

Sugar Weekly Report

August 20 – August 24 2018



Sugar Prices and Macros as of		24-Aug-18			24-Aug-18		24-Aug-18			24-Aug-18	
	24-Aug-18	17-Aug-18	24-Jul-18	Weekly Var.	Monthly Var.	24-Aug-18	17-Aug-18	24-Jul-18	Weekly Var.	Monthly Var.	
NY #11	10.25	10.18	11.19	↑ 0.07	↓	USD Index	95.16	96.13	94.61	↓ -0.97	
London #5	310.6	307.5	325.6	↑ 3.1	↓	USDBZL	4.11	3.91	3.75	↑ 0.19	
NY#16	25.51	25.60	25.09	↓ -0.09	↑	USDINR	69.79	69.86	68.88	↓ -0.07	
Front White Premium	84.6	83.1	78.9	↑ 1.6	↑	EURUSD	1.16	1.14	1.17	↑ 0.02	

Market Situation at a Glance

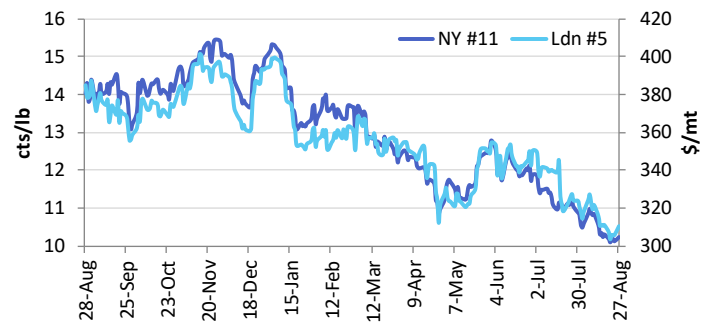
International Prices	24-Aug-18	17-Aug-18	Weekly Var.
Sugar			
NY #11	10.25	10.18	↑ 0.07 cts/lb
Front Spread	-0.82	-0.87	↑ 0.05 cts/lb
London #5	310.60	307.50	↑ 3.10 \$/mt
Front Spread	1.10	-1.30	↑ 2.40 \$/mt
White Premium	84.63	83.07	↑ 1.56 \$/mt
USD Index	95.16	96.13	↓ -0.97
USDBZL	4.11	3.91	↑ 0.19 R\$/
USDINR	69.79	69.86	↓ -0.07 RUP/\$
RUBUSD	67.19	66.99	↑ 0.20 RUB/\$
EURUSD	1.16	1.14	↑ 0.02 \$/EUR
S&P500	2875	2850	↑ 24.56
DJ Industrial Avg	25657	25559	↑ 98.25
Light Crude Oil	68.52	65.92	↑ 2.60 \$/Barrel
Corn	348.50	364.50	↓ -16.00 cts/Bushel
Wheat	513.50	560.00	↓ -46.50 cts/Bushel
Coffee (Arabic)	100.55	101.20	↓ -0.65 cts/lb

Domestic Markets

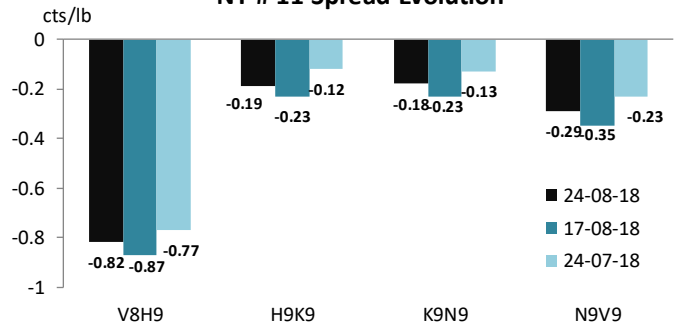
	24-Aug-18	17-Aug-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	42.08	39.83	↑ 2.25	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	52.45	49.80	↑ 2.65	R\$/50kg
Esalq Sugar (US\$)	12.78	12.73	↑ 0.05	cts/lb
Hydrous Ethanol (NY#11 equiv.)	11.34	11.42	↓ -0.07	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	11.72	11.11	↑ 0.61	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,393	2,423	↓ -30	R\$/l
Gasoline	4,189	4,208	↓ -19	R\$/l
Ethanol/Gasoline Parity	57.1%	57.6%	↓ 0%	
Anhydrous from US Parity	-121.36	-148.37	↑ 27.01	USD/M3
Anhydrous to US Parity	-68.29	-43.03	↓ -25.26	USD/M3
India				
NCDEX	31,420	31,640	↓ -220	RUP/mt
S-Grade (Kolhapur)*	30,291	30,600	↓ -310	RUP/mt
M-Grade (Kolkatta)*	33,810	34,381	↓ -572	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution

