

# Sugar Weekly Report

August 6 – August 10 2018



Sugar Prices and Macros as of		10-Aug-18		3-Aug-18		10-Jul-18		Weekly Var.		Monthly Var.	
	10-Aug-18	3-Aug-18	10-Jul-18	Weekly Var.	Monthly Var.	10-Aug-18	3-Aug-18	10-Jul-18	Weekly Var.	Monthly Var.	
NY #11	10.54	10.85	11.41	↓ -0.31	↓	USD Index	96.27	95.16	94.15	↑ 1.11	↑ 2.11
London #5	315.7	324.3	339.7	↓ -8.6	↓	USDBZL	3.86	3.71	3.82	↑ 0.15	↑ 0.04
NY#16	25.72	26.05	26.00	↓ -0.33	↓	USDINR	69.13	68.51	68.70	↑ 0.62	↑ 0.44
Front White Premium	83.3	85.1	88.2	↓ -1.8	↓	EURUSD	1.14	1.16	1.17	↓ -0.02	↓ -0.03

## Market Situation at a Glance

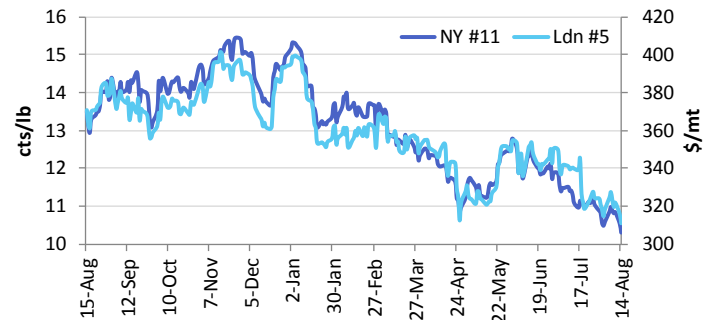
International Prices	10-Aug-18	3-Aug-18	Weekly Var.
<b>Sugar</b>			
NY #11	10.54	10.85	↓ -0.31 cts/lb
Front Spread	-0.96	-0.81	↓ -0.15 cts/lb
London #5	315.70	324.30	↓ -8.60 \$/mt
Front Spread	-2.30	0.90	↓ -3.20 \$/mt
White Premium	83.33	85.10	↓ -1.77 \$/mt
<b>USD Index</b>	96.27	95.16	↑ 1.11
USDBZL	3.86	3.71	↑ 0.15 R\$/
USDINR	69.13	68.51	↑ 0.62 RUP/\$
RUBUSD	67.66	63.32	↑ 4.34 RUB/\$
EURUSD	1.14	1.16	↓ -0.02 \$/EUR
<b>S&amp;P500</b>	2833	2840	↓ -7.07
<b>DJ Industrial Avg</b>	25509	25326	↑ 183.07
<b>Light Crude Oil</b>	67.75	68.68	↓ -0.93 \$/Barrel
<b>Corn</b>	357.25	369.75	↓ -12.50 cts/Bushel
<b>Wheat</b>	546.50	558.75	↓ -12.25 cts/Bushel
<b>Coffee (Arabic)</b>	107.00	107.75	↓ -0.75 cts/lb

## Domestic Markets

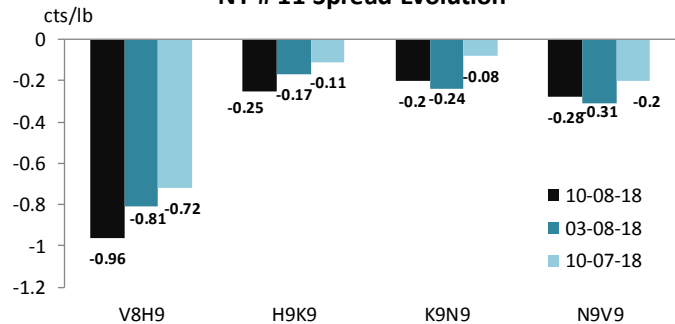
	10-Aug-18	3-Aug-18	Weekly Var.	Unit
<b>Brazil</b>				
NY Front Month in BZL	40.67	40.21	↑ 0.46	R\$ cts/lb
<b>Domestic:</b>				
Esalq Sugar (R\$)	50.79	50.77	↑ 0.02	R\$/50kg
Esalq Sugar (US\$)	13.16	13.70	↓ -0.54	cts/lb
Hydrous Ethanol (NY#11 equiv.)	11.55	12.09	↓ -0.54	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	11.37	13.00	↓ -1.63	cts/lb
<b>Ethanol/Gasoline in Sao Paolo</b>				
Ethanol	2,462	2,496	↓ -34	R\$/l
Gasoline	4,221	4,235	↓ -14	R\$/l
Ethanol/Gasoline Parity	58.3%	58.9%	↓ -1%	
Anhydrous from US Parity	-139.29	-79.85	↓ -59.44	USD/M3
Anhydrous to US Parity	-53.05	-116.14	↑ 63.08	USD/M3
<b>India</b>				
NCDEX	31,720	32,110	↓ -390	RUP/mt
S-Grade (Kolhapur)*	30,740	31,067	↓ -327	RUP/mt
M-Grade (Kolkatta)*	34,286	34,762	↓ -477	RUP/mt

