

Sugar Weekly Report

July 2 – July 7 2018



Sugar Prices and Macros as of		6-Jul-18								
	6-Jul-18	29-Jun-18	6-Jun-18	Weekly Var	Monthly Var.	6-Jul-18	29-Jun-18	6-Jun-18	Weekly Var.	Monthly Var.
NY #11	11.51	11.86	12.20	↓ -0.35	↓	USD Index	93.96	94.47	93.61	↓ -0.51
London #5	341.5	349.5	347.3	↓ -8.0	↓	USDBZL	3.86	3.88	3.85	↓ -0.01
NY#16	25.93	26.11	25.45	↓ -0.18	↑	USDINR	68.76	68.45	66.86	↑ 0.31
Front White Premium	87.7	88.0	78.3	↓ -0.3	↑	EURUSD	1.17	1.17	1.18	↑ 0.01

Market Situation at a Glance

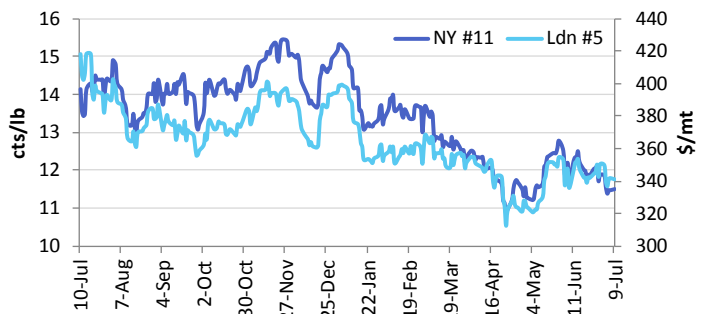
International Prices	6-Jul-18	29-Jun-18	Weekly Var.
Sugar			
NY #11	11.51	11.86	↓ -0.35 cts/lb
Front Spread	-0.68	-0.70	↑ 0.02 cts/lb
London #5	341.50	349.50	↓ -8.00 \$/mt
Front Spread	9.50	5.60	↑ 3.90 \$/mt
White Premium	87.75	88.03	↓ -0.28 \$/mt
USD Index	93.96	94.47	↓ -0.51
USDBZL	3.86	3.88	↓ -0.01 R\$/S
USDINR	68.76	68.45	↑ 0.31 RUP/\$
RUBUSD	62.96	62.77	↑ 0.19 RUB/\$
EURUSD	1.17	1.17	↑ 0.01 \$/EUR
S&P500	2760	2718	↑ 41.45
DJ Industrial Avg	24357	24216	↑ 140.69
Light Crude Oil	73.92	74.25	↓ -0.33 \$/Barrel
Corn	350.75	350.00	↑ 0.75 cts/Bushel
Wheat	512.75	497.00	↑ 15.75 cts/Bushel
Coffee (Arabic)	111.25	111.50	↓ -0.25 cts/lb

Domestic Markets

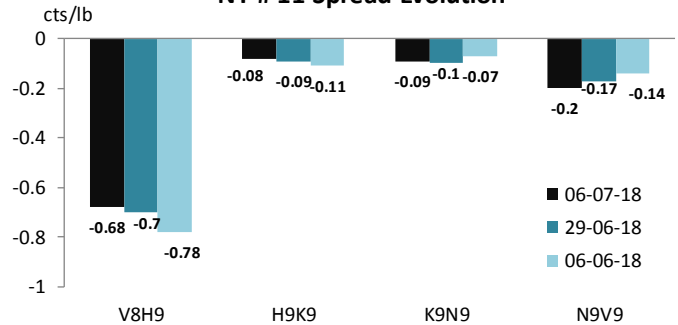
	6-Jul-18	29-Jun-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	44.45	45.98	↓ -1.53	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	57.08	58.40	↓ -1.32	R\$/50kg
Esalq Sugar (US\$)	14.78	15.06	↓ -0.28	cts/lb
Hydrous Ethanol (NY#11 equiv.)	12.14	12.33	↓ -0.19	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	13.02	13.75	↓ -0.74	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,632	2,789	↓ -157	R\$/l
Gasoline	4,272	4,349	↓ -77	R\$/l
Ethanol/Gasoline Parity	61.6%	64.1%	↓ -3%	
Anhydrous from US Parity	-76.14	-47.57	↓ -28.58	USD/M3
Anhydrous to US Parity	-117.74	-146.83	↑ 29.09	USD/M3
India				
NCDEX	30,910	30,910	↑ 0	RUP/mt
S-Grade (Kolhapur)*	31,075	29,785	↑ 1,290	RUP/mt
M-Grade (Kolkatta)*	34,524	33,810	↑ 715	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution

