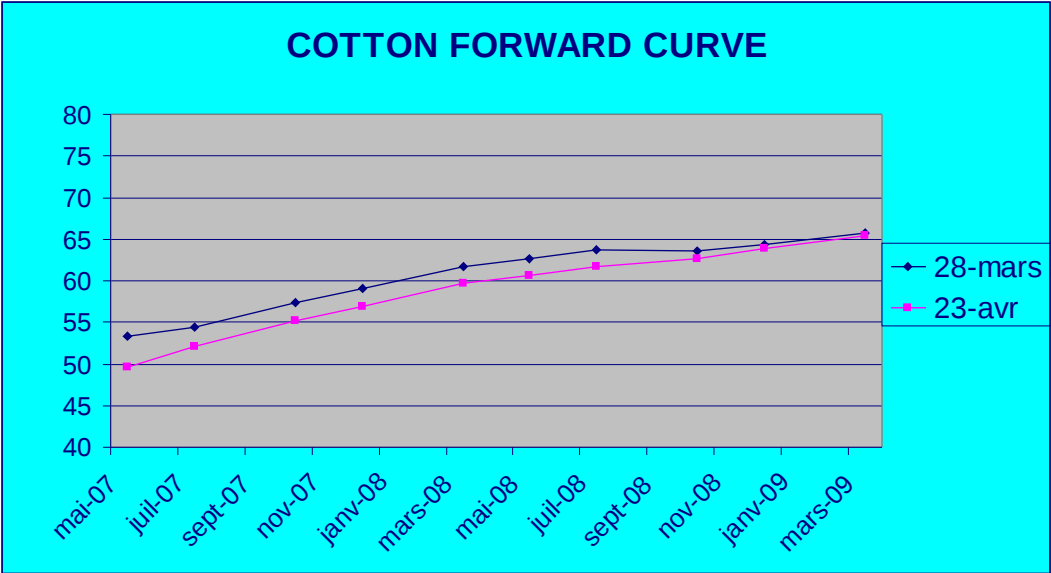
The COTLOOK long term evolution tends to conclude to a global recovery sustained by a fundamental market demand increasing at a rate of 3% justifying a price objective in progress of the price range from 58.0 to 64.0.

COTLOOK LONG TERM
shoes a market more stable
with a positive price trend



The upper estimates had confirmation in the forward curve with a strong contango picture and a stable price objective.

The structure of the offer is
not on a move

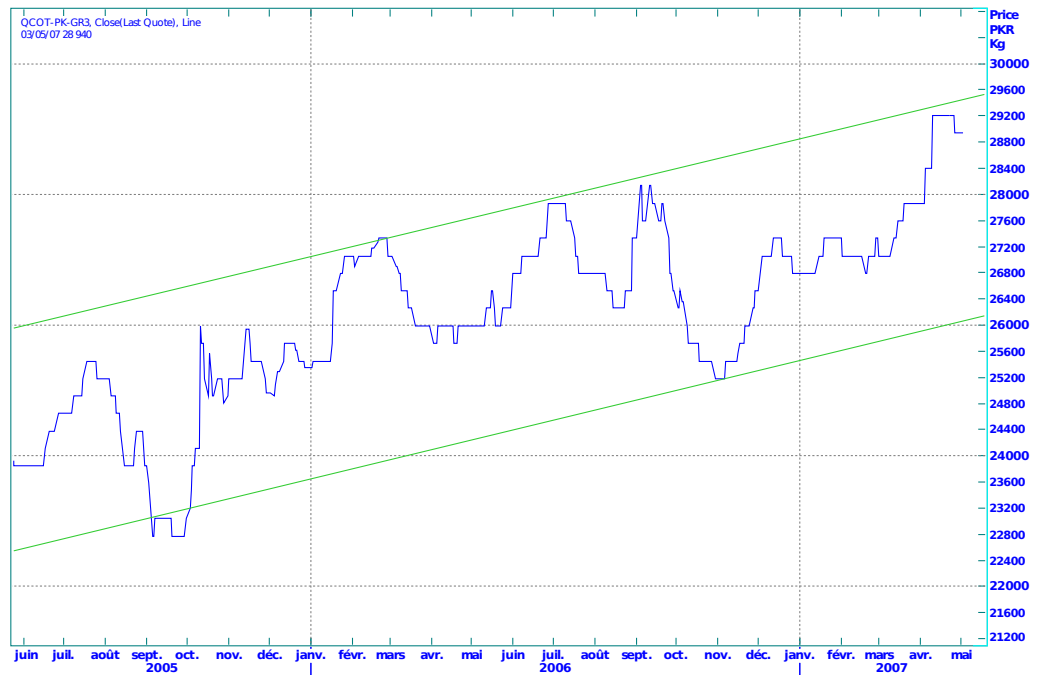


The basic risk can't be assessed with sufficient accuracy as the data bases to follow this aspect of the trend are not currently available and need some investments and delays.

The spot prices reported on the main textile users' market are quite confusing with significant gap between the main geographical areas, as the following prices' ranges show:

Africa	57.90 to 58.90 cts/lb
Brazil	63.95 cts/lb
India	162.2 cts/lb to 195,9 long 433.3 cts/lb
China	65,97 to 107,9 cts/lb essentially according to locations
Uzbekistan	56,22 cts/lb
And Egypt	long 112 cts /lb

Pakistan cotton confirms a positive price pattern



CHINA ZHENGZHOU COMMODITY EXCHANGE offers a very different picture



Despite a limited access to details in prices in the African producing countries, the evolution of a composite price for the region shows a trend in correlation with the world market through COTLOOK.

A break of the relatively optimistic trend in February 2007 leads to a burden on the global positive pattern.

The African composite prices have broken in February a relative strong bullish market trend



ARGENTINA seems pressing strongly lower



The trend followed from South American origins seems to bring the most important pressure in the market accelerating the strongly bearish pattern.

Back to basic the comparison between the 2006 estimates and the March 2007 forecasts conducts to confirm the trend information given by the COTLOOK and NYMEX of a normal evolution in the world production (+2,65%) with an significant US decrease of 9,04% after a more normal increase of the 2006 estimate (+2,75).

WASDE-444-26

World Cotton Supply and Use 1/
(Million 480-pound bales)

Region	Supply		Use		Loss	Ending
	Beginning	Production	Imports	Domestic Exports		
	stocks	tion				
2004/05						
World	43.03	120.12	33.39	108.82	34.98	-1.12 53.87
United States	3.45	23.25	0.03	6.69	14.44	0.11 5.50
Total foreign	39.58	96.87	33.36	102.13	20.54	-1.23 48.37
Major exporters 4/	14.80	45.55	1.89	23.50	16.60	-0.19 22.33
Central Asia 5/	1.72	8.07	3/	1.51	5.92	0.00 2.36
Afr. Fr. Zone 6/	1.30	4.93	3/	0.20	4.13	0.00 1.90
S. Hemis. 7/	6.55	10.34	0.45	5.26	4.23	-0.20 8.04
Australia	0.89	3.00	3/	0.07	2.00	-0.12 1.96
Brazil	4.63	5.90	0.21	4.20	1.56	-0.10 5.08
India	4.19	19.00	1.04	14.80	0.66	0.00 8.76
Major importers 8/	22.88	47.42	28.72	73.87	2.59	-1.06 23.62
Mexico	1.14	0.63	1.81	2.10	0.14	0.03 1.32
China	14.96	29.00	6.39	38.50	0.03	-1.25 13.06
EU-25 9/	0.97	2.31	3.08	3.47	1.65	0.06 1.16
Russia	0.20	3/	1.45	1.43	0.00	0.00 0.22
Turkey	1.48	4.15	3.41	7.10	0.15	0.00 1.79
Pakistan	1.90	11.14	1.76	10.75	0.56	0.03 3.46
Indonesia	0.37	0.03	2.20	2.15	0.02	0.05 0.38
Thailand	0.42	0.06	2.28	2.10	0.00	0.03 0.63
Bangladesh	0.35	0.06	1.85	1.88	0.00	0.01 0.38
2005/06 (Estimated)						
World	53.87	113.94	44.00	115.80	44.67	-2.60 53.95
United States	5.50	23.89	0.03	5.89	18.04	-0.56 6.05
Total foreign	48.37	90.05	43.98	109.91	26.63	-2.04 47.90
Major exporters 4/	22.33	43.57	1.54	25.09	22.09	-0.09 20.35
Central Asia 5/	2.36	8.36	3/	1.46	7.00	0.00 2.27
Afr. Fr. Zone 6/	1.90	4.20	3/	0.19	4.44	0.00 1.47
S. Hemis. 7/	8.04	8.96	0.61	5.16	5.57	-0.10 7.00
Australia	1.96	2.80	3/	0.06	2.88	-0.12 1.94
Brazil	5.08	4.70	0.31	4.05	1.97	0.00 4.07
India	8.76	19.05	0.40	16.50	3.45	0.00 8.26
Major importers 8/	23.62	42.93	40.09	80.39	2.86	-1.96 25.35
Mexico	1.32	0.64	1.74	2.10	0.25	0.03 1.32
China	13.06	26.20	19.28	45.00	0.04	-2.15 15.66
EU-25 9/	1.16	2.49	2.30	2.70	2.00	0.06 1.19
Russia	0.22	3/	1.43	1.43	0.00	0.00 0.22
Turkey	1.79	3.55	3.38	6.90	0.13	0.00 1.70
Pakistan	3.46	9.85	1.66	11.75	0.32	0.03 2.87
Indonesia	0.38	0.03	2.20	2.18	0.02	0.05 0.37
Thailand	0.63	0.05	1.89	2.05	0.01	0.03 0.50
Bangladesh	0.38	0.07	2.21	2.20	0.00	0.01 0.46

1/ Marketing year beginning August 1. Totals may not add exactly and trade may not balance due to rounding and other factors. 2/ Generally reflects cotton lost or destroyed in the marketing channel; for Australia, Brazil, China, and the United States, reflects the difference between implicit stocks based on supply less total use and indicated ending stocks. 3/ Less than 5,000 bales. 4/ Includes Egypt and Syria in addition to the countries and regions listed. 5/ Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. 6/ Benin, Burkino Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Mali, Niger, Senegal, and Togo. 7/ Argentina, Australia, Brazil, Paraguay, South Africa, and Zimbabwe. 8/ In addition to the countries and regions listed, includes Hong Kong, Japan, South Korea, Taiwan, and Vietnam. 9/ Includes intra-EU trade.

The production forecasts and ending stock bring some stream to more optimistic evolution

The situation is still a bit confusing and in absence of detailed data from local physical price evolution the forecast need to be very cautiously interpreted.

WASDE-444-27

World Cotton Supply and Use 1/
(Million 480-pound bales)

2006/07 (Projected)								
Region		Supply		Use		Loss	Ending	
		Beginning	Production	Imports	Domestic	Exports	2/	stocks
		stocks						
World	February	54.31	116.56	40.49	121.35	39.98	-2.89	52.92
	March	53.95	116.75	39.01	121.54	38.54	-2.75	52.38
United States	February	6.05	21.73	0.03	5.00	14.50	0.00	8.30
	March	6.05	21.73	0.02	5.00	14.00	-0.01	8.80
Total foreign	February	48.26	94.83	40.47	116.35	25.48	-2.89	44.62
	March	47.90	95.02	39.00	116.54	24.54	-2.74	43.58
Major exporters 4/	February	20.71	44.71	1.86	26.49	21.93	-0.09	18.95
	March	20.35	44.87	1.96	26.81	20.95	0.06	19.37
Central Asia 5/	Feb	2.27	8.21	3/	1.40	6.84	0.00	2.24
	Mar	2.27	8.21	3/	1.40	6.84	0.00	2.24
Afr. Fr. Zn. 6/	Feb	1.68	4.44	3/	0.18	4.44	0.00	1.49
	Mar	1.47	4.20	3/	0.19	4.07	0.10	1.32
S. Hemis 7/	Feb	7.00	8.86	0.81	5.12	4.50	-0.10	7.15
	Mar	7.00	8.76	0.91	5.13	4.20	-0.05	7.39
Australia	Feb	1.94	1.20	3/	0.06	2.25	-0.12	0.96
	Mar	1.94	1.10	3/	0.06	2.20	-0.07	0.86
Brazil	Feb	4.07	6.00	0.45	3.95	1.50	0.00	5.07
	Mar	4.07	6.00	0.55	3.95	1.30	0.00	5.37
India	Feb	8.41	21.00	0.50	18.00	5.00	0.00	6.91
	Mar	8.26	21.50	0.50	18.30	4.70	0.00	7.26
Major importers 8/	February	25.35	47.01	36.27	85.56	2.18	-2.81	23.70
	March	25.35	47.01	34.72	85.46	2.20	-2.81	22.23
Mexico	Feb	1.32	0.60	1.45	2.05	0.25	0.03	1.05
	Mar	1.32	0.60	1.50	2.05	0.25	0.03	1.10
China	Feb	15.66	30.90	15.50	50.00	0.05	-3.00	15.01
	Mar	15.66	30.90	14.00	50.00	0.05	-3.00	13.51
EU-25 9/	Feb	1.19	1.61	2.02	2.38	1.46	0.06	0.93
	Mar	1.19	1.61	2.02	2.38	1.43	0.06	0.95
Russia	Feb	0.22	3/	1.43	1.43	0.00	0.00	0.22
	Mar	0.22	3/	1.43	1.43	0.00	0.00	0.22
Turkey	Feb	1.70	4.00	3.10	7.00	0.15	0.00	1.65
	Mar	1.70	4.00	3.10	7.00	0.15	0.00	1.65
Pakistan	Feb	2.87	9.70	2.30	12.20	0.15	0.03	2.50
	Mar	2.87	9.70	2.20	12.10	0.20	0.03	2.45
Indonesia	Feb	0.37	0.03	2.20	2.18	0.02	0.05	0.35
	Mar	0.37	0.03	2.20	2.18	0.02	0.05	0.35
Thailand	Feb	0.50	0.05	2.00	2.05	0.00	0.03	0.47
	Mar	0.50	0.05	2.00	2.05	0.00	0.03	0.47
Bangladesh	Feb	0.46	0.07	2.30	2.30	0.00	0.01	0.52
	Mar	0.46	0.07	2.30	2.30	0.00	0.01	0.52

1/ Marketing year beginning August 1. Totals may not add exactly and trade may not balance due to rounding and other factors. 2/ Generally reflects cotton lost or destroyed in the marketing channel; for Australia, Brazil, and the United States, reflects the difference between implicit stocks based on supply less total use and indicated ending stocks. 3/ Less than 5,000 bales. 4/ Includes Egypt and Syria in addition to the countries and regions listed. 5/ Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. 6/ Benin, Burkino Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Mali, Niger, Senegal, and Togo. 7/ Argentina, Australia, Brazil, Paraguay, South Africa, and Zimbabwe. 8/ In addition to the countries and regions listed, includes Hong Kong, Japan, South Korea, Taiwan, and Vietnam. 9/ Includes intra-EU trade.