\* price does not include GST of 5%

## Sugar Market



## NY # 11 Spread Evolution



China	10-Aug-18	03-Aug	Weekly Var.	Unit
ZCE Front Month	4,888	4,917	↓ -29	RMB/mt
ZCE Front Spread	102	86	↑ 16	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	10-Aug-18	3-Aug-18	Weekly Var.	Unit
No #16	25.72	26.05	↓ -0.33	cts/lb
#16/11 Spread	15.18	15.20	↓ -0.02	cts/lb

EU	10-Aug-18	3-Aug-18	Weekly Var.	Unit
Inquota Price	10	10	↑ 0.0	\$/m3
Out-of-Quota	10	10	↑ 0.0	\$/mt ov Ldn

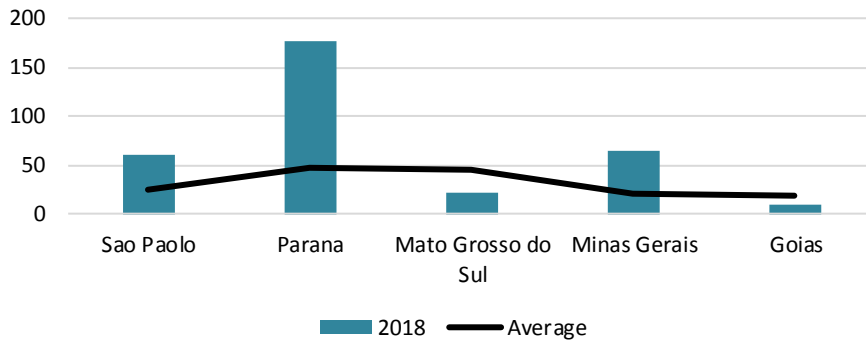
Russia	10-Aug-18	3-Aug-18	Weekly Var.	Unit
Price in Krasnodar	460	507	↓ -46.7	\$/m3

