

# Sugar Weekly Report

July 9 – July 13 2018



Sugar Prices and Macros as of		13-Jul-18									
	13-Jul-18	6-Jul-18	13-Jun-18	Weekly Var.	Monthly Var.	13-Jul-18	6-Jul-18	13-Jun-18	Weekly Var.	Monthly Var.	
<b>NY #11</b>	10.96	11.51	12.51	↓ -0.55	↓	<b>USD Index</b>	94.68	93.96	93.55	↑ 0.71	↑ 1.13
<b>London #5</b>	339.1	341.5	353.4	↓ -2.4	↓	<b>USDBZL</b>	3.85	3.86	3.72	↓ -0.01	↑ 0.13
<b>NY#16</b>	25.63	25.93	25.52	↓ -0.30	↑	<b>USDINR</b>	68.49	68.76	67.56	↓ -0.27	↑ 0.93
<b>Front White Premium</b>	97.5	87.7	77.6	↑ 9.7	↑	<b>EURUSD</b>	1.17	1.17	1.18	↓ -0.01	↓ -0.01

## Market Situation at a Glance

International Prices	13-Jul-18	6-Jul-18	Weekly Var.
<b>Sugar</b>			
NY #11	10.96	11.51	↓ -0.55 cts/lb
Front Spread	-0.72	-0.68	↓ -0.04 cts/lb
London #5	339.10	341.50	↓ -2.40 \$/mt
Front Spread	12.40	9.50	↑ 2.90 \$/mt
White Premium	97.47	87.75	↑ 9.73 \$/mt
<b>USD Index</b>	94.68	93.96	↑ 0.71
<b>USDBZL</b>	3.85	3.86	↓ -0.01 R\$/
<b>USDINR</b>	68.49	68.76	↓ -0.27 RUP/\$
<b>RUBUSD</b>	62.56	62.96	↓ -0.40 RUB/\$
<b>EURUSD</b>	1.17	1.17	↓ -0.01 \$/EUR
<b>S&amp;P500</b>	2801	2760	↑ 41.49
<b>DJ Industrial Avg</b>	24925	24357	↑ 568.15
<b>Light Crude Oil</b>	70.58	73.92	↓ -3.34 \$/Barrel
<b>Corn</b>	330.25	350.75	↓ -20.50 cts/Bushel
<b>Wheat</b>	481.50	512.75	↓ -31.25 cts/Bushel
<b>Coffee (Arabic)</b>	107.05	111.25	↓ -4.20 cts/lb

## Domestic Markets

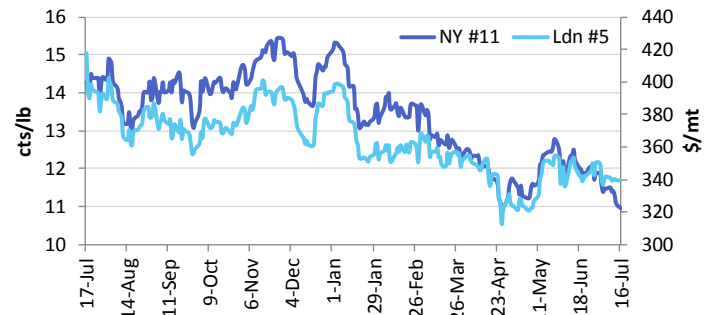
	13-Jul-18	6-Jul-18	Weekly Var.	Unit
<b>Brazil</b>				
<b>NY Front Month in BZL</b>	42.19	44.45	↓ -2.26	R\$ cts/lb
<b>Domestic:</b>				
<b>Esalq Sugar (R\$)</b>	55.33	57.08	↓ -1.75	R\$/50kg
<b>Esalq Sugar (US\$)</b>	14.37	14.78	↓ -0.41	cts/lb
<b>Hydrous Ethanol (NY#11 equiv.)</b>	12.11	12.14	↓ -0.02	cts/lb
<b>Anhydrous Ethanol(NY#11 equiv.)</b>	13.04	13.02	↑ 0.02	cts/lb
<b>Ethanol/Gasoline in Sao Paolo</b>				
<b>Ethanol</b>	2,632	2,632	↑ 0	R\$/l
<b>Gasoline</b>	4,272	4,272	↑ 0	R\$/l
<b>Ethanol/Gasoline Parity</b>	61.6%	61.6%	↑ 0%	
<b>Anhydrous from US Parity</b>	-75.43	-76.14	↑ 0.71	USD/M3
<b>Anhydrous to US Parity</b>	-118.63	-117.74	↓ -0.89	USD/M3