CONCLUSION

The bearish trend that developed in April normally would go to a halt in a soft manner with a re balancing in favor of the producer that should not pressure too heavily the market still bearing important stocks.

The monetary evolution hanging heavily on the market rebalancing with a short term pressure transferred by the strength of EURO and a more distant move on the XAF value.

COCOA

Key points

The evolution of the price has been significantly impacted by the long drought that threatened the mid crop (between May and September 2007). The weather change that occurred at mid-April 2007 leads to a significant revue of the bullish trend.

The forecast for the Indonesian crop also affected by drought are given 20% lower than the previous one.

The political split of the IVORY COAST being resolved, there may be some risk on the quantity to be delivered by GHANA that benefit from significant smuggling from its neighboring country during the civil War.

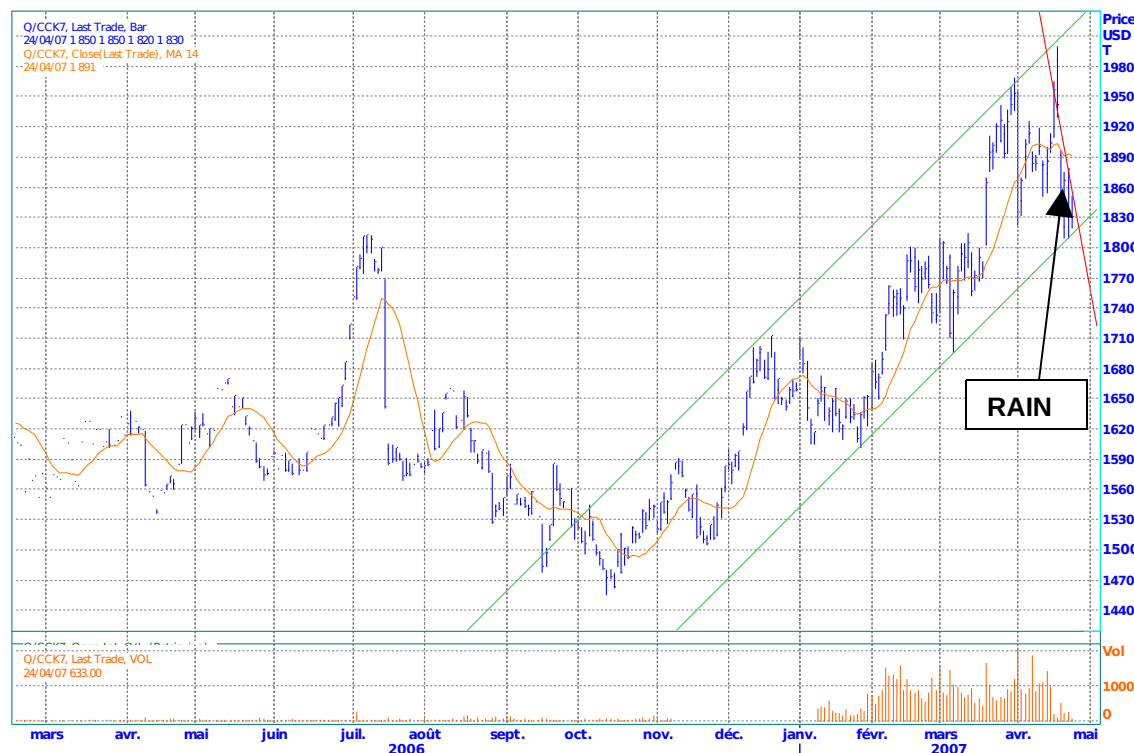
The evolution of conditions of pricing inside IVORY COAST from a war economy to a more regular pattern may lead to price modifications whose trend depends on the volume involve in smuggling and government decisions on tax.

Market analysis

The market trend shows a very strong bullish pattern with a stringent correction

The market shows a very bullish global trend since October 2006, but the prospect of a major drought weather pattern that may have threatened the Mid Crop has been reversed by recent shower on the crop area. The effect of the drought however seems to be significant as ICCO revised its forecasts from 400000t to 320000t production.

The bull born on weather had a brutal reversal



According to traders' sources this figure seems very optimistic and the level should be rather between 200 000 and 250 000t.

The data for the main crop in IVORY COAST are established with a limited reduction from the previous one (969 757 to 969 000t) and GHANA present an increase from 476 839t to 510 608t for the first 24 weeks of the main crop.

The impact of this drought on price evolution may be significant according to the funds reaction: ready or not to follow the suit.

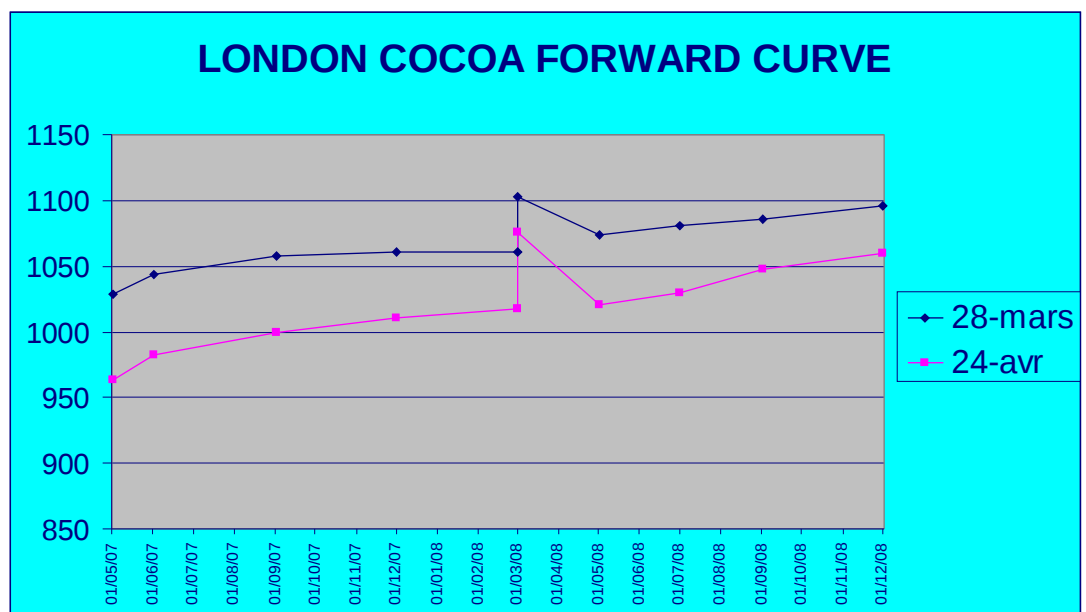
Between LONDON and NYCE the feelings seems already quite different. Globally NYCE pursue the previous trend channel, while LONDON estimate a major improvement of the crop following rather the ICCO estimate than the trader's ones

The market reaction is more pessimistic in NEW YORK



This reversal doesn't conduct the market to backwardation and, the pursuit of a relatively strong contango structure confirms that globally the estimate leads toward a modest global crop deficit before the main crop.

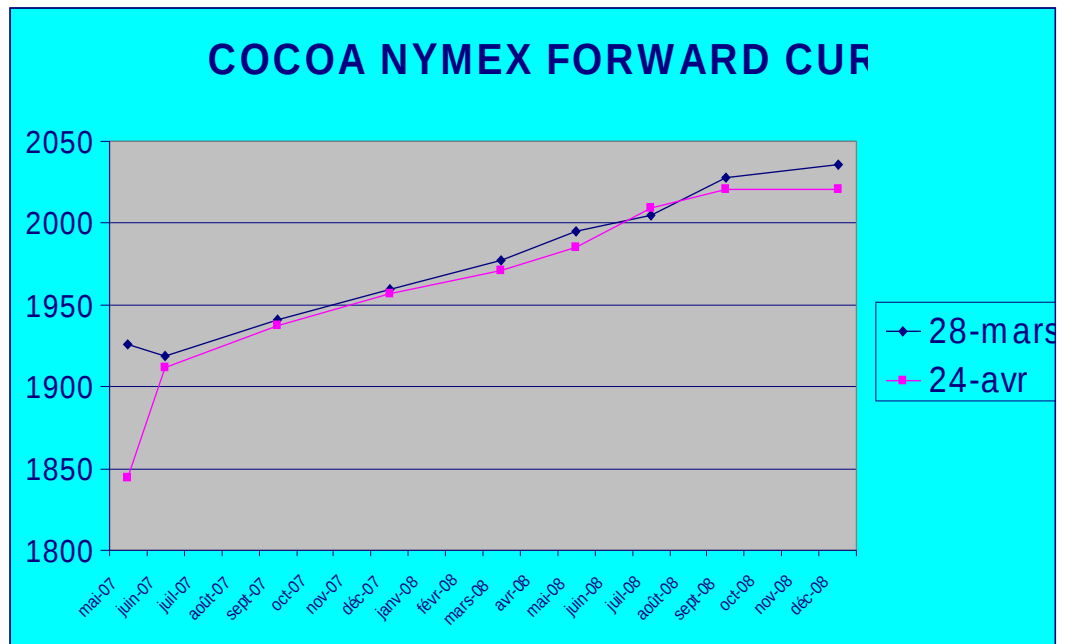
The junction between the 2008 main crop and mid crop is seen difficult



The different forward curves displayed by the related markets confirm the feeling with a much more strong and persistent bullish differential in NEW YORK than in LONDON.

COCOA NYMEX FORWARD CURF

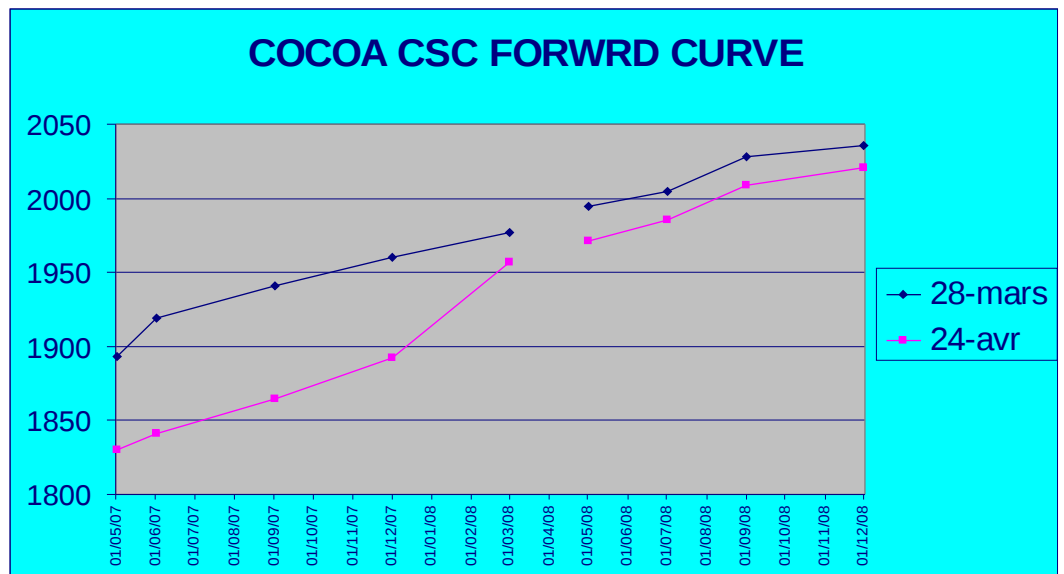
No such matter in New york
but the gap on the mid crop
is seen difficult



The NYMEX picture shows a radical modification of market feeling between March and April with a backwardation on the second settlement date in March.

COCOA CSC FORWRD CURVE

The main concern is over for
CSC



The basic risk between the main origin is managed partly by the market with published differential of 100 for the GHANA areas

However the price range between LONDON and NEW YORK give ways to an active traditional arbitrage business. On April 25 the quote were in USD/T 2008 for LIFFE, 1856 for NYMEX and 1845 for NYBOT.

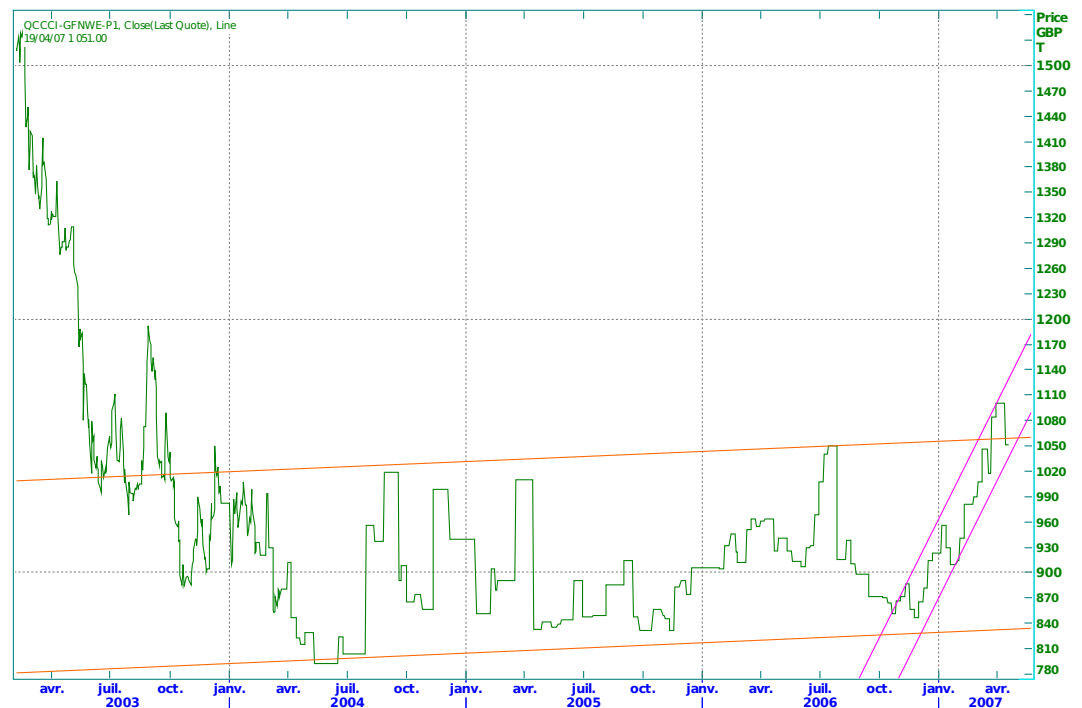
Spot prices from origin which mix freight impact, quality and country/crop risk give a fair view of what is managed in the soft markets by traders and mills.

