

Sugar Weekly Report

June 11 – June 15 2018



Sugar Prices and Macros as of		15-Jun-18									
	15-Jun-18	8-Jun-18	16-May-18	Weekly Var.	Monthly Var.		15-Jun-18	8-Jun-18	16-May-18	Weekly Var.	Monthly Var.
NY #11	12.02	12.25	11.61	↓ -0.23	↑	USD Index	94.79	93.54	93.32	↑	1.25
London #5	342.1	346.5	322.5	↓ -4.4	↑	USDBZL	3.73	3.71	3.68	↑	0.02
NY#16	25.53	26.25	24.60	↓ -0.72	↑	USDINR	68.17	67.52	67.73	↑	0.65
Front White Premium	77.1	76.4	66.5	↑ 0.7	↑	EURUSD	1.16	1.18	1.18	↓ -0.02	-0.02

Market Situation at a Glance

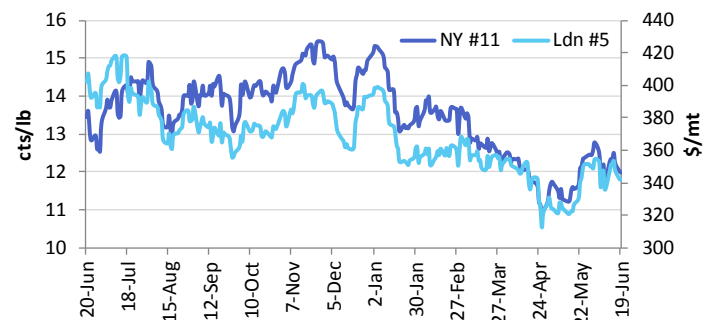
International Prices	15-Jun-18	8-Jun-18	Weekly Var.
Sugar			
NY #11	12.02	12.25	↓ -0.23 cts/lb
Front Spread	-0.33	-0.27	↓ -0.06 cts/lb
London #5	342.10	346.50	↓ -4.40 \$/mt
Front Spread	1.00	2.80	↓ -1.80 \$/mt
White Premium	77.10	76.43	↑ 0.67 \$/mt
USD Index	94.79	93.54	↑ 1.25
USDBZL	3.73	3.71	↑ 0.02 R\$/
USDINR	68.17	67.52	↑ 0.65 RUP/\$
RUBUSD	63.15	62.33	↑ 0.82 RUB/\$
EURUSD	1.16	1.18	↓ -0.02 \$/EUR
S&P500	2780	2779	↑ 0.63
DJ Industrial Avg	25175	25241	↓ -66.10
Light Crude Oil	64.38	65.56	↓ -1.18 \$/Barrel
Corn	362.50	377.00	↓ -14.50 cts/Bushel
Wheat	499.75	523.25	↓ -23.50 cts/Bushel
Coffee (Arabic)	115.20	117.25	↓ -2.05 cts/lb

Domestic Markets

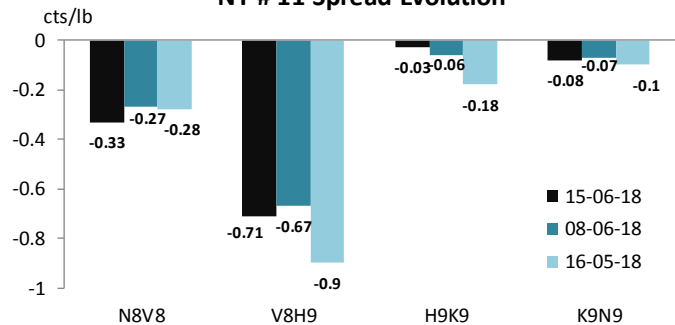
	15-Jun-18	8-Jun-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	44.83	45.41	↓ -0.58	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	58.00	57.48	↑ 0.52	R\$/50kg
Esalq Sugar (US\$)	15.55	15.51	↑ 0.05	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.83	14.26	↓ -0.43	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.61	14.85	↓ -0.24	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,789	2,835	↓ -46	R\$/l
Gasoline	4,349	4,416	↓ -67	R\$/l
Ethanol/Gasoline Parity	64.1%	64.2%	0%	
Anhydrous from US Parity	-17.53	-8.87	↓ -8.66	USD/M3
Anhydrous to US Parity	-179.67	-188.87	↑ 9.20	USD/M3
India				
NCDEX	29,080	29,080	0	RUP/mt
S-Grade (Kolhapur)*	30,257	30,259	↓ -2	RUP/mt
M-Grade (Kolkatta)*	33,810	34,286	↓ -476	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	15-Jun-18	08-Jun	Weekly Var.	Unit
ZCE Front Month	5,152	5,242	↓ -90	RMB/mt
ZCE Front Spread	76	63	↑ 13	RMB/mt
Northern Spot Cash	Rizhao	6,400	↑ 0	RMB/mt
Southern Spot Cash	Liuzhou	5,830	↓ -20	RMB/mt