## India

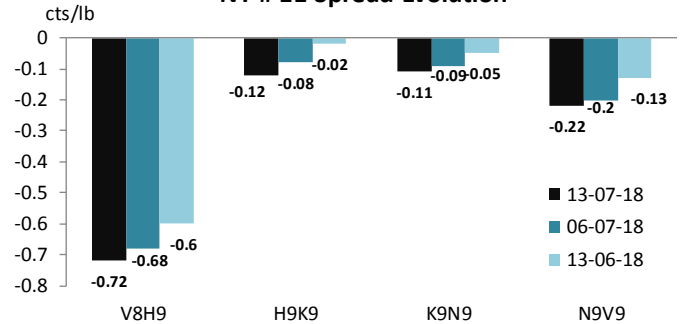
<b>NCDEX</b>	32,110	30,910	↑ 1,200	RUP/mt
<b>S-Grade (Kolhapur)*</b>	31,078	31,075	↑ 3	RUP/mt
<b>M-Grade (Kolkatta)*</b>	34,548	34,524	↑ 24	RUP/mt

\* price does not include GST of 5%

## Sugar Market



## NY # 11 Spread Evolution



China	13-Jul-18	06-Jul	Weekly Var.	Unit
<b>ZCE Front Month</b>	4,835	4,923	↓ -88	RMB/mt
<b>ZCE Front Spread</b>	55	21	↑ 34	RMB/mt
<b>Northern Spot Cash</b> Rizhao	5,650	5,650	↑ 0	RMB/mt
<b>Southern Spot Cash</b> Liuzhou	5,550	5,600	↓ -50	RMB/mt

USA	13-Jul-18	6-Jul-18	Weekly Var.	Unit
<b>No #16</b>	25.63	25.93	↓ -0.30	cts/lb
<b>#16/11 Spread</b>	14.67	14.42	↑ 0.25	cts/lb

## EU

<b>Inquota Price</b>				\$/m3
<b>Out-of-Quota</b>	5	8	↓ -3.0	\$/mt ov Ldn

## Russia

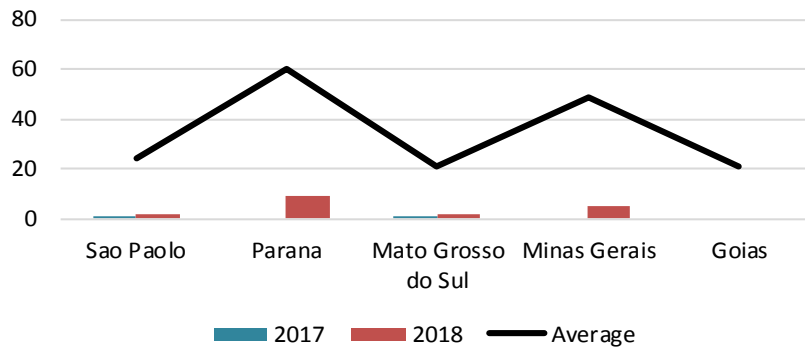
<b>Price in Krasnodar</b>	458	482	↓ -24.0	\$/m3
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# Sugar Weekly Report