# Sugar Weekly Report

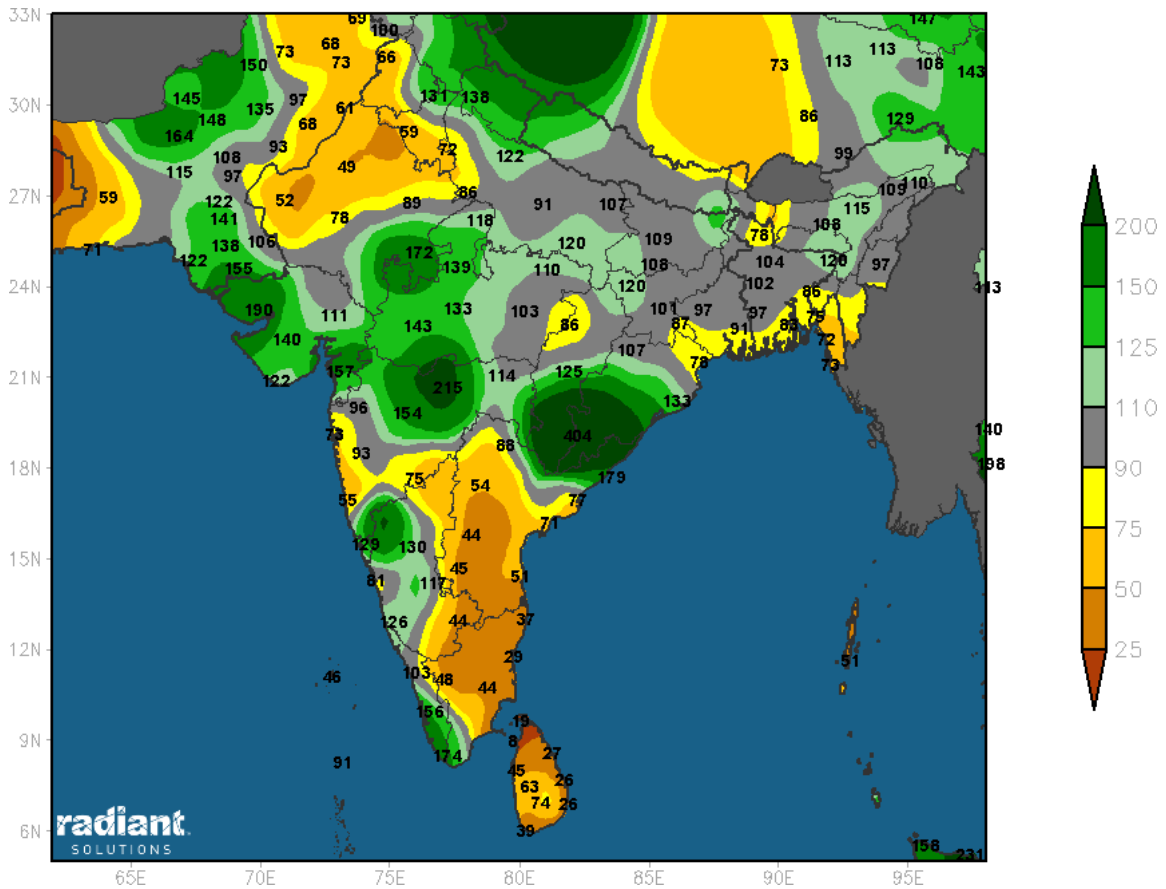


## Crushing Days Lost to Rain in CS Brazil

### August rains in CS Brazil



## Indian 15 Day Cumulative Rainfall (% of normal rain)



# Sugar Weekly Report



- NY Flat Price:** The NY October contract traded in a narrow range last week, remaining below 11 cts/lb.
- NY Spreads:** The October/March spread increased to 96 points carry on Friday, from 81 points carry a week earlier.
- London Market:** The October/October White Premium remained steady at \$83-84/mt, unchanged week-on-week.



- COT Report:** Speculators were net short 132.3k lots, 1.8k lots lower week-on-week. Index funds sold net 6.6k lots and now hold 251.9k lots of net-longs. Commercials were net short 119.6k lots, 4.7k lots lower week-on-week as they covered 3.8k lots of gross shorts.



**BULL**

- ▶ Monsoonal rainfall remains below average in Uttar Pradesh.
- ▶ Indian export parity is negative, with domestic prices higher than the world market.
- ▶ Sugar mix in CS Brazil remains the low.



**BEAR**

- ▶ ATR in CS Brazil is at the highest levels since 2006.
- ▶ Brazilian raw sugar exports remain slow, while the line-up is the lowest in the last 5 years.
- ▶ Indian stocks remain high and will cap any rally in world market prices.

# Sugar Weekly Report



## CS Brazil: UNICA Update

Cane (1000 mt) Fortnight	2017/18 2H Jul	2018/19	Variation Y-o-Y
Cane (1000 mt)	50,907	47,347	↓ -3,560
<b>Sugar (1000 mt)</b>	<b>3,425</b>	<b>2,615</b>	<b>↓ -810</b>
Ethanol (1000 M3)	2,089	2,604	↑ 515
ATR (kg/mt)	140.21	150.64	↑ 10.4
Sugar mix (%)	50.4%	38.5%	↓ -11.9%

Cumulative	2017/18 2H Jul	2018/19	Variation Y-o-Y
Cane (1000 mt)	298,337	314,801	↑ 16,464
<b>Sugar (1000 mt)</b>	<b>17,627</b>	<b>14,753</b>	<b>↓ - 2,874</b>
Ethanol (1000 M3)	11,610	16,054	↑ 4,444
ATR (kg/mt)	127.97	134.67	↑ 7
Sugar mix (%)	48.5%	36.5%	↓ -11.9%

- ▶ Mills crushed 47.3 million mt of cane during the second half of July, which is 3.6 million mt less than last season.
- ▶ ATR was 10.4 kg/mt higher year-on-year at 145.5 kg/mt; the sugar mix remained historically low for the fortnight at 38.5%.
- ▶ This led to sugar production of 2.6 million mt, 800k down year-on-year.
- ▶ Cumulative sugar production is not at 14.8 million mt, 2.9 million mt down year-on-year.
- ▶ It finally rained during the first half of August so the ATR is expected to drop, while the sugar mix is expected to remain around 37-38%.
- ▶ This may result in total production of 27.5 million mt, which is 500k mt less than our current estimate.