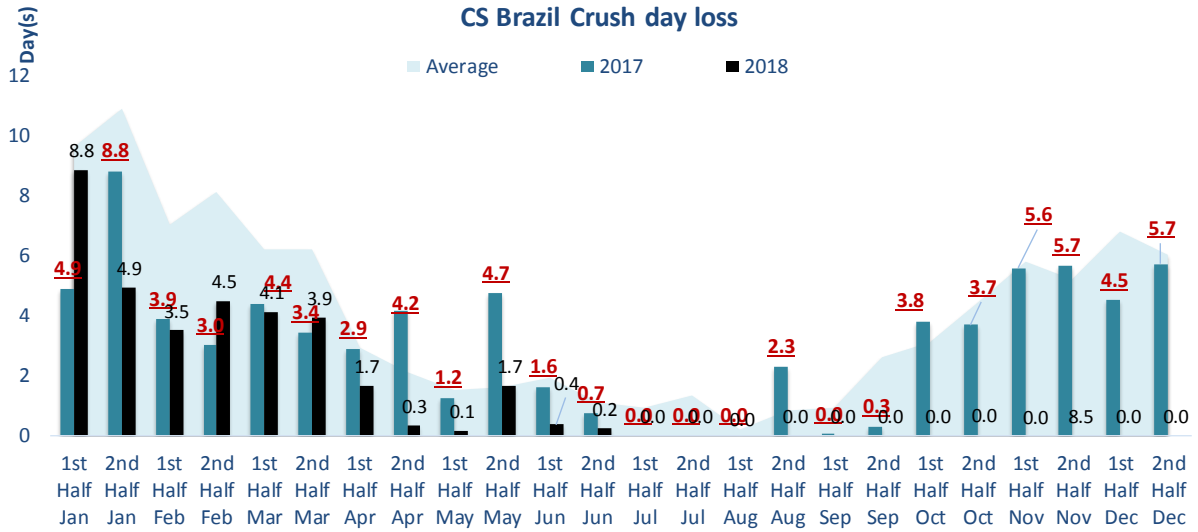


China	6-Jul-18	29-Jun-18	Weekly Var.	Unit
ZCE Front Month	4,966	5,021	↓ -55	RMB/mt
ZCE Front Spread	-43	105	↓ -148	RMB/mt
Northern Spot Cash	Rizhao	5,650	5,700	↓ -50
Southern Spot Cash	Liuzhou	5,600	5,800	↓ -200
USA	6-Jul-18	29-Jun-18		
No #16	25.93	26.11	↓ -0.18	cts/lb
#16/11 Spread	14.42	14.25	↑ 0.17	cts/lb
EU				
Inquota Price				\$/m3
Out-of-Quota	8	8	↑ 0.0	\$/mt ov Ldn
Russia				
Price in Krasnodar	482	498	↓ -15.6	\$/m3

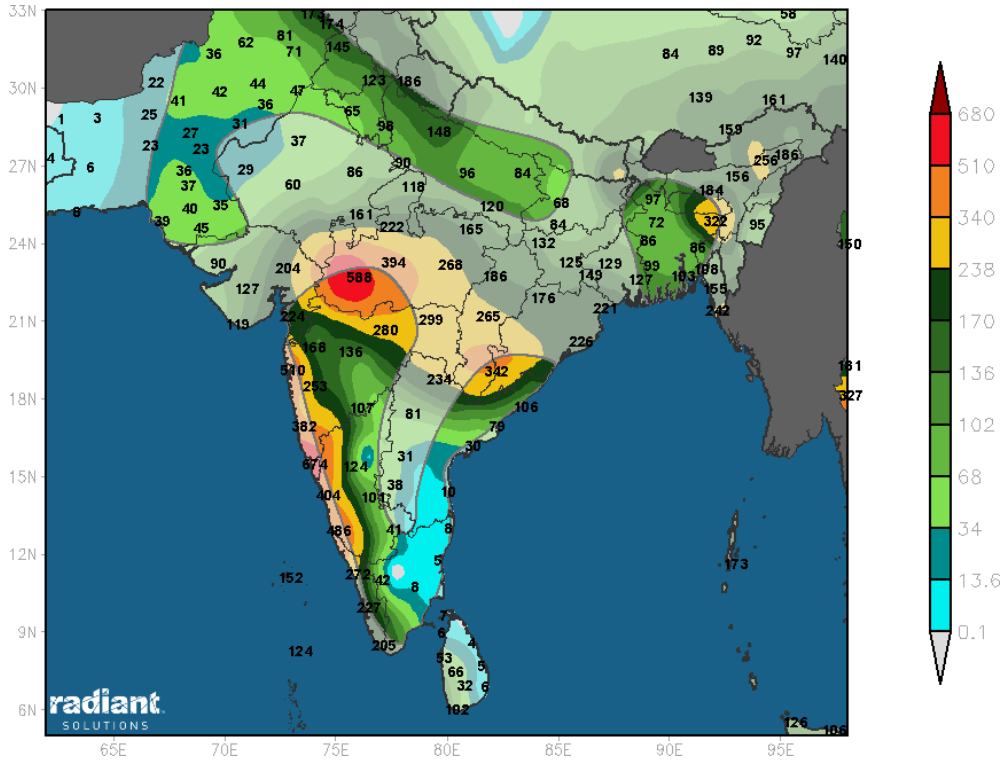
Sugar Weekly Report



CS Brazil - Crushing days lost to rain



India - 15 Day Cumulative Rainfall (mm)