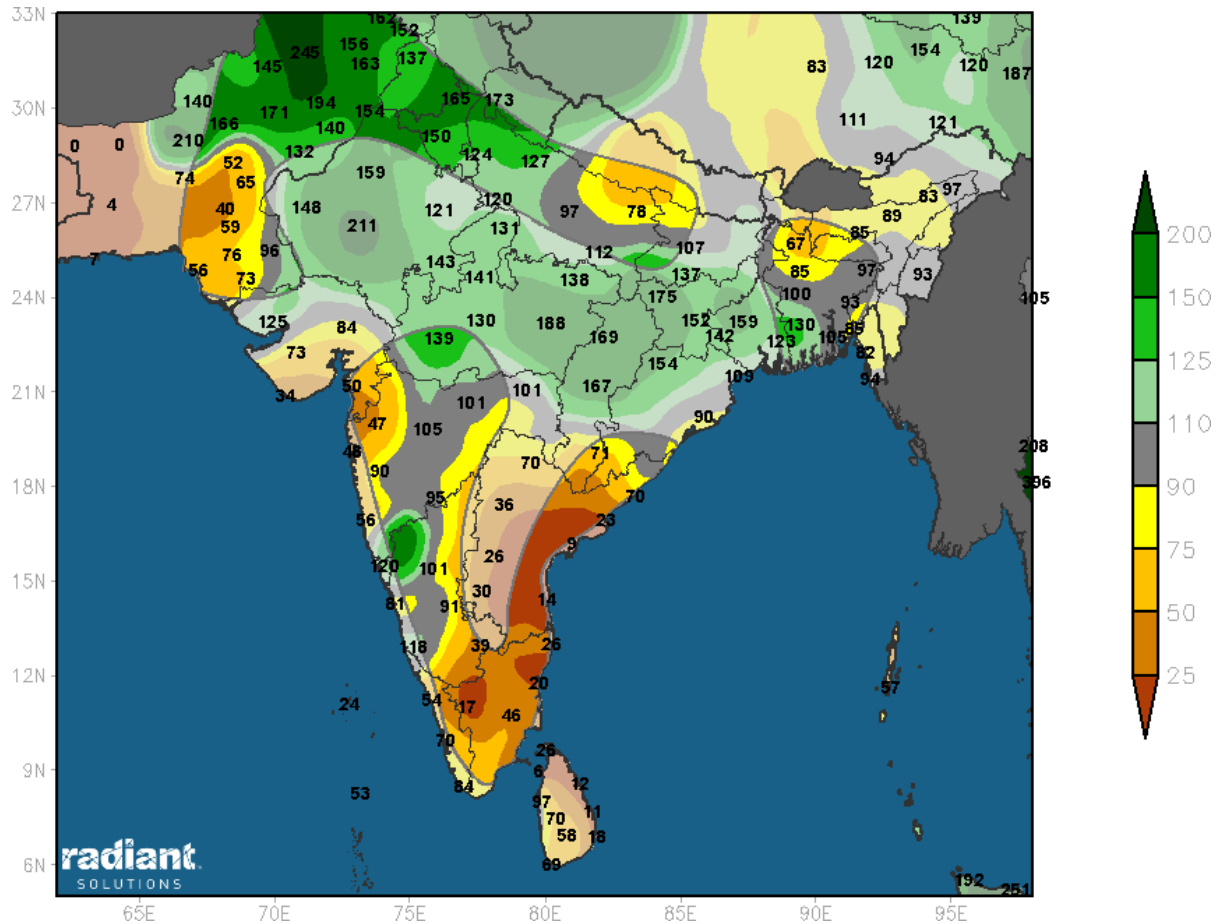


## CS Brazil Crushing Days Lost (rain)

### July rains in CS Brazil



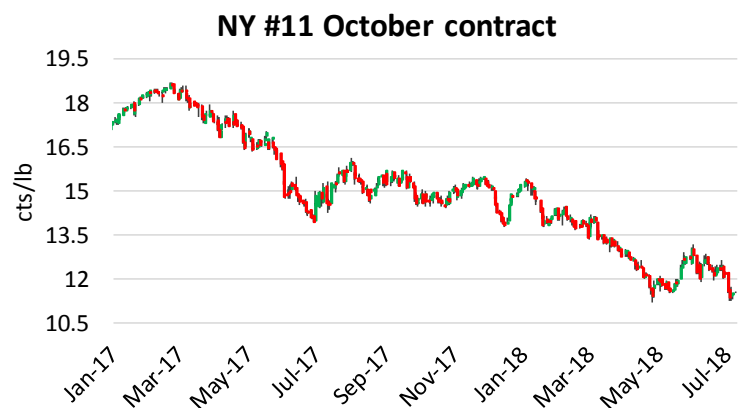
## Indian 15 Day Cumulative Rainfall (% of forecast rainfall)