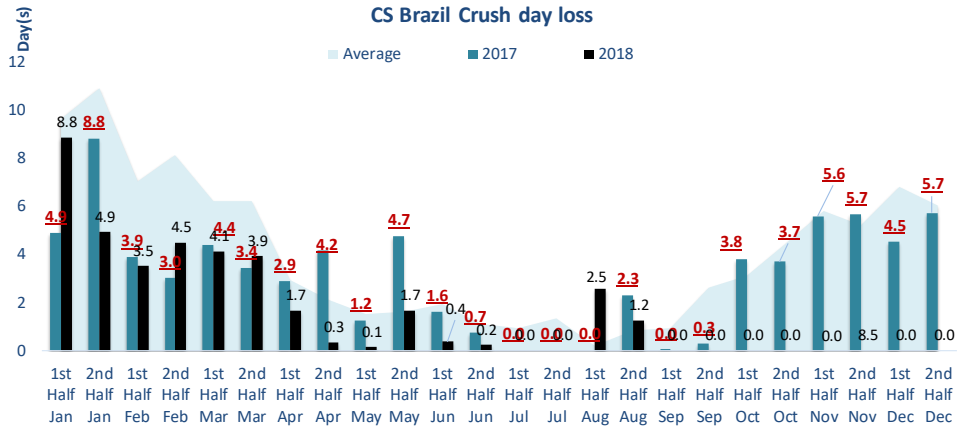


	24-Aug-18	17-Aug-18	Weekly Var.	Unit
China				
ZCE Front Month	4,776	4,685	↑ 91	RMB/mt
ZCE Front Spread	87	104	↓ -17	RMB/mt
Northern Spot Cash	Rizhao 5,450	5,450	↑ 0	RMB/mt
Southern Spot Cash	Liuzhou 5,530	5,530	↑ 0	RMB/mt
USA	24-Aug-18	17-Aug-18		
No #16	25.51	25.60	↓ -0.09	cts/lb
#16/11 Spread	15.26	15.42	↓ -0.16	cts/lb
EU				
Inquota Price				\$/m3
Out-of-Quota	10	12	↓ -2.0	\$/mt ov Ldn
Russia				
Price in Krasnodar	372	419	↓ -46.5	\$/m3