Sugar Weekly Report



- **NY Flat price:** The NY October contract traded to a low of 11.24 cts/lb, closing at 11.51 cts/lb, down from 12.25 cts/lb a week earlier.

- **NY Spreads:** The October/March spread traded from a low of 77 points carry to 69 points carry.

- **London Market:** The October/October White Premium strengthened to \$77/mt from \$73/mt at the end of June. The August/October front month spread traded to a high of \$11.5/mt inverse, closing at \$9.6/mt inverse, up from \$5.6/mt a week before, reflecting stronger interests of receivers.

- **COT Report (report from 26/06/18):** Speculators net-short positions are at 4.3k lots net-short, a reduction of 27.9k lots from the week previous. They covered 10.6k lots of gross shorts and added 17.3k lots of gross longs. Commercials are now net-shorts of 235.5k lots, an increase of 25.8k lots week-on-week. Index funds remain almost unchanged at 239.9k lots net-long.

NY #11 October contract



BULL

- ▶ In CS Brazil, the end of June was much drier than normal. With the forecast still showing no rainfall across the region, with yields are expected to be impacted.
- ▶ Dryness across CS Brazil will also lead to reduced planting for the 2019/20 season.
- ▶ The ethanol mix remains strong in CS Brazil.

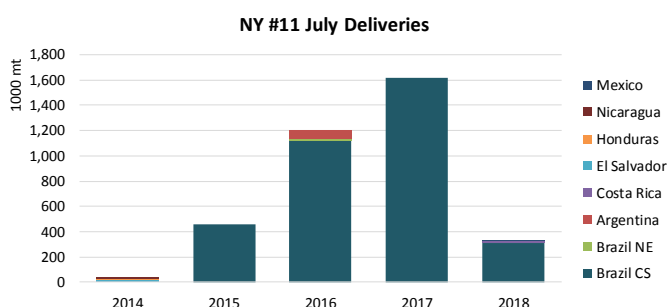


BEAR

- ▶ The global supply and demand balance remains in a surplus position for 17/18 and 18/19 seasons.
- ▶ The crop in Thailand in 2018/19 is expected to be above 124 million mt.
- ▶ Speculators positions are now relatively small and so they have significant selling power.

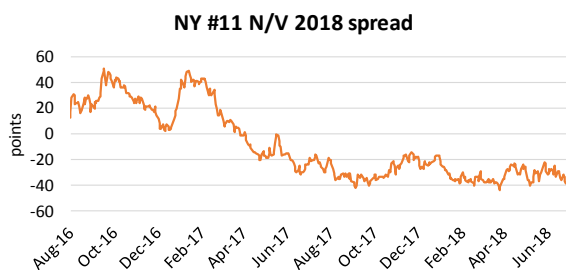


NY #11 July Contract Expiry



- ▶ The July contract went off board at 11.86 cts/lb.
- ▶ The July/October spread weakened to 49 points carry on the expiry day, closing at 39 points carry.
- ▶ 3 trading houses (Wilmar, Bunge and ED&F Man) delivered total of 331k mt of sugar, the smallest delivery since 2014 season. While Alvean was a sole receiver.
- ▶ Most of the sugar was delivered in Brazilian ports (307k mt), 20k mt was delivered in Costa Rica and 4k mt in Mexico.

Origin	Deliver		
	Bunge	ED&F Man	Wilmar
Brazil CS	55,781		251,319
Costa Rica	20,016		
Mexico		4,064	
Grand Total	75,797	4,064	251,319



Mexico: Production has finished

Mexican crush update	2016/17	2017/18	y-o-y
Harvest (Ha)	769,312	781,578	↑ 1.6%
Cane yield (Mt/Ha)	68.9	68.1	↓ -1.1%
Crushing cane (Mt)	52,978,818	53,234,109	↑ 0.5%
Sugar (Mt)	5,921,418	6,003,477	↑ 1.4%
Sugar extraction (%)	11.18%	11.28%	↑ 0.9%

- ▶ Mexico had finished production by end of June, slightly earlier than last season.
- ▶ Total harvested area reached 782k ha, slightly higher year-on-year.
- ▶ Cane yields were slightly lower at 68.1 mt/ha, and total cane crushed reached 53.2 million mt, a similar result to last season.
- ▶ Sugar production was a slightly up year-on-year at 6 million mt.
- ▶ Total production of 99.2 pol raw sugar (US compatible quality) was at 810.6k mt.
- ▶ The ending stocks will allow Mexico to export some sugar to the world market.

