

Sugar Weekly Report

October 1 – October 5 2018



Sugar Prices and Macros as of	5-Oct-18			Weekly Var.		Monthly Var.		5-Oct-18			Weekly Var.		Monthly Var.		
NY #11	12.63	10.42	10.64	↑	2.21	↑		USD Index	95.60	95.13	95.41	↑	0.46	↑	0.18
London #5	345.8	320.5	328.9	↑	25.3	↑		USDBZL	3.84	4.05	4.16	↓	-0.21	↓	-0.32
NY#16	25.10	25.34	25.47	↓	-0.24	↓		USDINR	74.12	72.50	71.46	↑	1.62	↑	2.66
Front White Premium	67.4	90.8	94.3	↓	-23.4	↓		EURUSD	1.15	1.16	1.16	↓	-0.01	↓	-0.01

Market Situation at a Glance

International Prices	5-Oct-18	28-Sep-18	Weekly Var.
Sugar			
NY #11	12.63	10.42	↑ 2.21 cts/lb
Front Spread	-0.12	-0.09	↓ -0.03 cts/lb
London #5	345.80	320.50	↑ 25.30 \$/mt
Front Spread	-3.70	0.80	↓ -4.50 \$/mt
White Premium	67.36	90.78	↓ -23.42 \$/mt
USD Index	95.60	95.13	↑ 0.46
USDBZL	3.84	4.05	↓ -0.21 R\$/
USDINR	74.12	72.50	↑ 1.62 RUP/\$
RUBUSD	66.64	65.60	↑ 1.05 RUB/\$
EURUSD	1.15	1.16	↓ -0.01 \$/EUR
S&P500	2886	2914	↓ -28.41
DJ Industrial Avg	26627	26440	↑ 187.55
Light Crude Oil	74.29	73.56	↑ 0.73 \$/Barrel
Corn	368.00	356.50	↑ 11.50 cts/Bushel
Wheat	523.00	510.50	↑ 12.50 cts/Bushel
Coffee (Arabic)	108.95	102.45	↑ 6.50 cts/lb

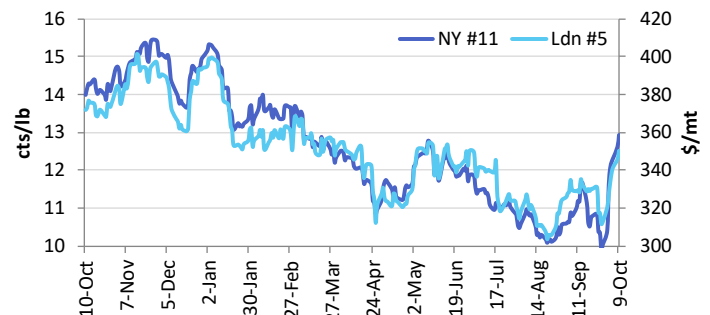
Domestic Markets

	5-Oct-18	28-Sep-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	48.45	42.18	↑ 6.28	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	63.11	62.63	↑ 0.48	R\$/50kg
Esalq Sugar (US\$)	16.45	15.47	↑ 0.98	cts/lb
Hydrous Ethanol (NY#11 equiv.)	14.45	13.29	↑ 1.16	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.80	13.77	↑ 1.03	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,682	2,685	↓ -3	R\$/l
Gasoline	4,469	4,476	↓ -7	R\$/l
Ethanol/Gasoline Parity	60.0%	60.0%	0%	
Anhydrous from US Parity	-7.99	-47.46	↑ 39.48	USD/M3
Anhydrous to US Parity	-187.95	-144.74	↓ -43.21	USD/M3

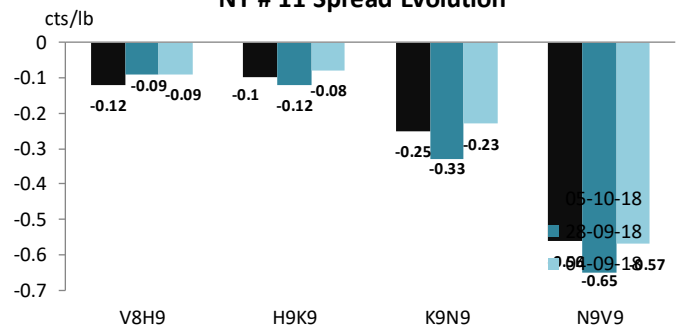
India				
NCDEX	31,270	31,300	↓ -30	RUP/mt
S-Grade (Kolhapur)*	30,190	29,988	↑ 203	RUP/mt
M-Grade (Kolkatta)*	34,310	34,286	↑ 24	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China		5-Oct-18	28-Sep	Weekly Var.	Unit
ZCE Front Month		4,817	4,693	↑ 124	RMB/mt
ZCE Front Spread		319	301	↑ 18	RMB/mt
Northern Spot Cash	Rizhao	5,720	5,480	↑ 240	RMB/mt
Southern Spot Cash	Liuzhou	5,700	5,520	↑ 180	RMB/mt