IVORY COAST CIF NEW	2102 USD/T
GHANA CIF NWE	2212 USD/T
NIGERIA CIF NWE	2082 USD/T
CAMEROUNCIF NEW	2068 USD/T
EQUADOR FOB	2408 USD/T
MALAYSIE EXD	1849 USD/T
SULAWESI EXD	1894 USD/T

On the other hand the long term evolution of the price describes a situation of recover from a period of over production, linked partly to the new European evolution of the cocoa product regulation authorizing to incorporate various fat different from cocoa butter in the cocoa product.

From the consumer point of view, there has been a clear shift in the quality and a need of more selective approach in the choice. The development of various quality products with origin certification seems for me to guaranty a recovery.

The impact of the drought on availability of CI cocoa is matter of divergent estimates



The basic local market trends are intrinsically bullish on four year horizon, but the strong recovers is only based on drought risk perception.

On a more limited scope we have a confirmation of the trend and limited reaction to weather news that gives some momentum to the US market quotes and market structure

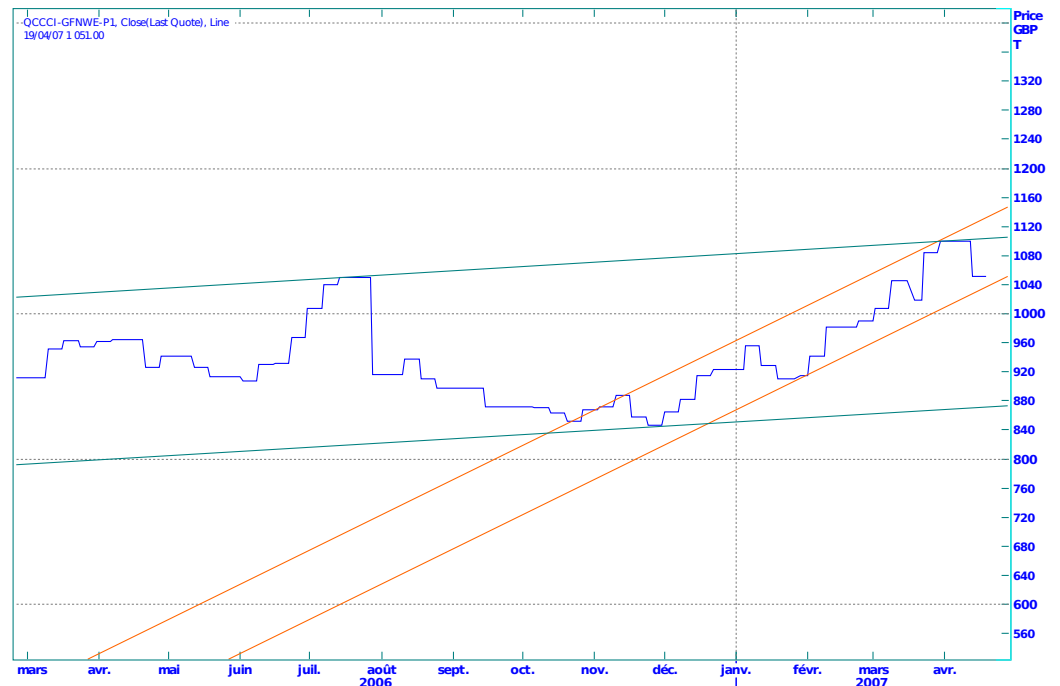
This evolution linked to weather constrains put the market in a significant deficit of over 100000T for the first time since 2000/2001.

The situation has allowed important moves in the prices and the situation is not really fixed and will necessitate a close follow up on the basis of potential quality disputes and of delivery failures.

These risks however have for the time being a rather limited potential impact on the main operators.

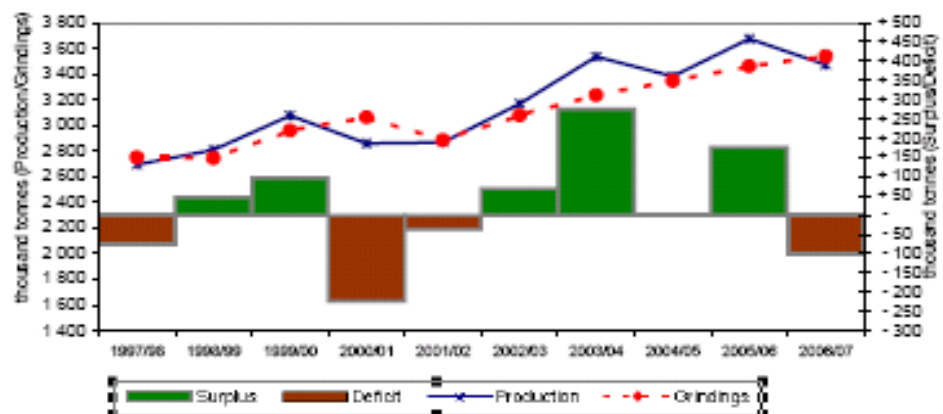
Regarding the situation of the various producing countries the most important impacts forecasted are supported by NIGERIA with a loss in volume of 11% and by IVORY COAST of 7,7%.

The modest impact on Ghana production in my opinion must be taken with some care as in the previous crop the country has benefiting of smuggling from IVORY COAST; in the differential may conduct to a more significant impact on the volume.



THE ICO forecast link to balancing back the market to the 2005 situation

Crop Year (Oct-Sep)	Gross crop	Grindings	Surplus/ deficit	Total end-of-season stocks	Stocks to grindings ratio
<i>in thousand tonnes</i>					
	(Year on year change)	(Year on year change)			(Percent)
1997/98	2 693 -0.6%	2 752 1.5%	- 76	1 452	52.8
1998/99	2 808 4.3%	2 743 -0.3%	+ 47	1 499	54.6
1999/00	3 077 9.6%	2 960 7.9%	+ 97	1 596	53.9
2000/01	2 858 -7.1%	3 063 3.5%	- 224	1 372	44.8
2001/02	2 867 0.3%	2 885 -5.8%	- 37	1 336	46.3
2002/03	3 169 10.5%	3 079 6.7%	+ 69	1 405	45.6
2003/04	3 535 11.5%	3 236 5.1%	+ 277	1 682	52.0
2004/05	3 383 -4.3%	3 347 3.4%	+ 2	1 684	50.3
2005/06	3 675 8.6%	3 462 3.4%	+ 176	1 860	53.7
2006/07 (forecasts)	3 472 -5.5%	3 540 2.3%	- 103	1 757	49.6



Source: ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XXIII, No.1, Cocoa year 2006/07
Posted: 3 April 2007

The historic of cocoa production over ten years show a major evolution with a global increase of more than 36%.The forecast for the current crop marks a significant retreat of 5,5% over 2005/2006.

Production of cocoa beans (thousand tonnes)						
	2004/05		2005/06		2006/07 (forecasts)	
Africa	2380	70.4%	2625	71.4%	2479	71.4%
Cameroon	154		167		175	
Côte d'Ivoire	1258		1408		1300	
Ghana	599		740		720	
Nigeria	200		180		180	
Others	111		120		124	
America	443	13.1%	444	12.1%	447	12.9%
Brazil	171		162		155	
Ecuador	118		115		118	
Others	154		167		174	
Asia & Oceania	560	16.5%	605	16.5%	548	15.7%
Indonesia	480		500		440	
Others	100		105		108	
World total	3383	100.0%	3675	100.0%	3472	100.0%

Source: ICCO (Quarterly Bulletin of Cocoa Statistics, Vol. XXXI, No. 1, Cocoa year 2006/07)

Period: 1 April 2007

Note: Totals may differ from sum of constituents due to rounding

On a longest view the major evolution is anticipated in GHANA production (+20,5%) while IVORY COAST will globally stabilize its outputs.

The other major contributor to the 10.7% global increase in the production should be BRAZIL with +33,6%

TABLE 2. FORECASTS OF NATIONAL AND REGIONAL COCOA PRODUCTION THROUGH TO 2010/11.

1000 tonnes	Estimates				Forecasts	Projections				
	2001/02	2002/03	2003/04	2004/05		2006/07	2007/08	2008/09	2009/10	2010/11
Africa	1952	2135	2550	2372	2477	2617	2693	2677	2697	2717
Côte d'Ivoire	1265	1352	1407	1286	1350	1401	1445	1407	1404	1400
Ghana	341	497	737	599	670	740	768	789	807	825
Nigeria	185	173	180	200	170	186	188	193	198	203
Cameroon	131	160	162	185	160	188	186	184	183	182
Americas	377	428	462	445	443	459	434	406	538	552
Brazil	124	163	163	171	160	164	179	185	213	221
Ecuador	81	86	117	116	120	123	125	127	128	129
Dominican Republic	45	47	47	30	40	41	41	42	43	44
Asia/Oceania	539	510	516	561	547	547	565	574	589	575
Malaysia	25	36	34	29	30	31	32	32	33	35
Indonesia	455	410	430	460	445	444	459	466	461	465
WORLD	2668	3171	3539	3378	3472	3623	3742	3747	3804	3845

The strong push of the GHANA production, may be taken with some care

Perhaps would it be interesting to investigate the Brazilian market despite the fact that it is already controlled by CARGILL; and to inquire on the impact of the CFC PROGRAM to revive a production devastated by witch brooms disease.

CONCLUSION

The bullish trend that has developed at the beginning of the 2006/2007 crop gathered strength on a stringent weather situation that eased recently, but the comments on the potential evolution are mixed and the situation needs a follow up.

On the prices the evolution can be forecasted on a strengthening of the prices.

The impact of the evolution of the political situation in IVORY COAST may lead to a significant change in the productions figures between that country and its neighbor.

The monetary evolution hanging may have some side effects on the consumption in the US.

Indonesia DELAYED crop has not impacted already the trend and the market feeling but difficulties in that country may give a significant push to the prices.

COFFEE

Key points

The evolution of the price has been significantly impacted by the important modification of the BRASILIAN estimate of the potential of the crop volume.

The reaction of the VIET NAM to the impact on the price of its crop has conducted the country to delay part of shipment

The differences of estimates in the possibility of weather colder evolution with significant frost at the blossoming period give some pressure on the market.

The evolution of the prices is surprisingly driven by Robusta in a move from the traditional lead of the Arabica leaders (BRASIL and COLUMBIA).

The evolution of the African production which seems to reverse the declining trend observed in recent crop years

Market analysis

The market trend show mix forces involved

The coffee market is one of the most complex and diversified commodity market. It shows a wide range of producer countries with a product whose qualities and characteristics and processing are quite different. The evolution of production knows frequent and significant fluctuation in volume

The market is directed by three main producers: Brazil, Columbia and Viet Nam .

The huge modification of their production or/and marketing policies were in most of the case at the origin of the hikes or collapses encountered in the evolutions of the prices.

The prospect of a significant decrease from 48 to 35 millions bags in Brazilian 2006/2007crop, according to COIMEX estimation on April 24 th would interfere with the huge progression of 58% of the VIET NAM deliveries (Reuters 25/04/07)

TOTAL PRODUCTION

CROP YEARS 2001/02 TO 2006/07

(000 bags)

			Crop year	2001	2002	2003	2004	2005	2006
WORLD PRODUCTION				108 331	123 498	105 406	117 427	111 056	123 822
TOTAL				107 035	122 056	103 712	115 888	109 512	122 275
Angola	(R)	Apr-Mar		21	57	38	15	25	100
Benin	(R)	Oct-Sep		0	0	0	0	0	1
Bolivia	(A)	Apr-Mar		118	149	125	174	136	150
Brazil	(A/R)	Apr-Mar		30 837	48 617	28 787	39 272	32 944	42 512
Burundi	(A/R)	Apr-Mar		261	342	470	501	113	481
Cameroon	(R/A)	Oct-Sep		686	801	900	727	849	750
Central African Rep.	(R)	Oct-Sep		75	92	43	45	46	100
Colombia	(A)	Oct-Sep		11 999	11 889	11 197	12 042	11 959	11 600
Congo, Dem. Rep. of	(R/A)	Oct-Sep		421	319	427	360	334	500
Congo, Rep. of	(R)	Jul-Jun		3	3	3	3	3	3
Costa Rica	(A)	Oct-Sep		2 127	1 893	1 783	1 887	1 823	1 808
Cote d'Ivoire	(R)	Oct-Sep		3 595	3 145	2 689	2 328	2 166	2 350
Cuba	(A)	Jul-Jun		285	239	224	242	229	225
Dominican Republic	(A)	Jul-Jun		387	455	361	481	471	900
Ecuador	(A/R)	Apr-Mar		893	732	766	938	1 139	1 000
El Salvador	(A)	Oct-Sep		1 686	1 438	1 477	1 438	1 488	1 374
Equatorial Guinea	(R)	Oct-Sep		0	0	0	0	0	3
Ethiopia	(A)	Oct-Sep		3 756	3 693	3 874	5 000	4 500	5 500
Gabon	(R)	Oct-Sep		1	1	0	0	0	2
Ghana	(R)	Oct-Sep		13	34	15	19	16	35
Guatemala	(A/R)	Oct-Sep		3 669	4 070	3 610	3 703	3 675	4 000
Guinea	(R)	Oct-Sep		236	328	348	337	356	275
Haiti	(A)	Jul-Jun		403	374	374	365	365	350
Honduras	(A)	Oct-Sep		3 036	2 497	2 968	2 575	3 204	2 700
India	(A/R)	Oct-Sep		5 010	4 588	4 508	4 672	4 617	5 005
Indonesia	(R/A)	Apr-Mar		6 833	6 785	6 571	7 536	8 659	6 850
Jamaica	(A)	Oct-Sep		30	38	36	26	29	35
Kenya	(A)	Oct-Sep		991	945	673	756	713	850
Madagascar	(R/A)	Apr-Mar		147	445	434	398	468	425
Malawi	(A)	Apr-Mar		60	42	48	21	25	25
Mexico	(A)	Oct-Sep		4 438	4 350	4 200	3 867	4 000	4 500
Nicaragua	(A)	Oct-Sep		1 116	1 199	1 546	1 130	1 718	1 300
Nigeria	(R)	Oct-Sep		44	50	46	45	69	45
Panama	(A)	Oct-Sep		160	140	172	100	149	100
Papua New Guinea	(A/R)	Apr-Mar		1 062	1 085	1 155	997	1 269	1 125
Paraguay	(A)	Apr-Mar		20	26	52	36	45	25
Peru	(A)	Apr-Mar		2 749	2 900	2 641	3 355	2 420	3 500
Philippines	(R/A)	Jul-Jun		759	721	433	517	634	728
Rwanda	(A)	Apr-Mar		296	319	265	450	300	350
Sierra Leone	(R)	Oct-Sep		79	42	43	27	41	25
Sri Lanka	(R/A)	Oct-Sep		32	34	47	32	41	35
Tanzania	(A/R)	Jul-Jun		624	824	611	763	720	917
Thailand	(R)	Oct-Sep		715	732	827	884	1 000	1 000
Togo	(R)	Oct-Sep		113	68	144	166	140	170
Trinidad and Tobago	(R)	Oct-Sep		16	16	15	15	15	11
Uganda	(R/A)	Oct-Sep		3 158	2 890	2 598	2 593	2 159	2 500
Venezuela	(A)	Oct-Sep		721	865	746	643	766	850
Vietnam	(R)	Oct-Sep		13 133	11 555	15 230	14 174	13 499	15 000
Zambia	(A)	Jul-Jun		100	119	101	111	103	110
Zimbabwe	(A)	Apr-Mar		121	110	91	122	72	75
Other producing countries 4/				1 296	1 442	1 694	1 539	1 544	1 547