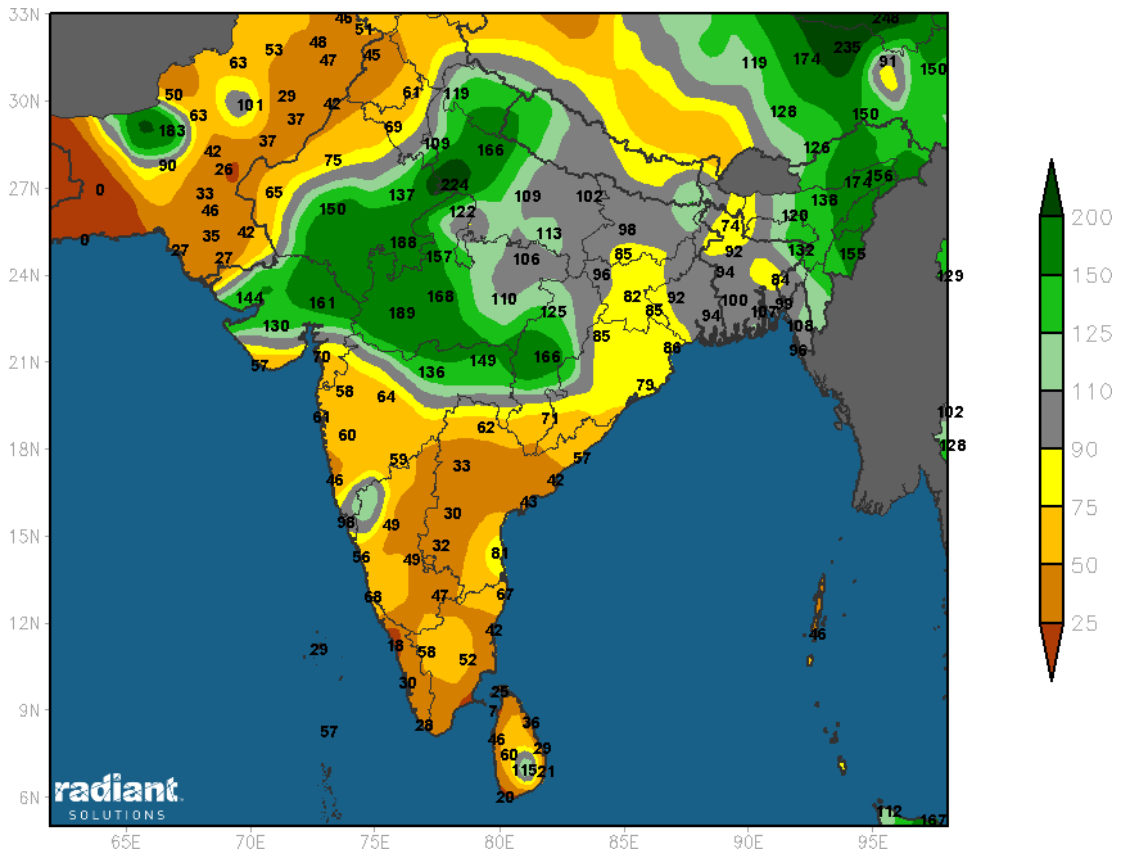
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Crushing Days Lost to Rain in CS Brazil



Indian 15 Day Cumulative Rain (% of normal rainfall)



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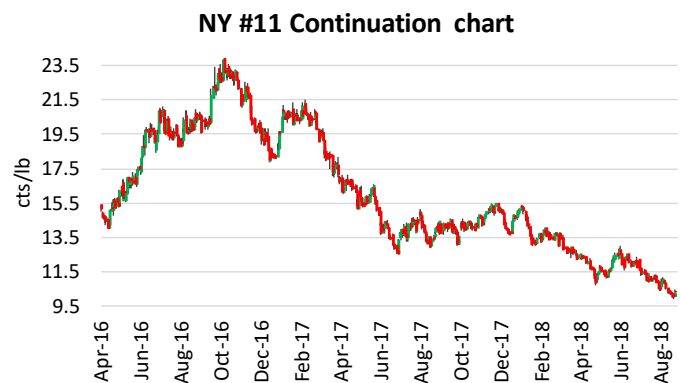


- NY Flat price:** The NY October contract tested the psychological level of 10 cts/lb, however it did not manage to stay below this level. Prices had recovered slightly by the end of the week, closing at 10.25 cts/lb, 7 pts higher week-on-week.

- NY Spreads:** The October/March spread closed the week at 82 points carry, up from 87 points carry a week earlier.

- London Market:** The October/October White Premium dropped 2 dollars week-on-week, trading around \$82/mt. However, it managed to close higher at 85 cts/lb on Friday. The March/March White Premium closed at \$68.8/mt Friday, unchanged week-on-week.