USA		5-Oct-18	28-Sep-18	Weekly Var.	Unit
No #16		25.10	25.34	↓ -0.24	cts/lb
#16/11 Spread		12.47	14.92	↓ -2.45	cts/lb

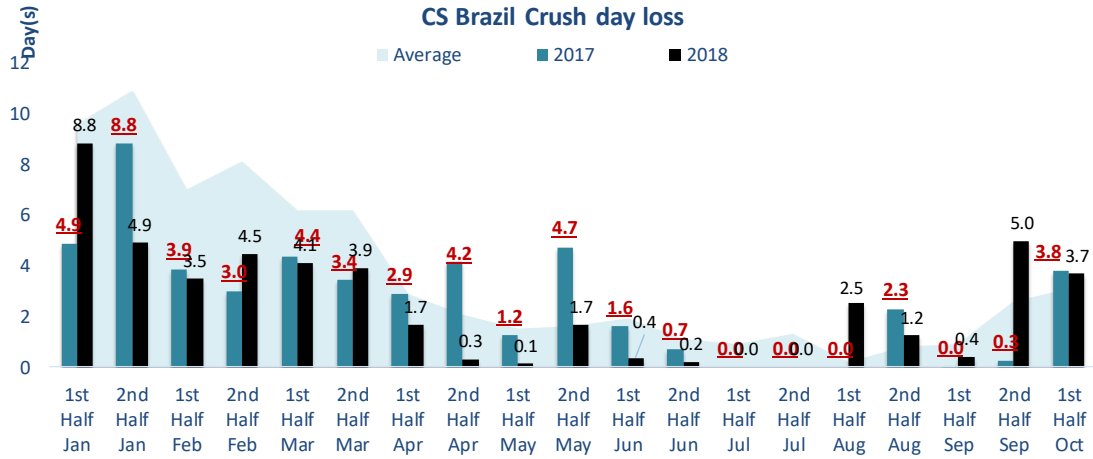
EU		5-Oct-18	28-Sep-18	Weekly Var.	Unit
EU 45s containers		0	1	↓ -1.0	\$/m3

Russia		5-Oct-18	28-Sep-18	Weekly Var.	Unit
Price in Krasnodar		554	562	↓ -7.7	\$/m3