1/ Derived on the basis of estimated stocks at the end of crop year 2005/06. See Table I-4 for details

EXPORTS BY EXPORTING COUNTRIES TO ALL DESTINATIONS

Crop year		2001	2002	2003	2004	2005	2006
Angola	R	0	1 155	4 810	300	2 055	4 965
Benin	R	0	0	0	0	0	0
Bolivia	A	8 000	46 000	70 134	5 618	40 148	82 285
Brazil	A/R	2 106 757	12 968 662	28 065 149	1 838 497	10 390 788	25 706 124
Burundi	A	35 000	243 800	341 469	11 546	80 239	279 693
Cameroon	R/A	37 000	194 823	735 396	47 000	217 081	744 567
Central African Republic	R	1 000	1 000	23 000	2 000	5 000	43 584
Colombia	A	990 214	4 972 999	11 031 284	942 931	4 684 279	10 381 408
Congo, Dem. Rep. of	R/A	17 000	60 658	142 435	11 548	52 736	139 409
Congo, Rep. of	R	0	0	0	0	0	0
Costa Rica	A	161 807	360 916	1 294 750	144 733	383 696	1 422 754
Côte d'Ivoire	R	178 433	774 777	2 185 319	158 022	668 505	1 910 392
Cuba	A	2 000	4 400	14 933	300	4 500	14 384
Dominican Republic	A	5 227	10 804	119 649	8 180	17 259	45 750
Ecuador	A/R	75 000	500 117	1 045 182	61 802	398 065	1 016 199
El Salvador	A	124 295	356 676	1 296 362	143 587	328 901	1 239 685
Ethiopia	A	185 000	788 683	2 935 465	144 000	528 013	2 386 520
Gabon	R	0	700	1 091	0	0	0
Ghana	R	1 000	7 000	17 415	308	7 272	16 055
Guatemala	A	331 077	878 832	3 321 398	311 622	905 631	3 348 953
Guinea	R	24 000	102 000	320 220	32 023	121 634	284 975
Haiti	A	1 000	7 000	25 128	1 138	6 428	24 367
Honduras	A	343 926	802 808	2 826 037	371 378	905 330	2 514 799
India	A/R	268 296	1 077 912	3 661 304	267 064	997 913	2 833 320
Indonesia	R/A	325 000	1 894 894	5 030 861	464 580	2 608 642	6 836 806
Jamaica	A	2 000	7 836	24 210	2 872	4 124	15 636
Kenya	A	50 000	210 000	668 834	35 041	204 201	646 005
Madagascar	R	12 000	84 250	172 939	22 848	78 174	112 960
Malawi	A	525	10 343	15 824	1 854	14 634	21 715
Mexico	A	260 060	901 482	2 696 629	199 088	712 516	2 016 009
Nicaragua	A	79 643	375 690	1 378 345	135 574	424 371	1 065 076
Nigeria	R	0	1 000	20 693	5 170	8 842	13 351
Panama	A	6 000	30 000	78 000	4 000	34 465	88 006
Papua New Guinea	A/R	35 320	221 965	807 482	49 570	408 688	1 236 677
Paraguay	A	500	3 000	3 650	621	5 164	23 794
Peru	A	150 000	1 901 141	4 022 655	58 512	979 058	2 263 096
Philippines	R	3 000	17 414	42 118	2 398	12 352	33 040
Rwanda	A	15 000	105 000	317 000	14 000	81 000	229 551
Sierra Leone	R	1 000	8 000	48 138	1 621	11 502	20 959
Sri Lanka	R	0	0	1 690	320	689	2 663
Tanzania	A/R	93 114	309 195	632 123	108 267	338 376	694 227
Thailand	R	50 000	115 900	319 967	103 633	354 550	516 601
Togo	R	14 000	29 653	119 244	14 964	36 802	159 449
Trinidad and Tobago	R	0	0	518	35	341	695
Uganda	R/A	222 099	1 193 235	2 316 640	165 762	878 569	2 336 219
Venezuela	A	2 000	19 000	48 257	2 294	19 454	34 398
Vietnam	R	1 700 000	7 694 221	15 944 653	876 132	4 871 405	12 957 799
Zambia	A	13 000	59 000	86 532	11 513	68 396	109 302
Zimbabwe	A	4 000	26 000	54 357	1 703	14 382	62 165

1/ Provisional

Green Bean Equivalent (GBE), where applicable.

© International Coffee Organization

Another aspect of the market is, that despite a huge difference in taste and qualities between the two main types of coffee **Arabica** and **Robusta**, there are significant volumes transfers between the two origins' consumption through productions deliveries, roaster mix and consumer shifts.

The table below gives an idea of the respective crops' importance by main countries

**BREAKDOWN OF EXPORTS OF GREEN COFFEE (ARABICA AND ROBUSTA)
FOR COUNTRIES EXPORTING SIGNIFICANT VOLUMES OF BOTH
TYPES OF COFFEE
FEBRUARY
2007
(60-kilo bags)**

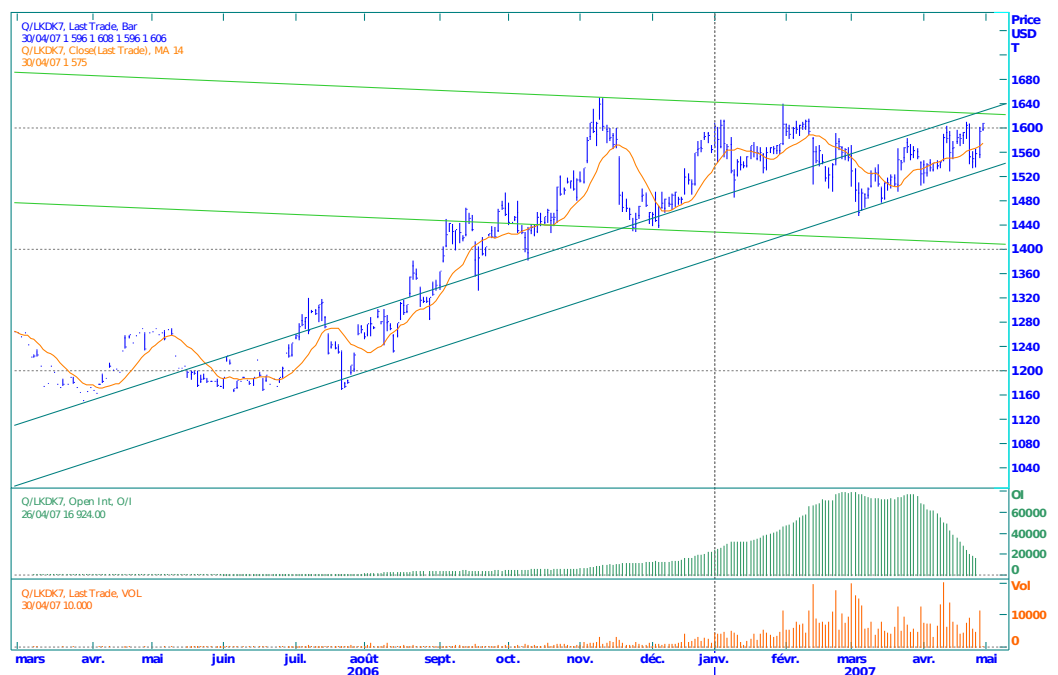
		Feb-07	Oct-06 to Feb-07	Mar-06 to Feb-07	Feb-06	Oct-05 to Feb-06	Mar-05 to Feb-06
Brazil	Total	1 876 919	11 685 089	24 958 239	1 643 627	9 067 176	22 326 566
	Other Milds (W)	3 341	242 547	394 036	16 014	180 388	332 390
	Brazilian Naturals (D)	1 853 024	10 783 573	23 189 257	1 590 159	8 591 296	20 871 048
	Robutas (D/W)	20 553	658 969	1 374 946	37 454	295 492	1 123 128
Cameroon	Total	37 000	194 823	735 396	47 000	217 081	744 567
	Other Milds (W)				7 000	21 000	97 688
	Robutas (D/W)				40 000	196 081	646 879
Congo, Dem. Rep. of	Total	17 000	60 658	142 435	11 548	52 736	139 409
	Other Milds (W)				5 480	29 110	68 901
	Robutas (D/W)				6 068	23 626	70 508
Ecuador	Total	25 000	208 228	410 352	31 955	176 204	438 162
	Other Milds (W)				1 548	28 644	70 706
	Brazilian Naturals (D)				2 530	39 847	48 386
	Robutas (D/W)				27 877	107 713	319 070
India	Total	268 296	919 786	3 283 155	247 268	908 088	2 525 829
	Other Milds (W)	83 923	226 454	918 545	119 258	395 951	867 485
	Robutas (D/W)	184 373	693 332	2 364 611	128 010	512 137	1 658 343
Indonesia	Total	315 000	1 844 209	4 865 522	450 006	2 511 891	6 601 336
	Brazilian Naturals (D)				98 213	401 258	917 780
	Robutas (D/W)				351 793	2 110 633	5 683 557
Papua New Guinea	Total	35 126	221 571	806 537	49 529	408 290	1 235 765
	Other Milds (W)	35 098	219 484	803 174	49 230	405 808	1 231 685
	Robutas (D/W)	28	2 087	3 363	299	2 482	4 080
Tanzania	Total	92 962	304 502	623 513	107 964	335 371	687 307
	Colombian Milds (W)	61 243	167 829	379 615	63 446	236 054	451 013
	Robutas (D/W)	31 719	136 673	243 898	44 518	99 317	236 294
Uganda	Total	222 099	1 193 235	2 316 640	165 762	878 569	2 336 219
	Other Milds (W)				74 015	305 258	592 279
	Robutas (D/W)				91 747	573 311	1 743 940

W = wet processed D/W = dry and/or wet processed

D = dry processed © International Coffee Organization

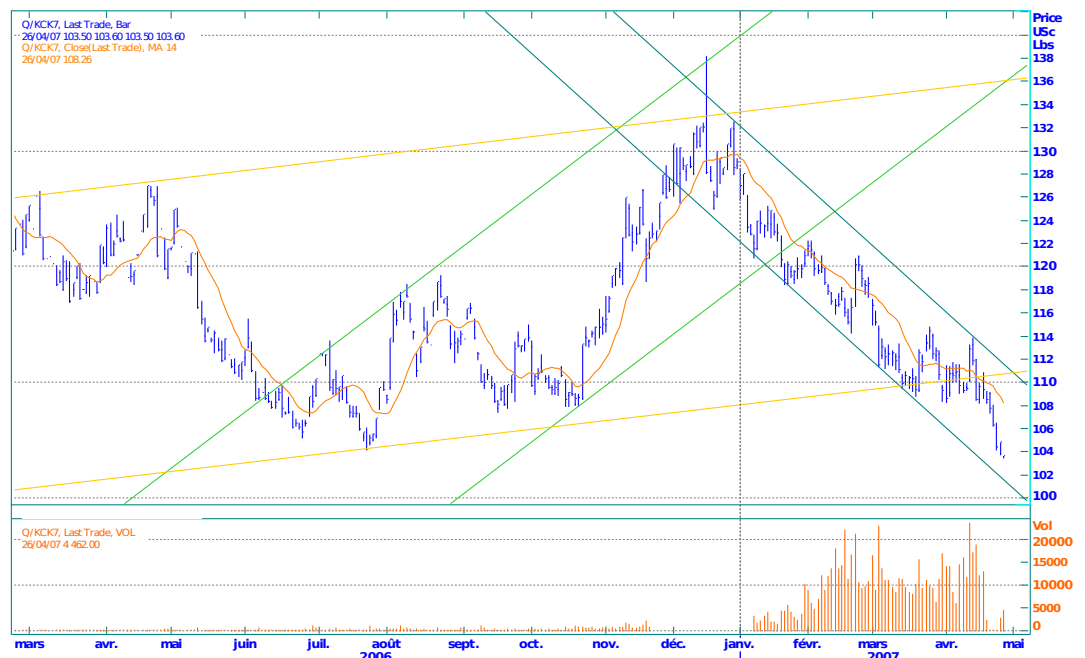
Despite a robust increase of the VIET NAM deliveries (+58%) and retention in shipping that should have pushed the ROBUSTA prices (LONDON LKD) lower, the trend in price shows a strong and persistent bullish pattern, that seems accelerating toward May contract month

The market in LONDON is gathering steam on the drought in BRAZIL neglecting VIET NAM



The main facts to this evolution seems to be linked to the significant reduction of the INDONESIAN crop (-20.8%) and a moderate growth in AFRICA, and an impact of the drought that have seriously damaged the Brazilian Arabica crop.