- COT Report:** Speculators were net-short 175.3k lots, liquidating 12k of gross longs and adding 13.6k lots of new shorts. Index funds positions were barely changed week-on-week, they now hold 251.6k net-longs. While commercials bought net 24.3k lots, and now hold 76.4k net-shorts.



BULL

- ▶ The effects of dry weather in Brazil are starting to show, with yields down 6% year-on-year in July.

- ▶ The sugar mix in CS Brazil has been exceptionally low over the past fortnight.

- ▶ Agricultural yields in Russia are extremely low.



BEAR

- ▶ Rainfall across Thailand and India has been good so far this season.

- ▶ The release of Indonesian import licenses for Q3 2018 are still pending.

- ▶ Surplus sugar from origins including Mexico, South Africa, and Fiji will put additional pressure on the October expiry.

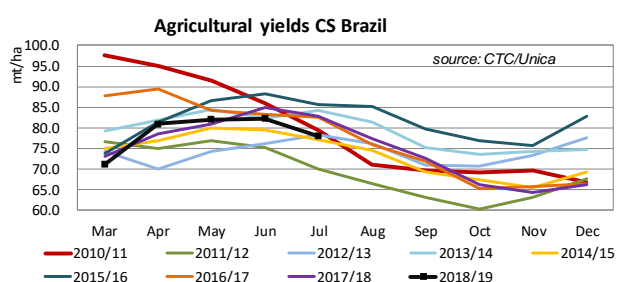


CS Brazil: UNICA Crushing Update

Cane (1000 mt) Fortnight	2017/18 1H Aug	2018/19 1H Aug	Variation Y-o-Y	
Cane (1000 mt)	45,437	33,562	↓	-11,875
Sugar (1000 mt)	3,143	1,715	↓	-1,428
Ethanol (1000 M3)	1,955	1,977	↑	21
ATR (kg/mt)	146.22	152.49	↑	6.3
Sugar mix (%)	50.1%	35.2%	↓	-14.9%

Cumulative	2017/18 1H Aug	2018/19 1H Aug	Variation Y-o-Y	
Cane (1000 mt)	343,774	348,510	↑	4,736
Sugar (1000 mt)	20,770	16,476	↓	-4,294
Ethanol (1000 M3)	13,566	18,046	↑	4,480
ATR (kg/mt)	130.38	136.43	↑	6
Sugar mix (%)	48.7%	36.4%	↓	-12.3%

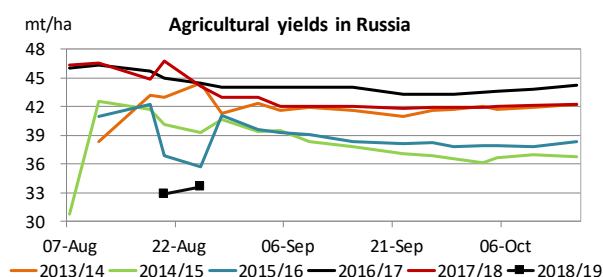
- ▶ During the first half of August, mills crushed 33.6 million mt of cane, 12 million mt down year-on-year due to the abundant rainfall.
- ▶ Despite the rainfall, the ATR increased from the previous fortnight to 152.5 kg/mt, vs 146.2 kg/mt last year.
- ▶ The sugar mix was extremely low at 35.2%, compared with almost 50% last season. The sugar mix was on the lower end of the range of market estimates, and so will be supportive for prices.
- ▶ Sugar production reached 1.7 million mt, 1.4 million mt less than last season.
- ▶ On a cumulative basis sugar production is 4.3 million mt down year-on-year, while the cane crush is 5 million mt ahead of last season.
- ▶ Agricultural yields for July fell to 78 mt/ha, vs 82.3 mt/ha in June and 82.8 mt/ha for the comparable period last year.