# Sugar Weekly Report



- **NY Flat Price:** The NY October contract collapsed last week, reaching a low of 10.91 cts/lb, the next support level is at 10.69 cts/lb.
- **NY Spreads:** The October/March spread, did not follow the flat price collapse and was trading around 70 points carry during last week, closing at 72 points carry, down from 68 points carry a week earlier.
- **London Market:** The October/October White Premium continued to increase, reaching \$85/mt, compared with \$77/mt the previous week. The front month spread reached a high of \$15/mt inverse Friday.
- **COT Report:** Speculators were net short 56.3k lots last week, adding 12.8k lots of new shorts. Index funds liquidated 3.5k lots of net-longs. Commercials were net-short 192k lots, 13.8k lots lower than the week previous.



**BULL**

- ▶ Dry weather is expected throughout July in Brazil.
- ▶ The sugar mix in CS Brazil is the lowest ever seen during the peak of the crush.
- ▶ Indonesian import licenses for Q3 2018 may reach 850k mt.



**BEAR**

- ▶ Chinese domestic prices have continued to collapse.
- ▶ The Chinese government has removed a 50% duty for Out of Quota allocation (OOQ) sugar for developing countries. All imports are now subject to a 90% import duty.
- ▶ ISMA has released crop projections for the 2018/19 season in India at 35-35.5 million mt.



## CS Brazil: UNICA Update

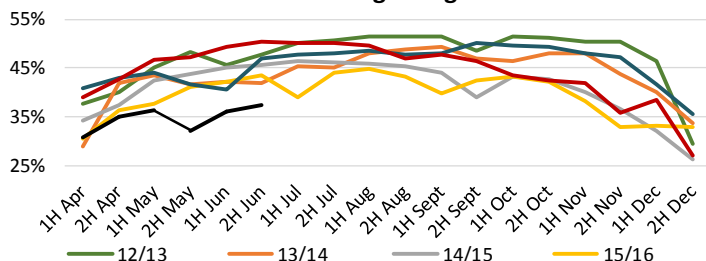
Cane (1000 mt) Fortnight	2017/18 2H Jun	2018/19	Variation Y-o-Y
Cane (1000 mt)	47,714	45,594	↓ -2,120
<b>Sugar (1000 mt)</b>	<b>2,984</b>	<b>2,277</b>	<b>↓ -707</b>
Ethanol (1000 M3)	1,802	2,350	↑ 549
ATR (kg/mt)	129.94	140.06	↑ 10.1
Sugar mix (%)	50.5%	37.7%	↓ -12.9%

Cumulative	2017/18 2H Jun	2018/19	Variation Y-o-Y
Cane (1000 mt)	199,430	222,571	↑ 23,141
<b>Sugar (1000 mt)</b>	<b>11,088</b>	<b>9,747</b>	<b>↓ -1,341</b>
Ethanol (1000 M3)	7,628	11,060	↑ 3,432
ATR (kg/mt)	123	129	↑ 6
Sugar mix (%)	47.4%	35.6%	↓ -11.8%

- ▶ Mills in Brazil have crushed 45.6 million mt of cane during 2H of June, slightly lower than last season.
- ▶ The sugar mix fell as low as 37.7%, while ATR was above last season at 129 kg/mt due to dry weather conditions.
- ▶ Sugar production during 2H of June stood at 2.8 million mt, 700k mt down year-on-year.
- ▶ Cumulative crush result is 222.6 million mt, 23 million mt higher year-on-year.
- ▶ Sugar mix is as low as 35.6% and sugar production is 1.3 million mt behind last season at 9.8 million mt.

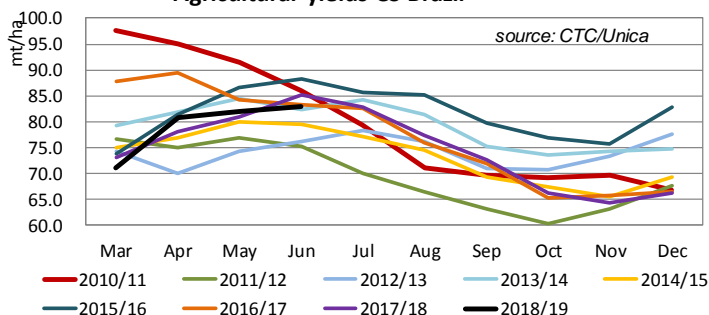
CS Brazil: fortnight sugar mix



- ▶ Weather has remained dry throughout July and the yields are expected to deteriorate. CTC published the data for yields in June at 82.9 mt/ha, down from 85 mt/ha last season.