## India: Export Update

	May-18	Jun-18	Jul-18	Total
Myanmar	38,199	122,531	92,567	253,297
Sri Lanka	53,939	54,962	22,620	131,521
Sudan	20,008	3,750	520	24,278
Somalia	780	9,216	3,380	13,376
Dubai	520	3,120	1,222	4,862
Uganda	780	1,092	1,300	3,172
Others	11,591	9,680	5,032	26,303
<b>Total</b>	<b>125,817</b>	<b>204,351</b>	<b>126,641</b>	<b>456,809</b>

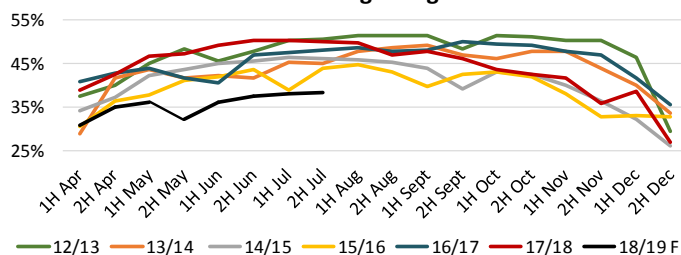
- ▶ In July, Indian crystals exports totalled 127k mt, compared with 204k mt in June.
- ▶ Most of the sugar went to Myanmar – 93k mt and Sri Lanka – 23k mt.
- ▶ Total exports since May have reached 260k mt, far from 2 million mt quota until the end of September.

## India: Monsoon Update

- ▶ Uttar Pradesh region's rain deficit remained stable at 8%.
- ▶ Since July 25, dry weather prevails in North Karnataka, Central Maharashtra. The forecast is changing slowly, with above normal rainfall expected over Vidarbha, Central Maharashtra and North/Central Karnataka region.
- ▶ South Peninsula covering Central Maharashtra, Marathwada, North Karnataka and Tamil Nadu had above average rains until July 25, but since then rainfall has been deficient.

Sub-division	Rainfall until 13 Aug (mm)		Normal (mm)	Variation 2018
	2018	2017		
W. UP	446.1	330.2	465.8	-4
E. UP	483.5	464.4	539.2	-10
<b>UP Region Avg</b>	<b>464.8</b>	<b>397.3</b>	<b>502.5</b>	<b>-8</b>
Central MH	469.3	494.3	479.3	-2
Marathwada	318.3	280.7	405.3	-21
North K'taka	224.7	236.5	292.0	-23
South K'taka	447.5	295.0	434.1	3
TN	131.8	175.6	144.2	-9
<b>Other Region Avg</b>	<b>318.3</b>	<b>296.4</b>	<b>351.0</b>	<b>-9</b>
<b>All India</b>	<b>515.6</b>	<b>553.8</b>	<b>571.6</b>	<b>-10</b>

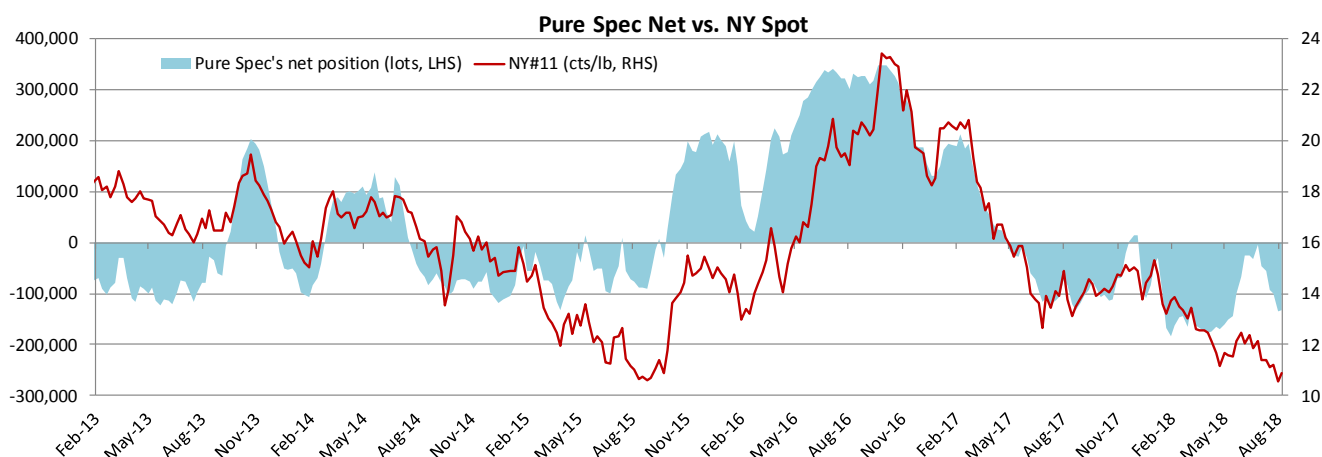
CS Brazil: fortnight sugar mix





## 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
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
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
<b>Lastet Change</b>	<b>0.33</b>	<b>1,848</b>	<b>-2,676</b>	<b>-4,524</b>	<b>-6,554</b>	<b>4,706</b>	<b>933</b>	<b>-3,773</b>	<b>1,226</b>



**Chris Winship (07) 4722 1986 | 0437 669 118**

**Zachary Wager (07) 4722 1956 | 0439 002 240**

**Simon Haire (07) 4945 9708 | 0437 803 019**

**Franco Zaini (07) 4720 2905 | 0419 476 770**

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