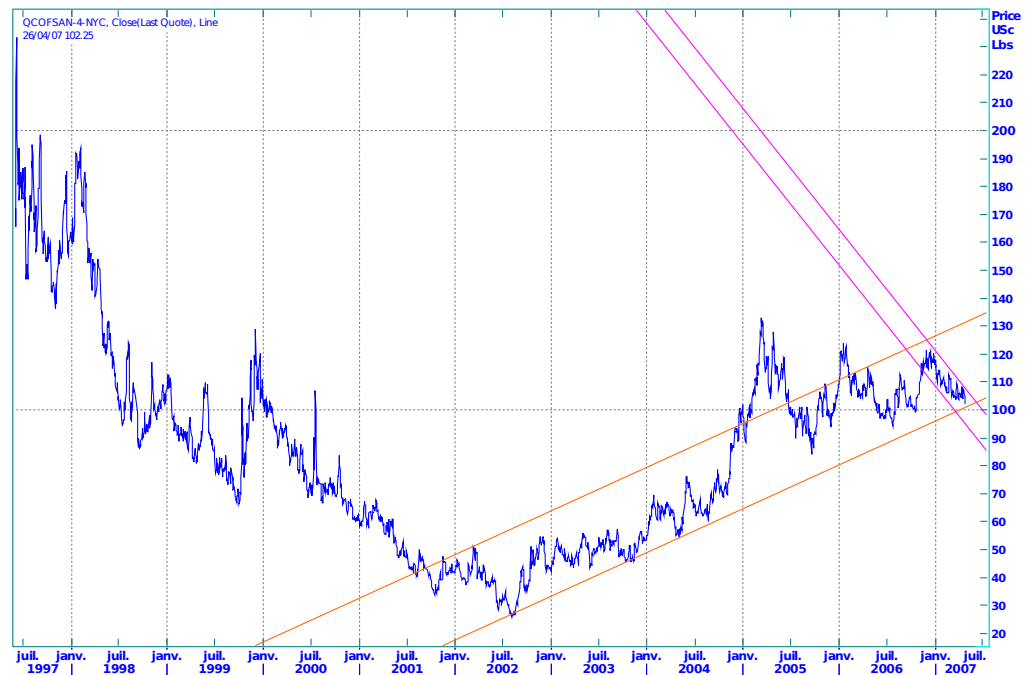
The NYBOT as absorb the large reduction of the Brazilian crop and deal with stocks



Surprisingly the trend on the Arabica coffee is less clear and despite the huge deficit in the Brazilian crop, the bullish trend has adopted a reverse path since December 2006 and seems to have difficulties to find support on a level of 100 cts/lb for a Robusta equivalent of 71 cts/lb when in July 2006 the 100 cts/lb related value of Robusta was 52 cts/lb

On a more long term view it appears that since mid 2001 the Arabica trend had been significantly positive from a low of 30 cts/lb in July 2002 to the “100” range nowadays, but keeping in mind that the loss in value of the USD toward the BRL nears 33%.

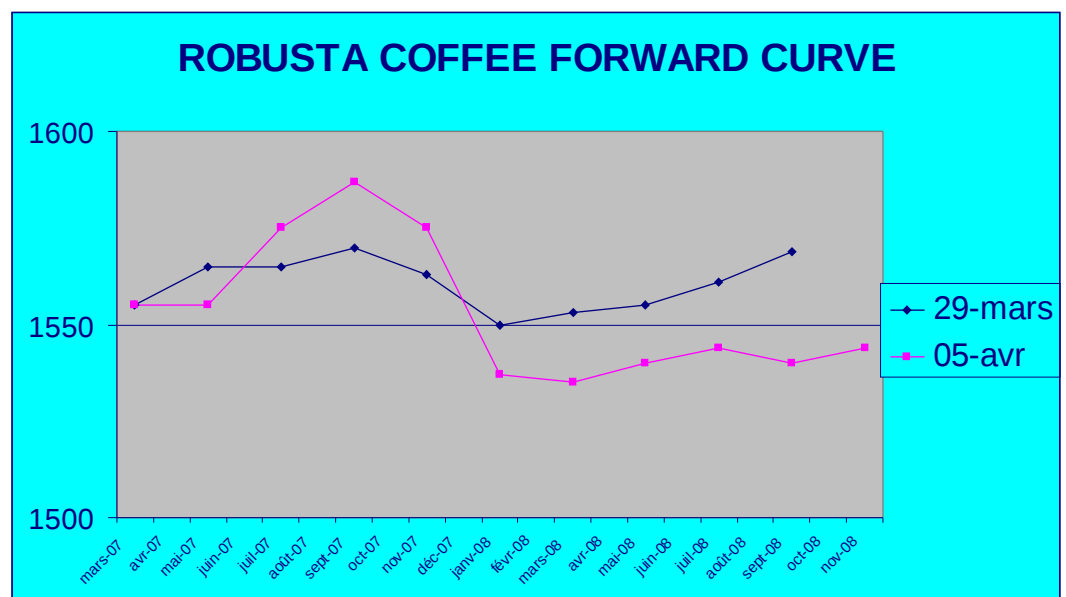
The evolution of Brazilian Arabica coffee delivered in the US stay on abullish fundamental trend



Despite strong basic trend the Robusta future price seems more in discussion with a backwardation structure developing from the September 2007 contract month on. This curve seems to gather momentum strongly in April.

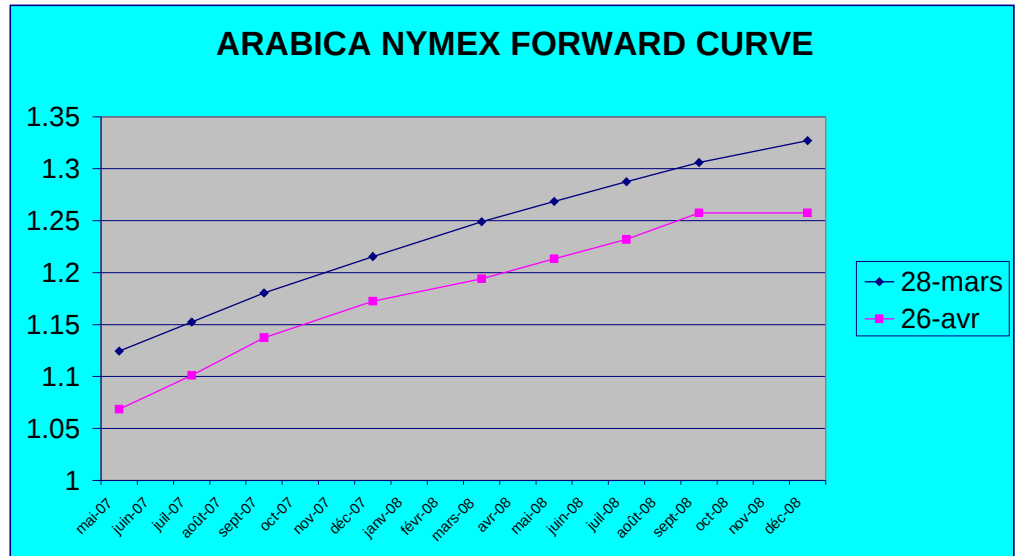
One can see there a significant argument to anticipate a bearish trend strengthening.

The market anticipation deal with stocks for ROBUSTA

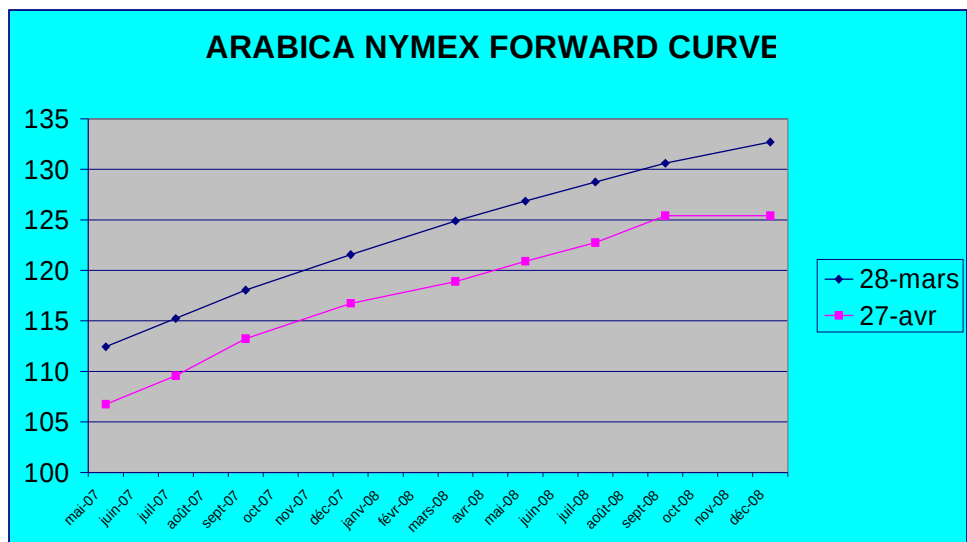


The anticipation on the NYMEX are rather bullish and very stable over the time seems to anticipate no major modification in the structure of the market.

No major changes
anticipated with the Arabicas



The feeling on the COFFEE SUGAR AND COCOA EXCHANGE is quite similar

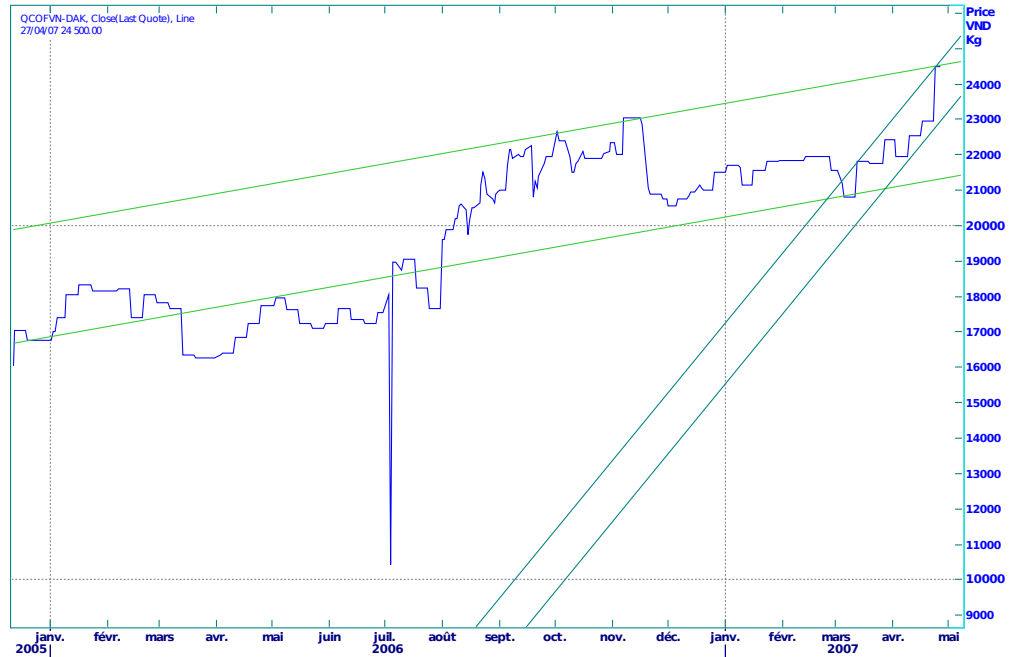


The analysis of the basic risk between the main geographical areas is very complex for the coffee market in consideration of very significant quality differential. The differences quoted in the main producing areas for current qualities are the following.

ROBUSTA :

CAMEROUN	Exd Le Havre	1346.8USD/t
CONGO	Exd Le Havre	1262.6 USD/t
IVORY COAST	Exd Le Havre	1301,8 USD/t
INDONESIA	Fob Jakarta	1572,5 USD /t
UGANDA	Exd Le Havre	1374 USD /t
VIET NAM	Fob port	1623 USD/t

VIET NAM COFFEE follows a robust trend upward very different from the sideways evolution of the futures and the spot in consumer countries



The IVORY COAST ROBUSTA coffee lead the robust upward trend since 2004; the trend is now broken for a more stable pass



The physical market in EUROPE confirms the market trends and patterns seen in the NEW YORK MARKET with a correction of the bullish pattern at the end of the year 2006.

The aim of that type of survey may be to ascertain that spots and futures have similar evolution and try to identify the bases of divergences and their evolutions

The analysis may lead to identify very different situations and to detect discrepancies in the evolution that can lead to implement additional means to secure our assets or to justify haircuts in their value.

MARKET appears in a different mood than the future market for the last developments with a more positive trend

ARABICA ex dock LE HAVRE
correction is developing
backward

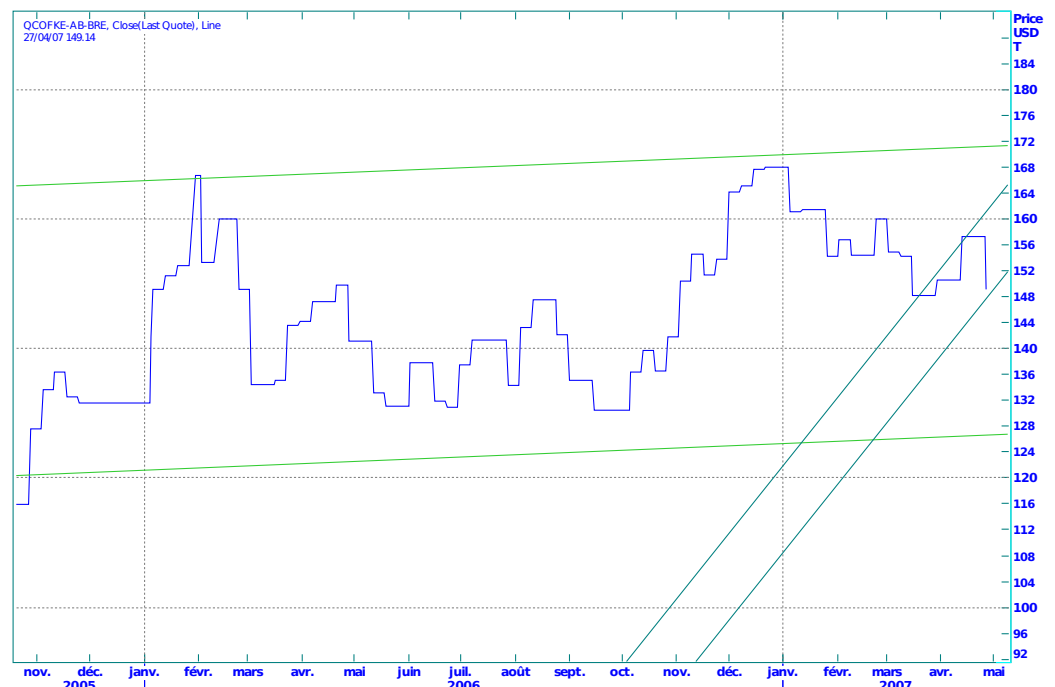


The basic local market trends for ARABICA are intrinsically bearish on one year horizon having so a different market analysis from the US MARKET ones. However the stringent correction encountered at the end of March induced a significant modification of the trend gradient and in INDIA reversed the pass.