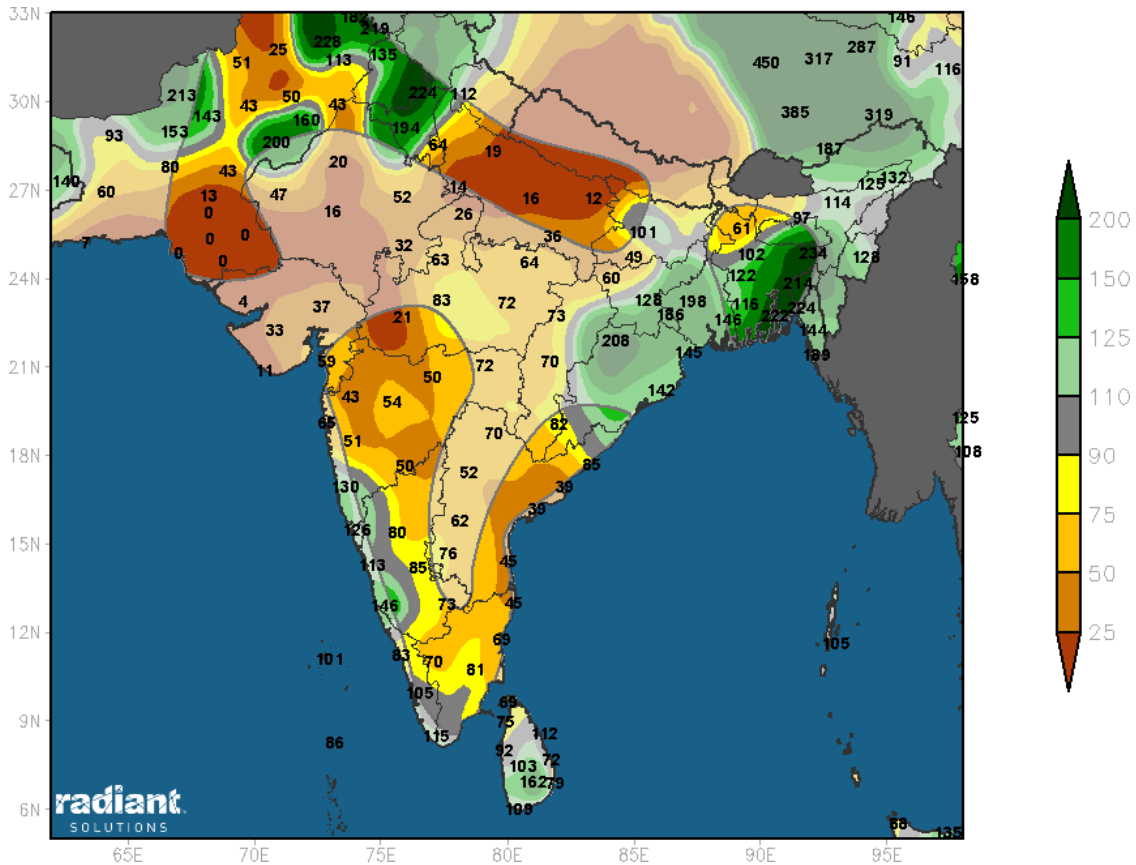
Sugar Weekly Report



Crushing Days Lost to Rain in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- NY Flat Price:** Prices rallied over the past week, the NY March contract reached high of 12.70 cts/lb on Friday, closing at 12.63 cts/lb, up from 11.2 cts/lb the previous week.

- NY Spreads:** The March/May spread reached a high of 5 points carry, closing at 12 points carry on Friday.

- London Market:** The March/March White Premium traded at similar levels as the previous week, around \$72/mt.

- COT Report:** Speculators have increased their net-short positions to 142.8k lots, this was somewhat surprising as prices recovered almost 100 points from the previous week. Index funds were net buyers of 1.4k lots and now hold 261k lots of net-long. Commercials also bought net 9.8k lots and now hold 118.2k lots of net-shorts.



BULL

- Chances of El-Nino starting in Q4 2018 have increased to 70%.

- In CS Brazil recent rainfall has been above average and cane crushing rates will be reduced as well as the sugar mix.

- Estimates of sugar production in CS Brazil for the 2019/20 season are below 26 million mt.



BEAR

- White sugar flows in Myanmar remain slow.

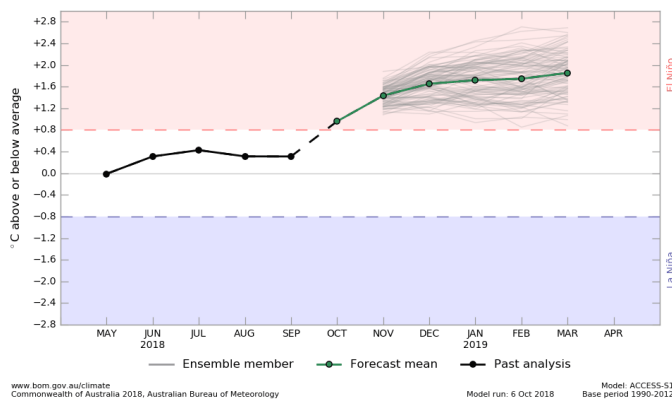
- Exports from India will result in refined trade flow surpluses.



El-Nino: Chances Increase to 70%

- ▶ According to the Australian Bureau of Meteorology, there is now 70% chances of El-Nino occurring in December 2018 (compared with 50% in the previous release).
- ▶ Most models forecast El Niño thresholds will be exceeded in December 2018, with two other models falling just short.
- ▶ If El-Nino is confirmed, it will result in drier than usual weather across Asia, while wetter than usual conditions CS Brazil.

