

Sugar Weekly Report

July 16 – July 20 2018



Sugar Prices and Macros as of		20-Jul-18					13-Jul-18				
	20-Jul-18	13-Jul-18	20-Jun-18	Weekly Var.	Monthly Var.	20-Jul-18	13-Jul-18	20-Jun-18	Weekly Var.	Monthly Var.	
NY #11	11.12	10.96	11.89	↑ 0.16		USD Index	94.48	94.68	95.12	↓ -0.20	
London #5	322.2	339.1	342.1	↓ -16.9		USDBZL	3.77	3.85	3.77	↓ -0.08	
NY#16	25.26	25.63	26.09	↓ -0.37		USDINR	68.73	68.49	68.10	↑ 0.24	
Front White Premium	77.0	97.5	80.0	↓ -20.4		EURUSD	1.17	1.17	1.16	↑ 0.00	

Market Situation at a Glance

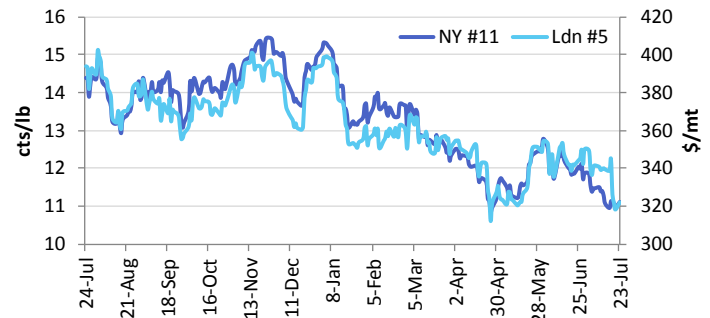
International Prices	20-Jul-18	13-Jul-18	Weekly Var.
Sugar			
NY #11	11.12	10.96	↑ 0.16 cts/lb
Front Spread	-0.72	-0.72	↑ 0.00 cts/lb
London #5	322.20	339.10	↓ -16.90 \$/mt
Front Spread	1.00	2.50	↓ -1.50 \$/mt
White Premium	77.05	97.47	↓ -20.43 \$/mt
USD Index	94.48	94.68	↓ -0.20
USDBZL	3.77	3.85	↓ -0.08 R\$/
USDINR	68.73	68.49	↑ 0.24 RUP/\$
RUBUSD	63.48	62.56	↑ 0.92 RUB/\$
EURUSD	1.17	1.17	↑ 0.00 \$/EUR
S&P500	2802	2801	↑ 0.52
DJ Industrial Avg	25065	24925	↑ 139.61
Light Crude Oil	70.46	70.58	↓ -0.12 \$/Barrel
Corn	354.50	330.25	↑ 24.25 cts/Bushel
Wheat	515.50	481.50	↑ 34.00 cts/Bushel
Coffee (Arabic)	110.65	107.05	↑ 3.60 cts/lb

Domestic Markets

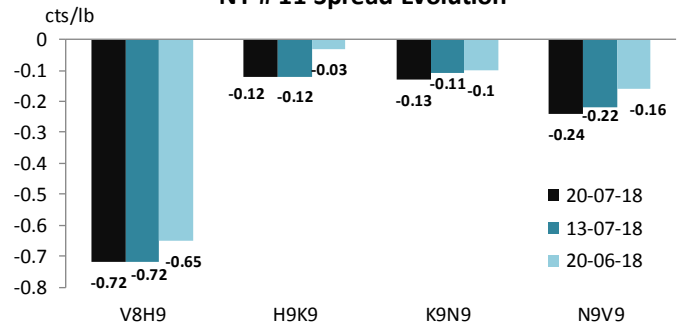
	20-Jul-18	13-Jul-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	41.90	42.19	↓ -0.30	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	53.84	55.33	↓ -1.49	R\$/50kg
Esalq Sugar (US\$)	14.29	14.37	↓ -0.08	cts/lb
Hydrous Ethanol (NY#11 equiv.)	12.30	12.11	↑ 0.19	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	13.25	13.04	↑ 0.21	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,555	2,632	↓ -77	R\$/l
Gasoline	4,268	4,272	↓ -4	R\$/l
Ethanol/Gasoline Parity	59.9%	61.6%	↓ -2%	
Anhydrous from US Parity	-69.17	-75.43	↑ 6.26	USD/M3
Anhydrous to US Parity	-126.19	-118.63	↓ -7.56	USD/M3
India				
NCDEX	32,000	32,110	↓ -110	RUP/mt
S-Grade (Kolhapur)*	31,000	31,078	↓ -78	RUP/mt
M-Grade (Kolkatta)*	35,238	34,548	↑ 691	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	20-Jul-18	13-Jul	Weekly Var.	Unit
ZCE Front Month	4,898	4,835	↑ 63	RMB/mt
ZCE Front Spread	63	55	↑ 8	RMB/mt
Northern Spot Cash Rizhao	5,500	5,650	↓ -150	RMB/mt
Southern Spot Cash Liuzhou	5,550	5,550	↑ 0	RMB/mt