ARABICA

BRAZIL	Cif NY	Cts/lb	102.25
CAMEROUN	Exd Le Havre		102.80
COLUMBIA	Cif NY	ctd/lb	116.50
COSTA RICA	Cif NY	cts/lb	120.20
GAUTEMALA	Cif NY	cts/lb	112.50
INDES	Hassan	cts/lb	113.90
KENYA	fob	cts/lb	135,30
MEXICO	fob Laredo		112.15
UGANDA	Cif NY	Cts/lb	102.10

KENYAN ARABICA follow a
moderate pass upward, with
a trend that seems exposed
to correction



The evolution of the
KENYAN COFFEE

CONCLUSION

The prices after a period of uncertainty should stabilize

The situation of the market is a bit surprising with an ARABICA crop knowing a significant reduction but showing a choppy and rather bearish market trend and a ROBUSTA market with a crop in significant increase that confirms a rather long bullish trend.

That situation mixed with rather confusing tone on the spot price and at the origins should lead to a significant move on short while.

The explanation is perhaps to find in the increase of the stocks in certified warehouses in the US for the ARABICA and in the announcement that some significant volumes of production are retained by the producing countries.

In both cases those pieces of information tend to lead to a rather stable price evolution.

SUGAR

Key points

The evolution of the price in 2006 has been significantly impacted by the important investments made by the Brazilian producers in view of feeding the gap offered by the reduction of the European productions and by the prospects of the alcohol fuel.

The forecasted reduction of the ending stocks on the crop 2005/2006 has ignited the process of a steep increase of prices in 2005. The more rapid than anticipated pace of the increase of production in BRAZIL and in RUSSIA led to a significant correction in prices in 2006.

The evolution of the Brazilian currency against USD conducts to induce production cost problems, the impact of which is not already totally clear but a steep decrease in profitability of the mills must be anticipated if not compensated by ethanol.

The evolution of the prices is still in the balance as the productions costs are only covered by the most efficient producers, anticipating significant over supply, the funds, very active on this market are increasing their shorts.

Market analysis

The market trend is strongly bearish every support being broken

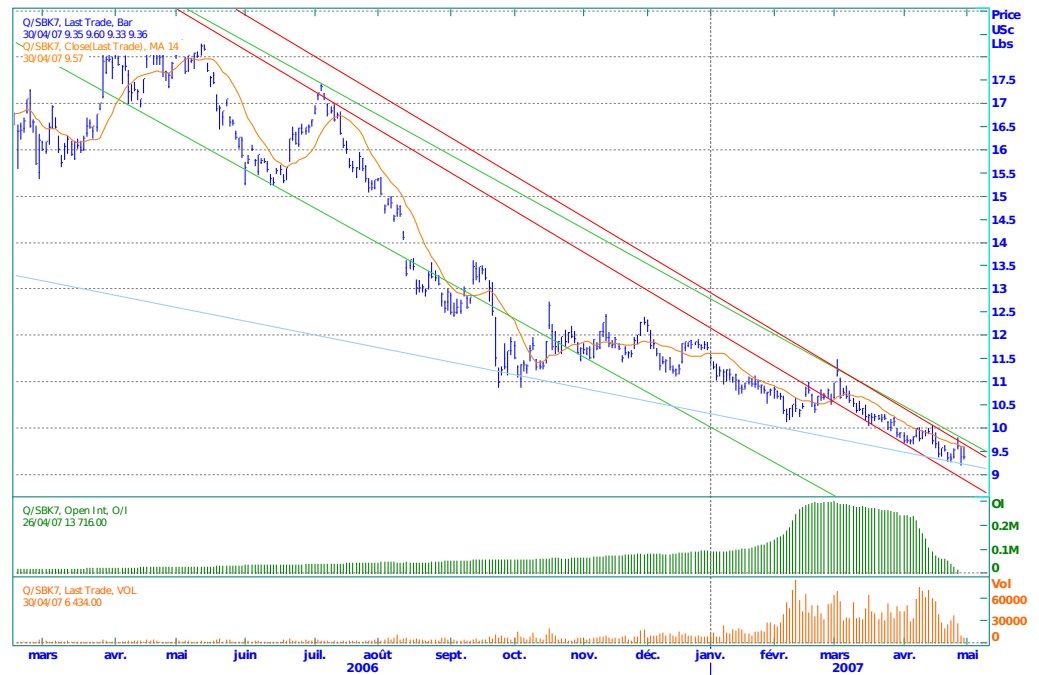
The market shows a steeply bearish global trend since April 2006 but experienced various accelerations in July, August and October 2006. The effect of the bumper crop announced in Brazil and the increase of Russian crop mixed with the anticipation of an increase of the import taxes in RUSSIA has generated distress sales leading to a glut in the physical market.

The steep freight increase does not help to promote the Brazilian sugar already burden by the currency growth against USD;

On the trend there is some prospect that the price will break the 9 cts limit.

On the currency front the graph seems to conduct to some rest in the depreciation process. But one can consider the increase of the gradient since end of February than seems to give strength to the bear. The data on the health of the US path of economy growth reduced to 1,4% may reignite the trend

The trend for the NEW YORK raw sugar is impressive



The trend of N°5 contracts raw sugar in NEW YORK is impressive and has cut by more than 60% the Brazilian producers' revenues since mid 2006, disregarding the currency effect

EXCHANGE RATE BRL/USD
The currency evolution seems to loose stream



The currency evolution adds to the strain on Brazilian mills

On the white sugar market the situation seemed less difficult until the beginning of April but since the pace of price reduction accelerated.

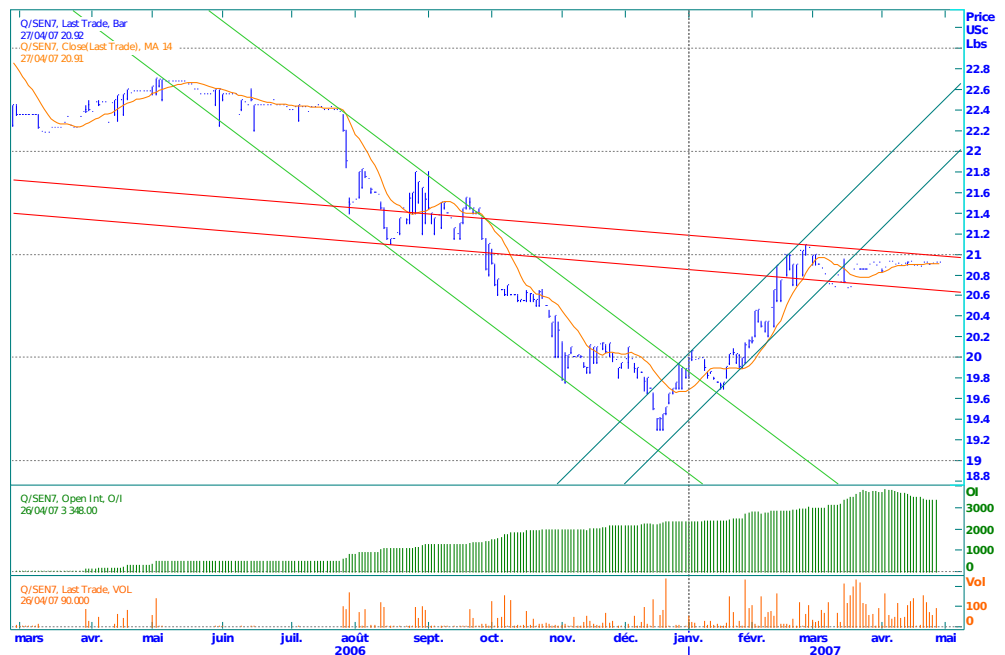
The drought that began to develop in Europe and in Australia may post a halt the decrease however this element is not already clear and THAI crop has difficulties to find buyers

The trend for the WHITES in LONDON seems more balanced but over supply is in line despite the reduction of European production



On the US DOMESTIC MARKET the situation is on an bullish trend since the end of the year on. This reverse trend is surprising as discussions are running to allow more Mexican sugar in the market despite the opposition of producers.

The US DOMESTIC MARKET is on a reversed situation.

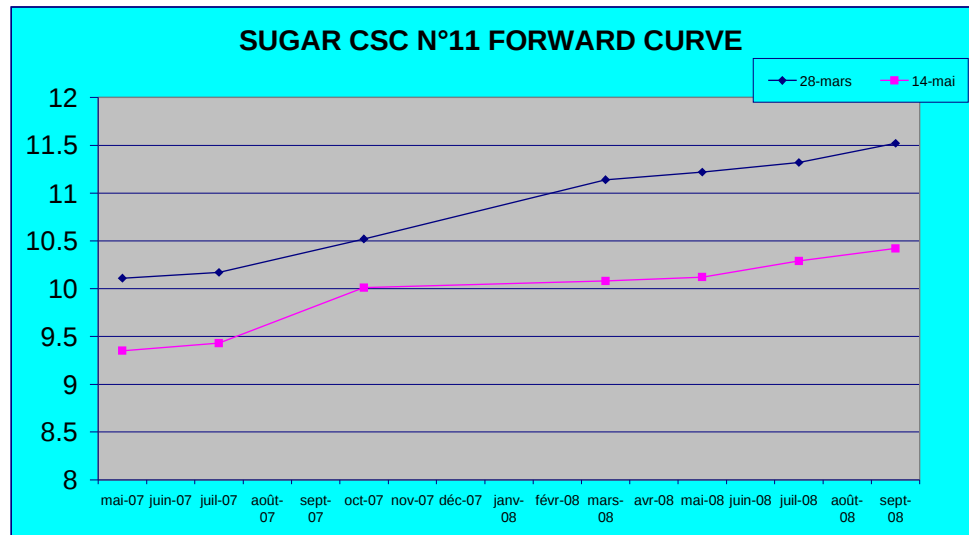


The trends on all the markets are strongly bearish with in some part limited sign for consolidation at a low level near the Brazilian producing costs

The bullish trend on the US domestic market shows that the country has efficient protection of its internal market. The situation has little chance to encounter a structural modification as the presidential race has begun

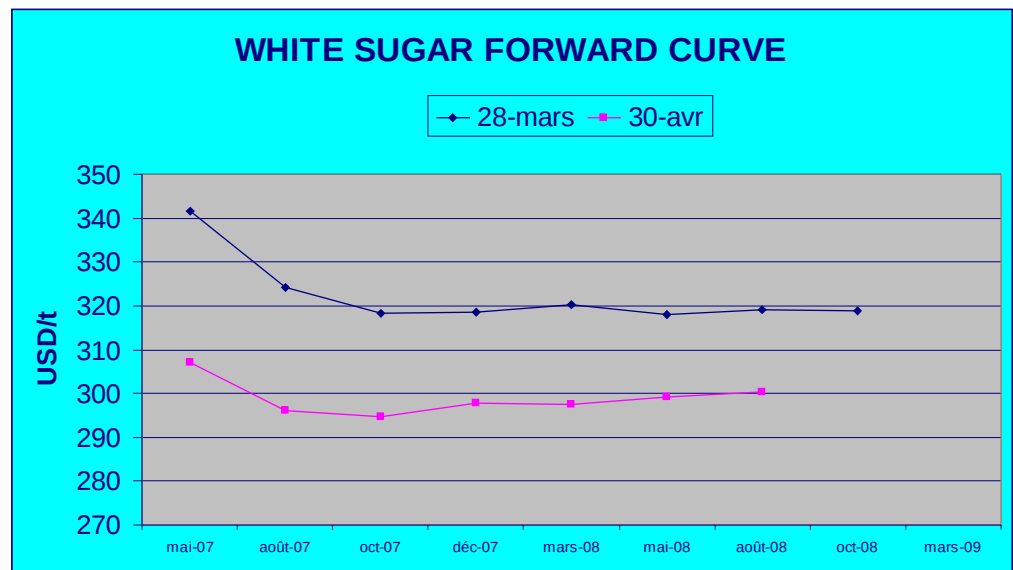
The market medium term view is quite clear as contango is very stable despite the prices retreat

The downward pressure does no near to change pass



The appreciation of the whites by the market is significantly different as it is clear that a significant retreat is anticipated and this filing is even stronger than the anticipation on the raws

On a strong spot demand the white sugar confirm the global volume pressure to come



The basic local market trends are intrinsically bearish on one year horizon having so a different market analysis from the US MARKET. However the stringent correction encountered at the end of March induced a significant modification of the trend gradient and in INDIA reversed the path.

The market's evolution since December has been strongly bearish, but seems disposed to adopt a more moderate tendency in May.

The spot market in INDIA present a confirm long term bearish view



In JAPAN the futures on raw sugar adopted since October 2006 a moderate bearish pass that accelerated twice in March and Mid –April to encounter a significant correction in May with a significant bullish reversal

The JAPAN raw sugar adopt a more positive reaction



On the producer side the situation encountered in the Americas Regions and Asia for major producer is quite similar, with some retention in selling that proved moderately successful with rather long period of stabilized prices.

The bearish pressures are still there but on a moderate mood. The situation on the alcohol market in the US would be a major element of reaction if the first signal of over capacity materialized in a glut that reveal the difficulties of modifying at too rapid pace the substitution of significant quantities of fuel for the driving season.