Russia: Production Update

	20-08-18	2017/18	2018/19	Var
Beet stored up		2,327	974	↓ - 1,353
Beet processed		2,110	850	↓ - 1,259
Beet in stocks		189	111	↓ - 78
Sugar produced		265	109	↓ - 156
Extr. rate		12.6	12.8	↑ 0.2
Factories		30	20	↓ - 10

- ▶ Russian harvesting and production results are lower than the comparable period last season: by 24 August, 43,000 ha were harvested and 1.4 million mt of beets had been dug out. Agricultural yields are at the lowest levels since 2010/11 season at 33.5 mt/ha, and are 24% down year-on-year.
- ▶ 20 factories were operating as of August 20; they have processed 850k mt of beets and produced 110k mt of sugar, which is 156k mt less than last season.
- ▶ Extraction rate is good: 12.8%, slightly up year-on-year.
- ▶ If agricultural yields remain so low, production may fall substantially. Currently production estimates are 6 million mt for 18/19 season.



India: Monsoon Update

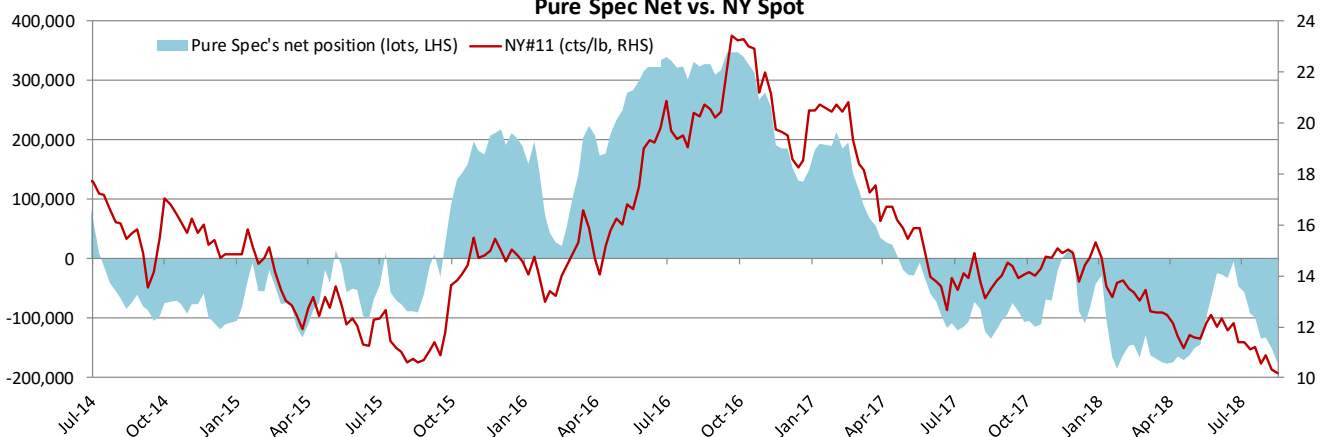
- ▶ In Uttar Pradesh, rainfall is 11% below average.
- ▶ In Central Maharashtra and Marathwada rainfall has been 9% and 4% above the historical average, respectively.
- ▶ South Karnataka received 21% less rainfall than normal, while North Karnataka received 11% more above the average.
- ▶ Telangana has received 8% below the average so far this season.



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
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
24-07-18	11.19	-99,141	236,725	335,866	261,332	-162,191	292,299	454,490	1,102,603
31-07-18	10.55	-134,179	229,537	363,716	258,461	-124,283	333,969	458,252	1,172,924
07-08-18	10.88	-132,331	226,861	359,192	251,907	-119,577	334,902	454,479	1,174,150
14-08-18	10.34	-149,658	224,256	373,914	250,246	-100,587	338,935	439,522	1,185,138
21-08-18	10.17	-175,261	212,274	387,535	251,598	-76,337	358,590	434,927	1,213,793
Lastet Change	-0.17	-25,603	-11,982	13,621	1,352	24,250	19,655	-4,595	28,655

Pure Spec Net vs. NY Spot



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