USA	20-Jul-18	13-Jul-18	Weekly Var.	Unit
No #16	25.26	25.63	↓ -0.37	cts/lb
#16/11 Spread	14.14	14.67	↓ -0.53	cts/lb

EU	20-Jul-18	13-Jul-18	Weekly Var.	Unit
Inquota Price	11	5	↑ 6.0	\$/m3
Out-of-Quota	11	5	↑ 6.0	\$/mt ov Ldn

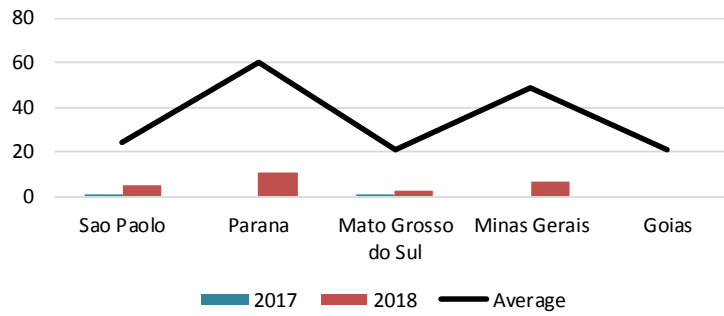
Russia	20-Jul-18	13-Jul-18	Weekly Var.	Unit
Price in Krasnodar	522	458	↑ 63.4	\$/m3

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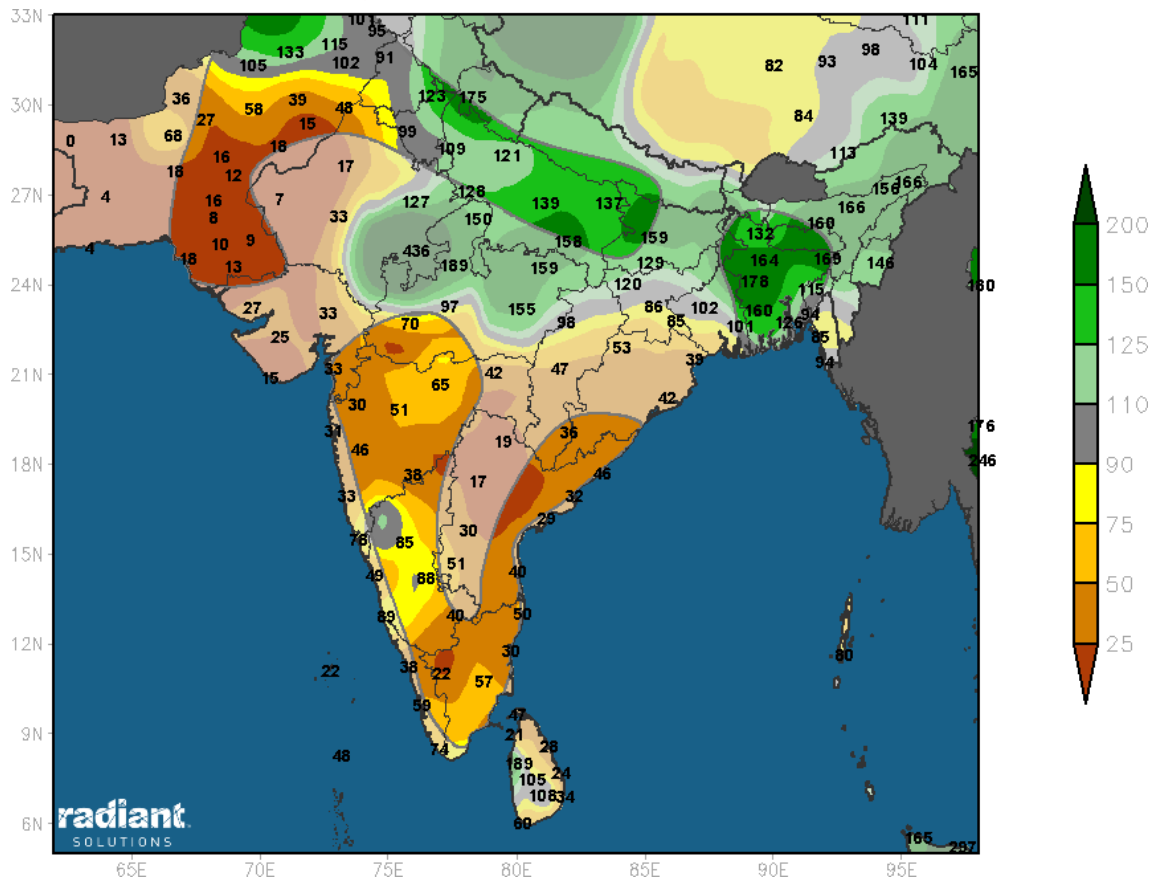