India: Monsoon Update

- ▶ Cumulative rainfall in India by July 5 was 7% below average.
- ▶ Cane regions have had good rainfall, with Maharashtra and Karnataka experiencing above average rainfall. While rainfall in Uttar Pradesh has been below expectations thus far.

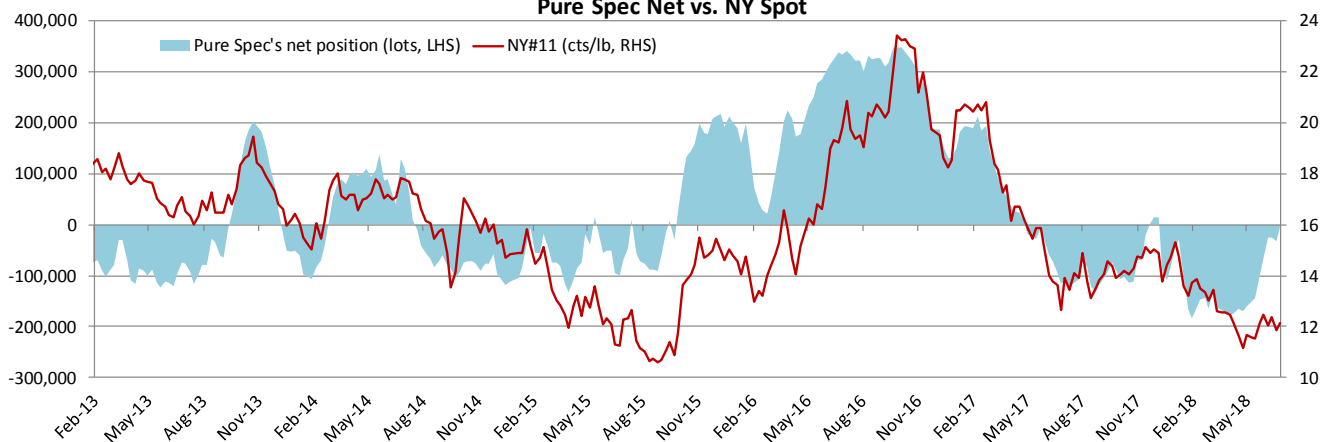
Sub-division	Rainfall until 5 Jul (mm)		Normal (mm)	Variation % Normal	
	2018	2017		2018	2017
W. UP	71.3	139.6	100.6	-29	39
E. UP	86.2	129.7	143.1	-40	-9
UP Region Avg	78.8	134.7	121.9	-35	11
Central MH	187.2	231.5	182.4	3	27
Marathwada	192.4	185.9	170.3	13	9
North K'taka	115.0	139.2	123.0	-7	13
South K'taka	191.6	129.2	178.6	7	-28
TN	81.1	52.7	53.9	50	-2
Other Region Avg	153.5	147.7	141.6	8	4
All India	191.7	217.3	206.7	-7	5



COT RECAP

Date	Spot Price	Specs net positions (i)-(ii)	Specs gross longs (i)	Specs gross shorts (ii)	Index traders net positions	Commercials net positions (iii)-(iiii)	Commercials gross longs (iii)	Commercials gross shorts (iiii)	OI
08-05-18	11.56	-150,420	253,787	404,207	232,317	-81,896	367,243	449,139	1,140,445
15-05-18	11.52	-144,055	257,295	401,350	233,549	-89,494	371,997	461,491	1,158,347
22-05-18	12.15	-98,896	273,361	372,257	235,314	-136,418	374,514	510,932	1,174,547
29-05-18	12.46	-66,066	261,190	327,256	235,264	-169,197	381,602	550,799	1,156,918
05-06-18	12.02	-24,984	251,120	276,104	225,613	-200,628	364,730	565,358	1,149,083
12-06-18	12.35	-25,523	250,588	276,111	226,596	-201,073	357,590	558,663	1,143,989
19-06-18	11.84	-32,240	245,425	277,665	241,955	-209,714	314,040	523,754	1,071,826
26-06-18	12.12	-4,340	262,755	267,095	239,864	-235,524	297,507	533,031	1,074,733
Lastet Change	0.28	27,900	17,330	-10,570	-2,091	-25,810	-16,533	9,277	2,907

Pure Spec Net vs. NY Spot



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