The Brazilian situation show some attempt to stabiles the prices



The situation in Thailand is still under a down trend pressure



The Thailand market that has an organization inspired from the European one, appears more influenced by the general bearish trend and stabilization in prices encountered less success than in Brazil.

One explanation may come from the lower implication of the sector in the alcohol fuel, the region playing more heavily on the conversion of palm oil.

Back to basics the comparison between the 2006 estimates and the mars 2007 forecasts conduct to significant increase in production and the last forecasts (EDF MAN and ISO) are suggesting that the ending stocks will be far more important than describe in the table below. (38++ Mt)

The forecasts for 2007 have been significantly revised since publication

World								
World								
BE	Beginning Stocks	Total Sugar Production	Total Imports	Total Supply	Total Exports	Total Use	Ending Stocks	
2002/03	36,820	148,516	41,557	226,893	47,440	138,947	40,506	
2003/04	40,506	142,362	41,997	224,865	46,813	139,600	38,452	
2004/05	38,452	140,726	45,002	224,180	47,663	142,789	33,728	
2005/06	33,728	144,709	44,022	222,459	50,691	142,823	28,945	
2006/07	28,945	155,166	42,817	226,928	47,698	146,037	33,1	

The evolution in the world production is significant (+7,6%) with an significant increase both on beet sugar of 16.6% and cane sugar of 19,8%, after a 2006 decrease of 6,07%. It shows a confirmed trend of stabilization of majors exporters performances (-0.73%) linked to good crop in CHINA and even if insignificant for world production level, a new increase in RUSSIA that add to difficulties of an over supplied market;

The situation has allowed moves on a major producer like CHINA, globally in a balanced situation where the forecasts show a 2.6% increase in production. The recent news of major typhoon on CHINA may impact seriously production, turning the limited forecasted surplus to a significant deficit

WASDE-444-16				
U.S. Sugar Supply and Use 1/				
=====				
Item	: 2004/05	: 2005/06	: 2006/07 Projection	
	:	: Estimate	: February	: March
=====				
	:	1,000 short tons, raw value		
	:			
Beginning stocks	: 1,897	1,332	1,698	1,698
Production 2/	: 7,877	7,399	8,598	8,589
Beet sugar	: 4,611	4,444	5,059	5,050
Cane sugar	: 3,266	2,955	3,539	3,539
Florida	: 1,693	1,367	1,756	1,756
Hawaii	: 258	223	249	249
Louisiana	: 1,157	1,190	1,336	1,336
Texas	: 158	175	198	198
Imports	: 2,100	3,443	1,964	1,964
TRQ 3/	: 1,408	2,588	1,604	1,604
Other program 4/	: 500	349	300	300
Other 5/	: 192	506	60	60
Supply, total	: 11,874	12,174	12,260	12,251
	:			
Exports	: 259	203	300	300
Deliveries	: 10,188	10,341	10,265	10,265
Food	: 10,019	10,184	10,100	10,100
Other 6/	: 169	157	165	165
Miscellaneous 7/	: 95	-68	0	0
Use, total	: 10,542	10,476	10,565	10,565
Ending stocks	: 1,332	1,698	1,695	1,686
	:			
Stocks to use ratio	: 12.6	16.2	16.0	16.0
=====				

1/ Fiscal years beginning Oct 1. Includes Puerto Rico. Historical data are from FSA, "Sweetener Market Data" (SMD) except imports (U.S. Customs Service, Census Bureau). 2/ Projections for 2006/07 are based on processors' submissions compiled by the Farm Service Agency. 3/ Actual arrivals under the tariff rate quota (TRQ) with late entries, early entries, and TRQ overfills assigned to the fiscal year in which they actually arrived. For 2006/07, includes shortfall of 275,000 tons. 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ For 2005/06, high-tier (450) and other (56). For 2006/07, high-tier (50) and other (10). 6/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed. 7/ Includes SMD miscellaneous uses and the difference between SMD imports and WASDE imports.

CONCLUSION

The bullish trend of 2005 disappeared in the first quarter 2006 and spot market around the world shows that this reversal has been anticipated on buyers' market well before the New York future integrated the change.

It seems that the strong link in the Americas to the gasoline market had induced through imperfect hedges a modification in the information given by the market. This hypothesis may generate decorrelations (ie the trend on the futures is not the same that the trend on physical) in the hedging strategies for sugar operators.

With a level in prices that generate poor margin an analysis of the types of exposure SG bare with the weaker producers and traders should be necessary next quarter if the situation endure or turn worse

FREIGHT

Key points

The revue of freights markets evolution is a complex exercise and should be rather conducted as dedicated approach commodity by commodity to be very accurate.

The limited object of this addendum to this first soft commodities revue would be to test possible effect of the freight prices on the main commodities transfers routes based on the fact that at the end of 2006 the Brazilian sugar export has been told to be significantly reduced both by the currency and the freight evolutions

The main data are related to grain bulk transport and they show a common and enduring bullish trend with some significant differences on certain routes.

The impact trend to be increasingly heavy on the main transfer routes evolution but are still well under the burst experienced at the end of 2004. However the evolution seems much more stable.

The evolution of these prices is similar on the main bulk transport destination, but the forward prices are all in strong backwardation.

Market analysis

The market of freight is less easy to assess than the prices of the commodities as lot of factors are to be considered.

The market shows a steeply bearish global trend since January 2006.and then pursues a robust general bullish trend with limited correction.

The stability and the bullish aspects of the momentum graph reinforce this perception.

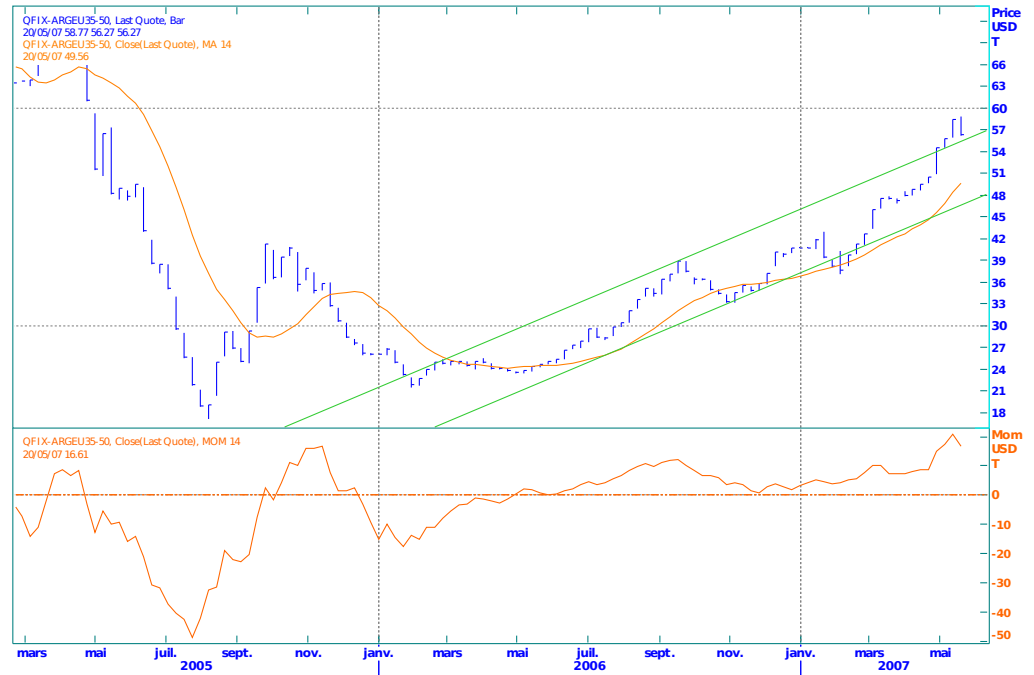
Some graphs show a reinforcement of the tendency on the recent months that increased the transfer costs on grain trading.

This evolution tends to modify the interest of long distances exchanges and may induce modification of the traditional trade routes that endured despites punctual stresses with an historical or political motivation at the origin.

On some destinations the level of 90 USD/t is broken event if the majority of quotations are in the range of 65 USD/T and the AUSTRALIA /CHINA routes among the less costly ones being in the 30 USD/t range..

The most significant changes in the trends is encountered on BRAZIL and US origins for grains and for sugar on both the BRAZIL and CUBA to BLACK SEA

Grains PANANMAX ARGENTINE -EUROPE



The trend since January 2006 is on a moderate bullish path with some acceleration in demand on May.

The trend seem getting a firm reinforcement toward over the 60 USD/T ceiling.

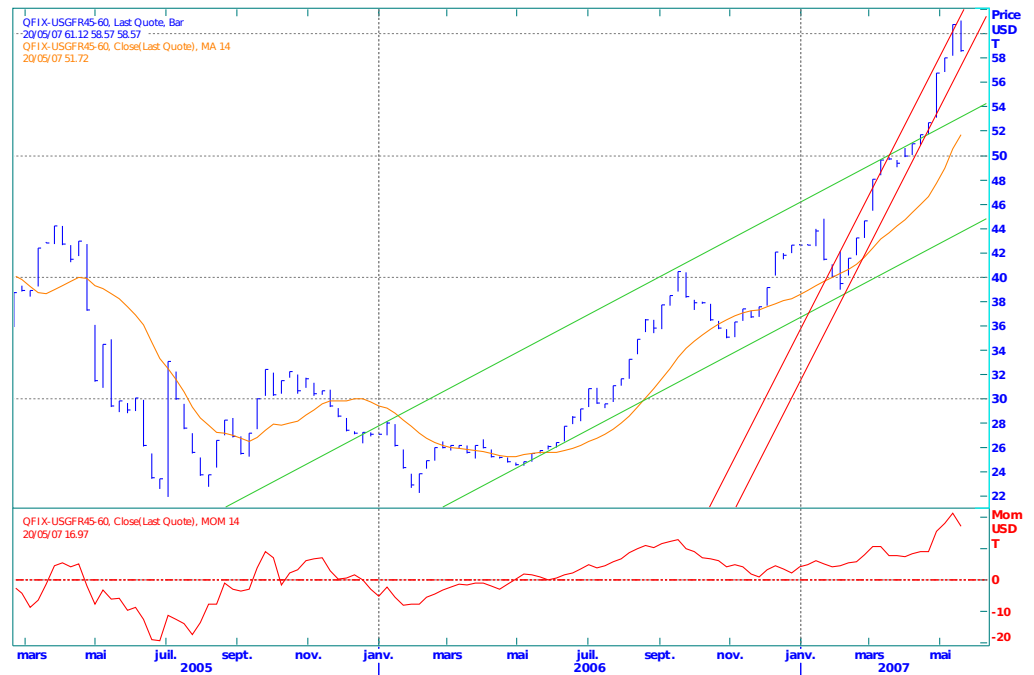
That is still a moderate level if we consider the BRAZIL and US quotes

PANANMAX GRAINS BRAZIL EUROP



Despite the currency evolution, and some delays in sugar sales, the Brazilian exports are still firm. The currency evolution, that add to the strain on Brazilian producers, has not significantly impacted the demand for freight and the trend is turning, since mid-March strongly bullish.

The French destination appears on transatlantic route significantly more expensive example USA -FRANCE PANAMAX



On the US freight market, the situation is even more stretched and the French destination encounter a significant prime and a more strongly bullish trend toward 65USD/t

The situation endure since March and gathered strength since mid April.

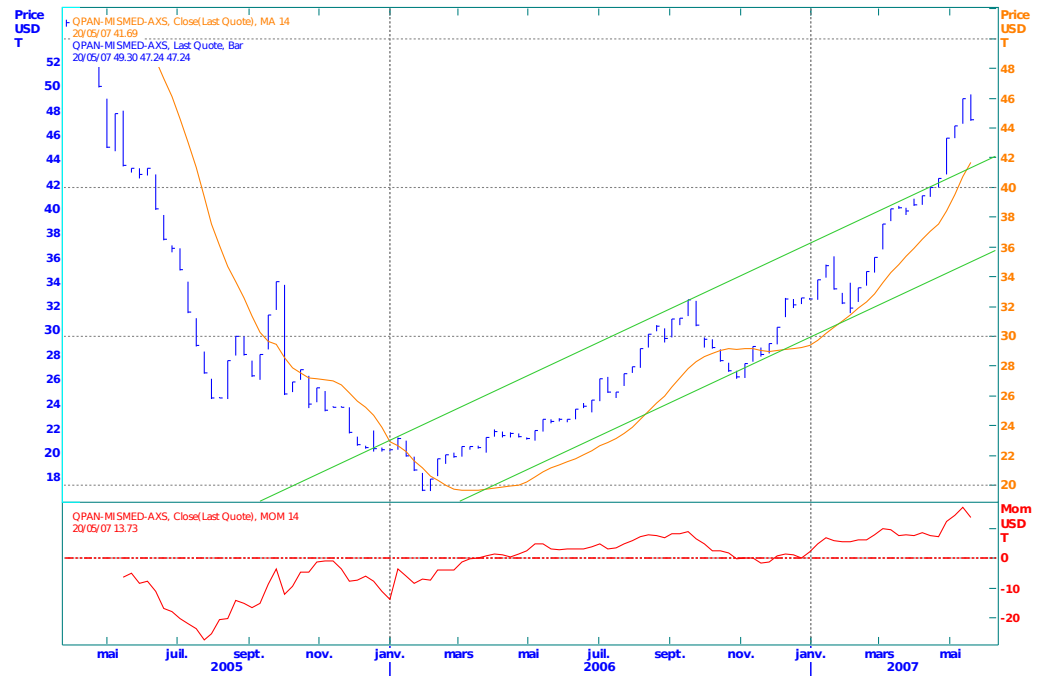
The ROUTE ROTTERDAM EGYPT for Grains



The North European to Mediterranean ports adopted a moderate but regular upper trend firming up since February 2007.

The evolution tends to brake the 65USD/t level and to accelerate with however a limited correction in momentum

The grain freight inside Mediterranean basin



The offer on the Mediterranean basin is much more competitive and the freight cost significantly lower. However the trends adopt a similar pass with some more stronger hikes than the European market.

The appreciation of the trend appears more bullish with the same correction on the momentum.