CS Brazil Crushing Days Lost to Rain

July rains in CS Brazil



India 15 Day Cumulative Rainfall (% of normal rain)



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- **NY Flat Price:** The NY October contract collapsed last week, reaching a low of 10.86 cts/lb. Prices then recovered slightly to close at 11.12 cts/lb, up from 10.96 cts/lb a week earlier.
- **NY Spreads:** The October/March spread has traded sideways at around 70 points carry.
- **London Market:** The October/October White Premium reached a high of \$86/mt, to then fall below \$80/mt by the end of the week.
- **August Contract Expiry:** The August/October spread went off the board at \$14.8/mt. With five trading houses delivered 225k mt of sugar in Thailand, EU (France), Algeria and CS Brazil.
- **COT Report:** Speculators were net short 92k lots last week, 35.8k lots higher week-on-week. They added 8k lots of gross shorts and liquidated 27.8k lots of gross longs during the week when all contracts touched life of contracts lows (Oct dropped to 10.86 cts/lb). Index funds bought 13.2k lots net and now are 261.5k lots net long. Commercials were net-short 169.4k lots, 22.6k lots lower than a week earlier.



BULL

- ▶ The sugar mix is expected to remain below 40% throughout of July.
- ▶ In some regions of the EU, weather conditions have been drier than normal, this may lead to reduced agricultural yields.
- ▶ Indian sugar stocks have yet to reach the world market due to higher domestic prices.



BEAR

- ▶ The crop in India is in excellent condition due to higher than average monsoonal rain. Production estimates have been revised up to 34.5 million mt.
- ▶ In CS Brazil, the ATR has remained higher year-on-year.
- ▶ Agricultural yields in CS Brazil remain slightly lower than last year, due to the dry weather.

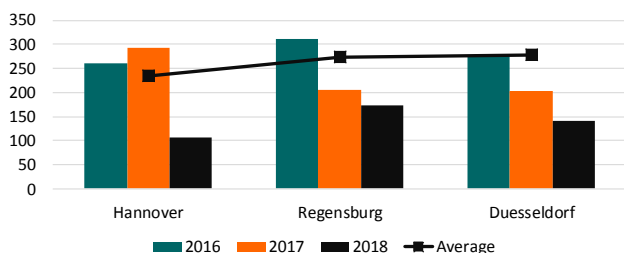
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EU: Weather Update

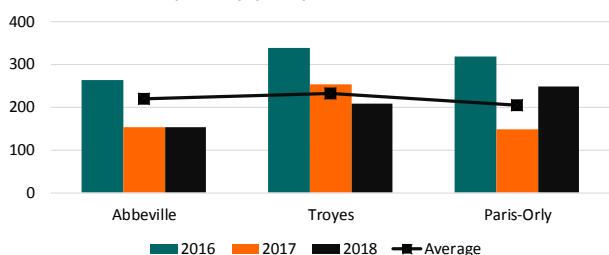
- ▶ In Germany, rainfall in July was below average, while during the period from April to July cumulative rainfall has been around 50% below the normal.
- ▶ In the Netherlands and Belgium, the situation is similar, with rainfall around 50% below the normal since April.

April-July precipitation in Germany



- ▶ In France, throughout July rainfall has been sufficient, however cumulative rainfall remains below average.