USA	15-Jun-18	8-Jun-18	Weekly Var.	Unit
No #16	25.53	26.25	↓ -0.72	cts/lb
#16/11 Spread	13.51	14.00	↓ -0.49	cts/lb

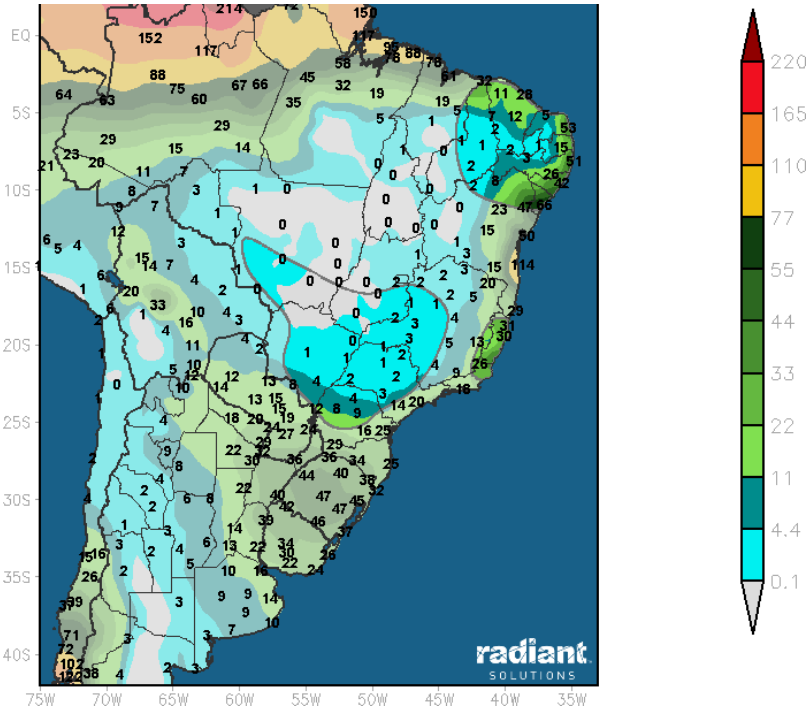
EU	15-Jun-18	8-Jun-18	Weekly Var.	Unit
Inquota Price				\$/m3
Out-of-Quota	4	5	↓ -1.0	\$/mt ov Ldn

Russia	15-Jun-18	8-Jun-18	Weekly Var.	Unit
Price in Krasnodar	518	539	↓ -20.3	\$/m3