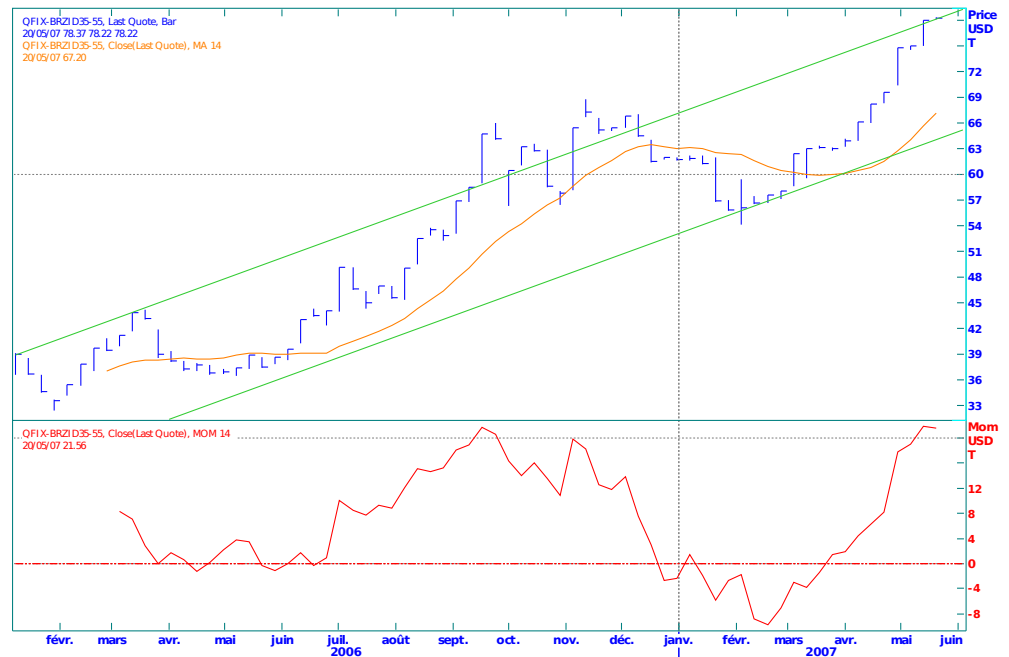
On est coast the freight ARGENTINA JAPAN



The basic evolution of freight to JAPAN, the most expansive routes, has a more uncertain tendency despite the general bullish trend according to a very strong correction in January 2007.

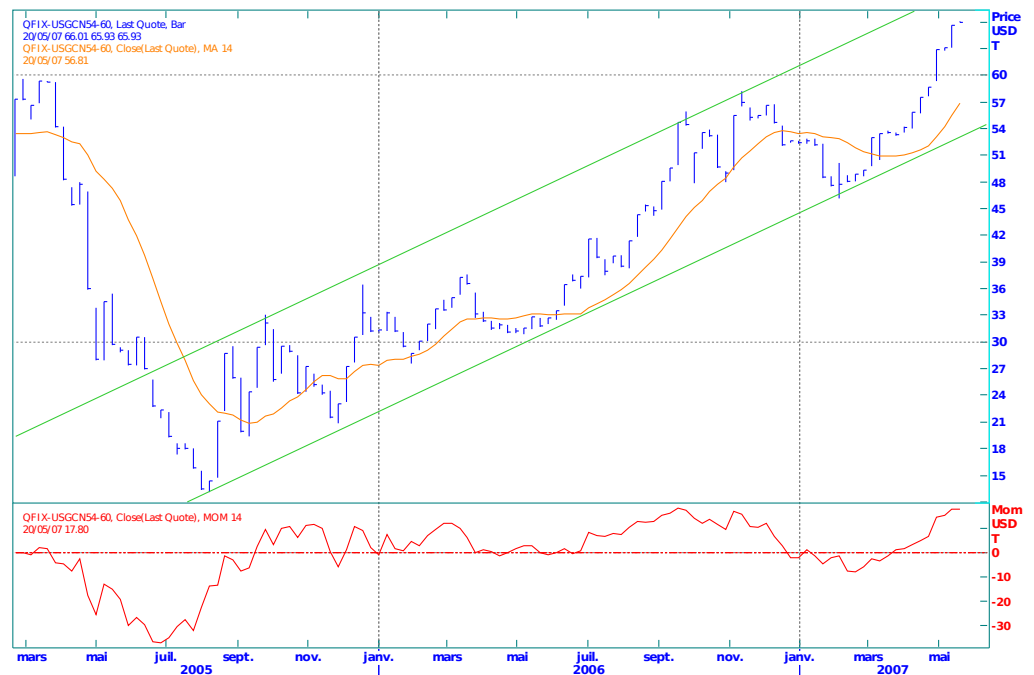
The prospects seem rather firm to bullish but must be closely watched for confirmation as the improvement of the momentum is on a stabilization path.

The less important route for grains BRASIL INDONESIA



If we consider a least significant destination INDONESIA for BRAZIL that experienced more hike in trend than JAPAN, but with rather lower rates, the situation seems pretty similar

The USA-CHINA route for Grains



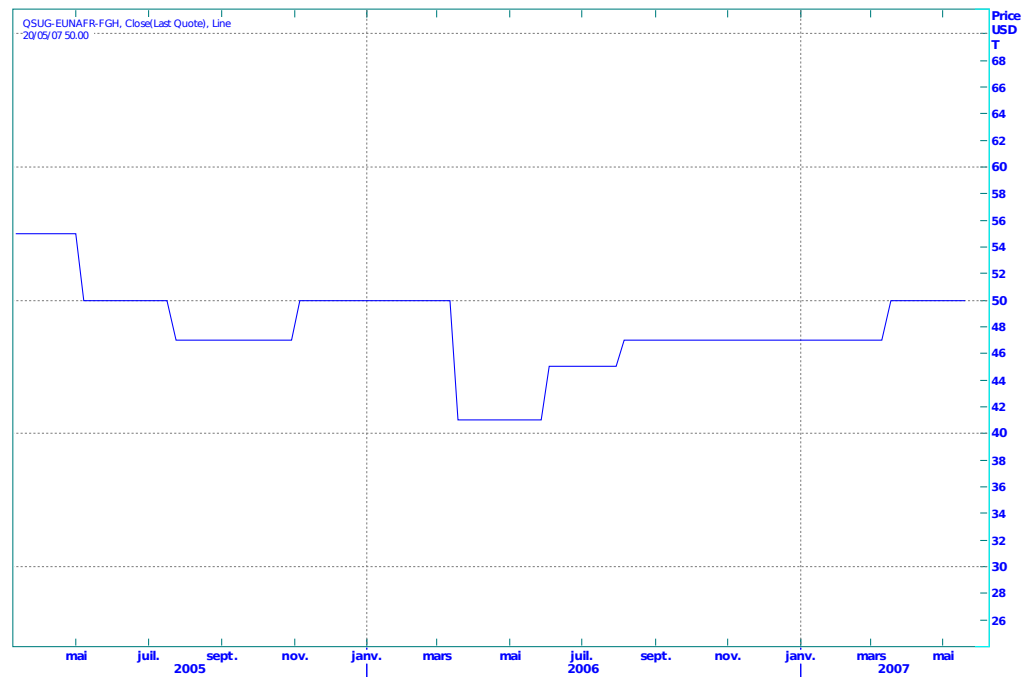
One cannot examine the freight market without considering the USA CHINA route .The level of cost seems rather a bargain by comparison to JAPAN.

The evolution is very similar to the Japanese destination with significant stop an go in 2005, a bullish trend in 2006 and a correction at the beginning of 2007

The stabilization seems also on the agenda

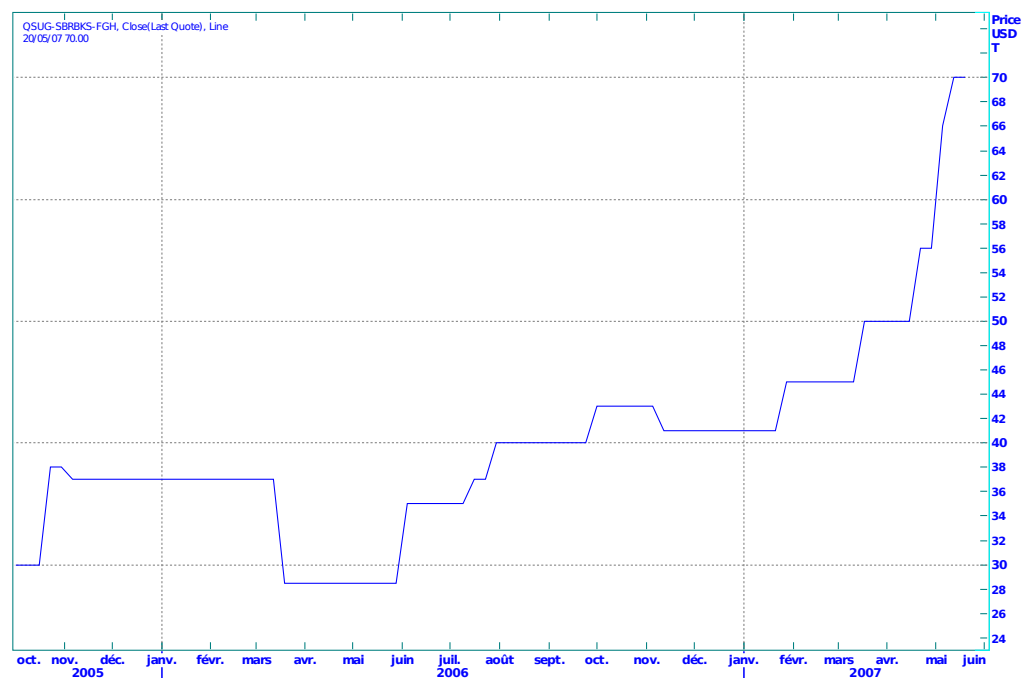
On the sugar market the situation is quite different if we consider the various trade routes

The Sugar FREIGHT EU
NORTH –AFRICA seems
quite stable



The bearish market trend endures on the European –African routes until July 2006, then the market has shown progressive improvements in the 40/50 USD/t prices ranges

The sugar main route BRAZIL
– BLACK SEA has a different
path

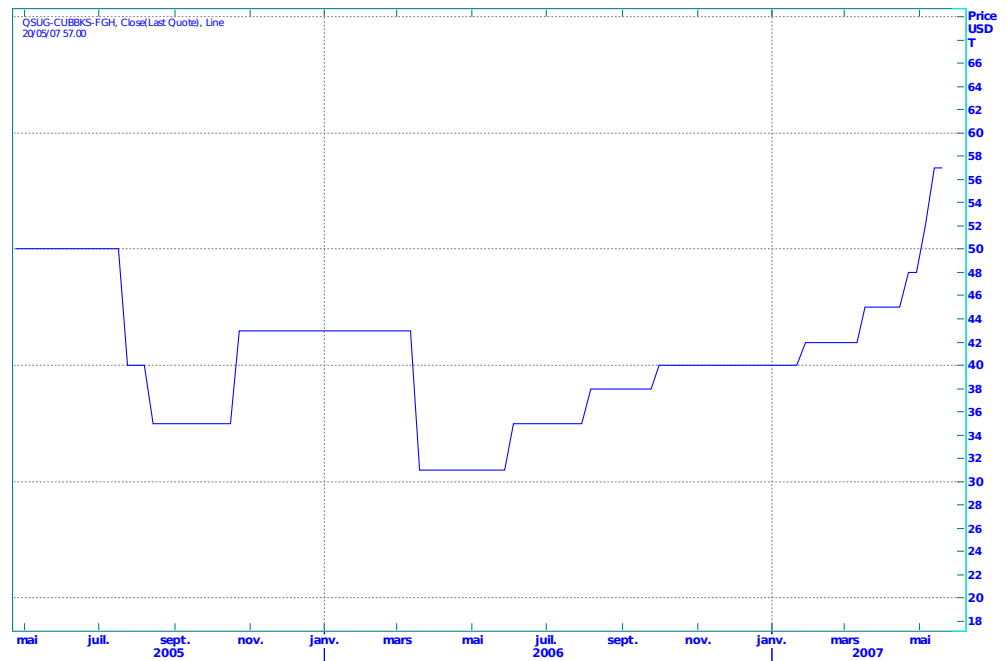


The situation is completely different on the BRAZIL BLACK SEA route with a bullish trend that began in April 2006 getting a speculative aspect since February 2007.

The price levels are in the range of these of Japan destinations which is exceptional.

The BLACK SEA destination

The CUBAN BLACK SEA
ROUTE knows the same type
of evolution



CONCLUSION

The bullish trend of 2005 on the dry bulk freight market disappeared in a strong depression since May 2005 and encountered its lows at the beginning of the first quarter 2006. The evolution since that period has followed a sustained and regular bullish path with limited periods of retreat.

The situation is now oriented to a moderate upper trend or to stabilize.

On the more specific sugar market the trends appear more choppy and strongly bullish adding pressure on the prices at the origins (BRAZIL, THAILAND)

Forward markets around the world show a strong backwardation leading to a decline on over 50% of the actual levels. This trend is not yet anticipated by the short term signals derived from the charts.

In season prospective the freight costs will pressure heavily margin in trade operations and so it is an item that needs to be followed closely in the economy of the operations financed.

GENERAL CONCLUSION

This first attempt to materialize data for portfolio monitoring through comparison between markets evolutions and more spot, physical and local situations offers three types of significant considerations:

The market modifications and incidents offer valuable signals to anticipate price monitoring difficulties (the corn example)

The divergent evolutions of local prices, in trends or levels, point on market imbalances that will be corrected and can present for our clients, opportunities or dangers that permit to understand more precisely the liquidity position of ours assets.

The follow up of the freight anticipates the prospects of delivery and the relative strength of the physical flows.

This analysis is in its very beginning and has large possibilities of improvement to bring to account officers a more precise and adapted view of the markets exposures brought by SG financing of their clients. .

This picture may have various focus and improvements either on the understanding of modifications of the trade flows and of the different pictures offered by future market and their financial components.

Some types of data are difficult to gather. (ie Freight rate, regional or local prices evolutions related to regulation or availability) Links to data bases outside Reuter capabilities may authorize more cross checking and accuracy.

When possible the information of our own data base collected through our operating tools may enrich the quality of information.

I am available for any more precise focus if the related tools are available and wish that this work will give SG an interesting new point of view.