- ▶ June yields are slightly better than May due to the mills crushing younger cane, and also a lot of 18 month cane.

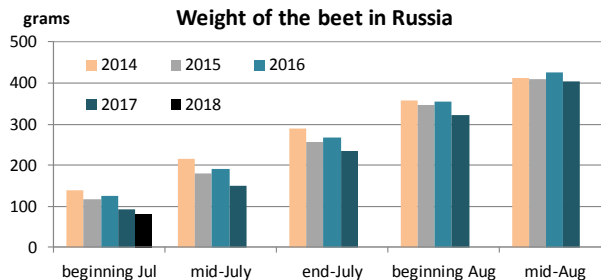
Agricultural yields CS Brazil



## Russia: Sugar Beet Tests

- ▶ Russian sugar beet tests on July 1 showed the beets weight at 81 grams, compared with 91.6 last season. This is the lowest result for the past 5 years.
- ▶ The reduced beet weights can be attributed to lower than normal temperatures across Central and Volga regions and dry weather conditions in the South of the country.
- ▶ We estimate production at 6.1 million mt, down from 6.5 million mt last season, due to lower acreage and slightly lower agricultural yields. However, if the temperatures remain colder than normal, the yields may be lower than expected and production may not reach 6 million mt.

Weight of the beet in Russia

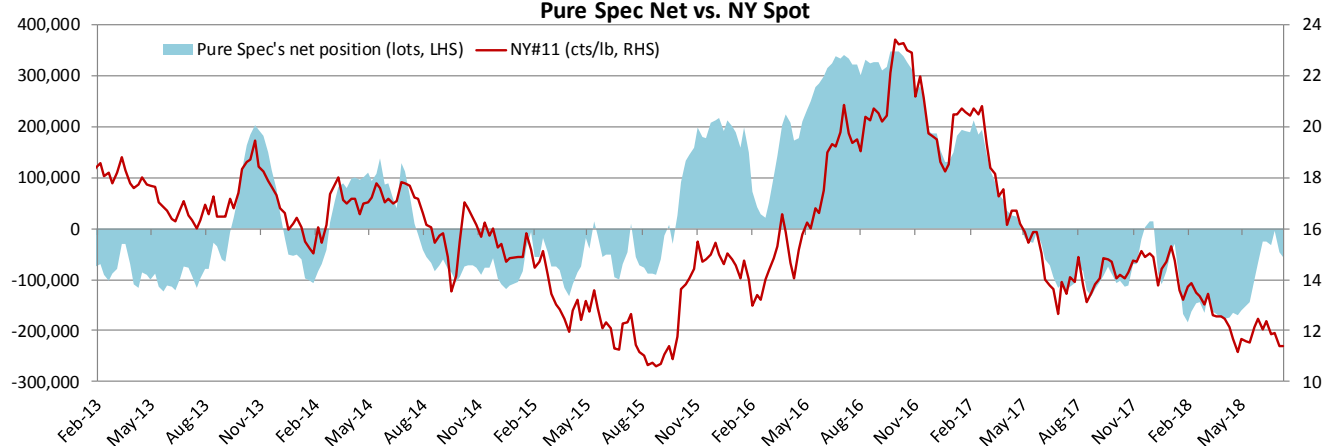




## COT RECAP

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
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	11.89	-4,340	262,755	267,095	239,864	-235,524	297,507	533,031	1,074,733
03-07-18	11.39	-45,936	258,055	303,991	251,819	-205,882	272,946	478,828	1,073,896
10-07-18	11.41	-56,255	260,536	316,791	248,327	-192,071	280,689	472,760	1,089,026
<b>Lastet Change</b>	<b>0.02</b>	<b>-10,319</b>	<b>2,481</b>	<b>12,800</b>	<b>-3,492</b>	<b>13,811</b>	<b>7,743</b>	<b>-6,068</b>	<b>15,130</b>

Pure Spec Net vs. NY Spot



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