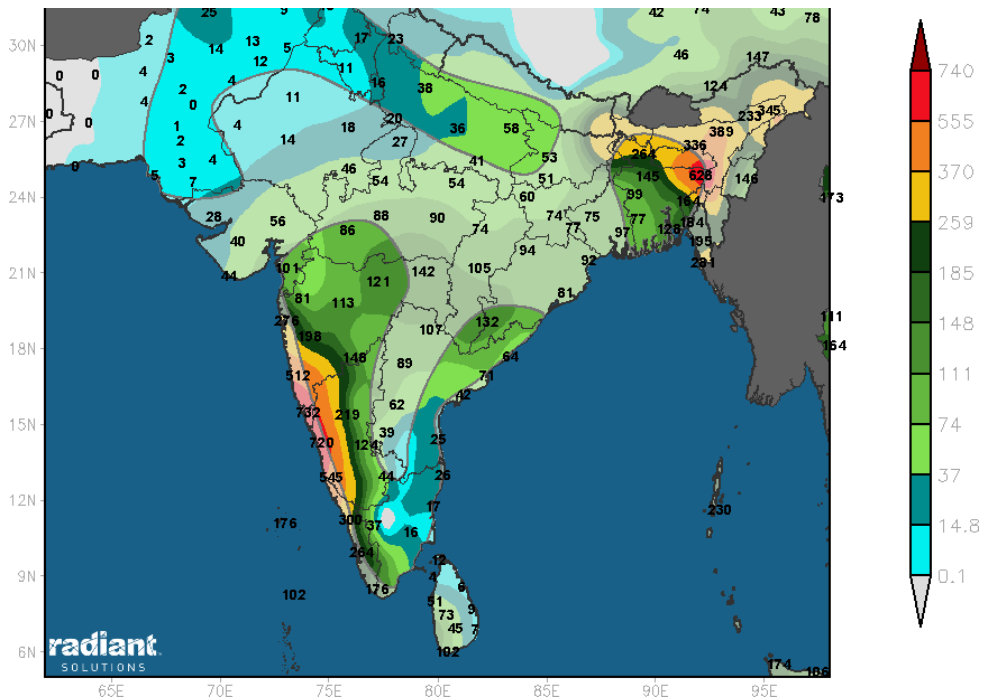
Sugar Weekly Report



CS Brazil 15 Day Cumulative Rainfall (mm)



Indian 15 Day Cumulative Rainfall (mm)



Sugar Weekly Report



- **NY Flat price:** The NY July contract traded sideways, closing at 12.02 cts/lb, 23 points lower week-on-week.
- **NY Spreads:** The July/October spread remained largely unchanged week-on-week, closing at 33 points carry, compared with 27 points carry a week earlier. While the October/March spread did not move significantly, closing at 71 points carry compared with 69 points carry a week earlier.
- **London market:** The August/July White Premium remained largely unchanged from a week earlier at \$77-79/mt, while the December/October White Premium traded between \$69-71/mt.
- **COT report:** Speculators net-short positions were barely changed from a week earlier – they held 25.5k net-short. Commercials positions were also almost unchanged, at 201k net-short. Index funds were 226.6k lots net-long
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BULL

- ▶ CS Brazil remained dry during 1H of June and there is little rainfall forecast across Sao Paulo.
- ▶ The sugar mix during the second half of May in CS Brazil was at a record low of 32.5%.
- ▶ Smuggling demand has picked up through Myanmar.



BEAR

- ▶ Yields in CS Brazil remain above last season.
- ▶ Monsoon rainfall across both India and Thailand has been positive for the crop.
- ▶ Demand for raw sugar from CS Brazil is below last year.

Sugar Weekly Report



UNICA: Production Update

Cane (1000 mt) Fortnight	2017/18 2H May	2018/19	Variation Y-o-Y	
Cane (1000 mt)	31,690	32,381	↑	691
Sugar (1000 mt)	1,759	1,340	↓	-419
Ethanol (1000 M3)	1,206	1,742	↑	537
ATR (kg/mt)	122.75	133.44	↑	10.7
Sugar mix (%)	47.5%	32.5%	↓	-14.9%

- ▶ During the second half of May, mills crushed 32.4 million mt of cane, similar to last year. However the low crush rates this season were caused due to the truck drivers' strike, rather than rainfall.
- ▶ ATR was well above last season at 133.44 kg/mt.
- ▶ Despite high ATR, mills only diverted 32.5% of cane to sugar.
- ▶ Leading to sugar production of 1.34 million mt, 400k mt lower year-on-year.
- ▶ On a cumulative basis, the total cane crush is 22.6 million mt ahead of last year at 134.8 million mt. Sugar production is at 5.5 million mt, 200k mt lower than last year, with cumulative mix at 34.5% vs 45.2% last season.
- ▶ CTC reported yields in May at 81.9 mt/ha, slightly above last season. Yields associated with the younger cane being crushed are higher as it received good rainfall during the intercrop period. Yields are expected to drop due to the dry conditions associated with the drought.