April-July precipitation in France



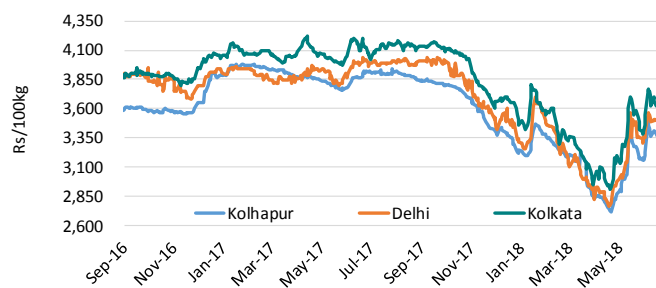
India: Monsoon Update

- ▶ The cane regions of western Maharashtra and North Karnataka continue to receive above average rainfall.
- ▶ Rainfall has been much better than last year, and the cane crop is in fantastic condition.
- ▶ In Uttar Pradesh, rainfall has been lower than average by 46%, however monsoonal rain is not as crucial in this region due to the use of irrigation systems.

Sub-division	Rainfall until 20 Jul (mm)		Normal (mm)	Variation % Normal	
	2018	2017		2018	2017
W. UP	132.1	212.0	230.8	-43	-8
E. UP	155.3	298.7	301.9	-49	-1
UP Region Avg	143.7	255.4	266.4	-46	-4
Central MH	383.2	361.5	301.5	27	20
Marathwada	289.1	253.3	250.6	15	1
North K'taka	182.6	190.5	186.9	-2	2
South K'taka	338.9	210.6	283.1	20	-26
TN	102.3	71.3	87.1	17	-18
Other Region Avg	259.2	217.4	221.8	17	-2
All India	334.1	354.6	348.0	-4	2

- ▶ Forecast shows normal rainfall in coming 15 days, with more expected in the eastern regions.
- ▶ Water level of 91 major reservoirs is at 32% of total storage capacity. This is above last year's storage level and closer to the 10 year average level.
- ▶ Domestic prices are stable at artificially high levels due to the monthly sales quota.

Spot prices in India



- ▶ Exports of crystals have reached 370k mt, with most of the sugar going to Myanmar and Sri Lanka.
- ▶ Export parity is barely open with the import subsidy due to high domestic prices.

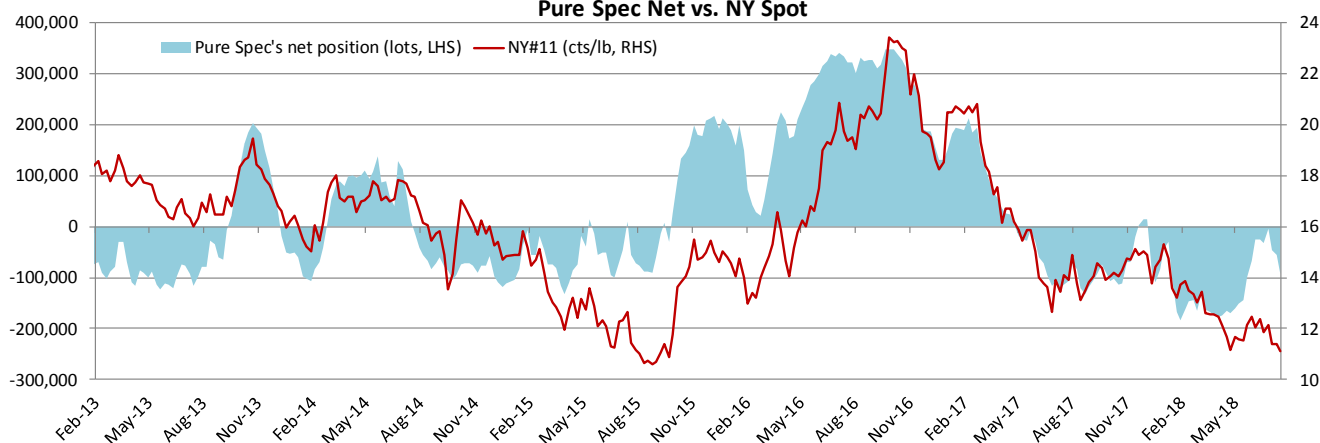
	Apr	May	Jun	Jul
Total	4,132	125,817	141,839	100,095
Myanmar		38,199	82,857	70,299
Sri Lanka	3,380	53,939	38,926	20,826
Others	752	33,679	20,056	8,970



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)	Commercial gross shorts (iiii)	OI
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
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
17-07-18	11.13	-92,063	232,716	324,779	261,503	-169,440	293,310	462,750	1,094,963
Lastet Change	-0.28	-35,808	-27,820	7,988	13,176	22,631	12,621	-10,010	5,937

Pure Spec Net vs. NY Spot



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