Indian Situation: Monsoon Update

- ▶ Monsoonal activity thus far has been good over the regions Maharastra, Tamil Nadu and Karnataka; with all of these states receiving well above average rainfall.
- ▶ In Uttar Pradesh, the rainfall has been slightly deficient in the east, however in the western part of the region rainfall has been good.
- ▶ 15 day forecast shows below average rainfall over Tamil Nadu and North of Maharashtra.

Region (mm)	Weekly rains	Last year	Normal	%
West UP	9.1	3.8	7.4	23%
East UP	10.8	2.5	15.8	-32%
North MH	78.4	44.1	23.8	229%
Central/South MH & North Karnataka	51.8	56.8	21.5	141%
Tamil Nadu	18.1	4.2	11.1	63%
Main cane areas	38.2	34.4	17.7	96%

India: Exports

- ▶ Indian crystals exports have started slowly coming out; in May 58k mt were shipped, with the majority, 28k mt going to Sri Lanka.
- ▶ Myanmar has re-opened for smuggling flow and 17k mt passed through the region.
- ▶ In June, the lineup showed 42k mt to Myanmar and 16k mt to Sri Lanka.

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Myanmar					16,845	42,101
Sri Lanka		23		3,380	28,125	15,739
Sudan					9,490	6,526
Dubai				52	520	3,588
Others	266	1,500	460	700	4,748	5,252
Total	266	1,523	460	4,132	59,728	73,206

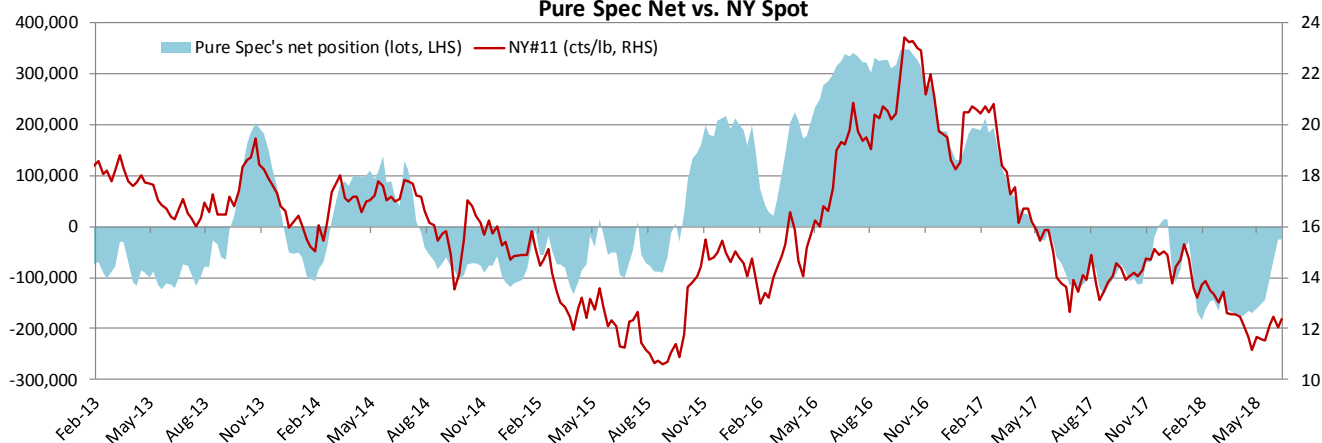
- ▶ Overall, exports should be slow due to the minimum domestic price set by the government and also due to the government's financing of the carry cost.
- ▶ Previously the ex-mill price fell to 25,00 Rs/mt, which helped the margins to remain wide open, but currently with ex-mill price for the domestic market at 29,00 Rs/mt, the margin with the export subsidy of \$120/mt is barely positive.
- ▶ It is possible that only around 300k mt will be exported by the end of September.



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
24-04-18	11.14	-169,186	248,190	417,376	232,099	-62,913	396,447	459,360	1,134,439
01-05-18	11.69	-161,467	248,289	409,756	234,870	-73,403	355,666	429,069	1,110,515
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
Lastet Change	0.33	-539	-532	7	983	-445	-7,140	-6,695	-5,094

Pure Spec Net vs. NY Spot



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