Monthly sea surface temperature anomalies for NINO3.4 region

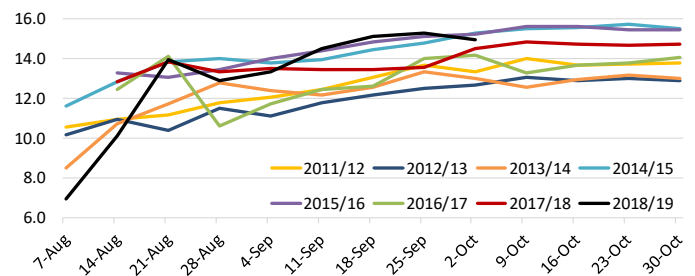


Russia: Production Update

02-10-18	2017/18	2018/19	Var
Beet stored up	16,480	14,540	↓ - 1,939
Beet processed	14,205	12,747	↓ - 1,457
Beet in stocks	2,275	1,656	↓ - 619
Sugar produced	1,919	1,845	↓ - 74
Extr. rate	13.5	14.5	↑ 1.0
Factories	74	73	↓ - 1

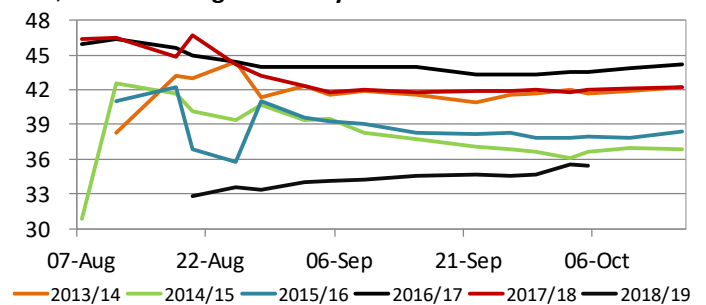
- ▶ 73 factories had processed 14.6 million mt of beet by October 2, 2 million mt below last year.
- ▶ Industrial yields remain extremely good – 14.5% - above 13.5% achieved last season.

Industrial yields in Russia (%)



- ▶ Production is expected to be around 5.7-5.8 million mt depending on the beet quality at the end of the crushing campaign.

mt/ha Agricultural yields in Russia

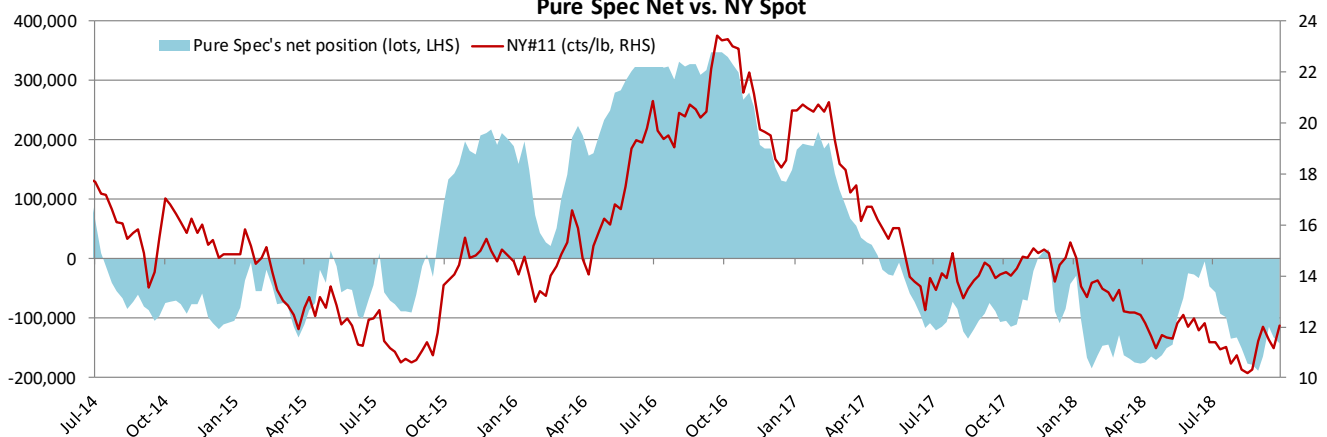




COT RECAP

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
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
28-08-18	10.31	-177,188	206,299	383,487	253,990	-76,802	357,818	434,620	1,209,619
04-09-18	11.46	-188,738	194,801	383,539	254,212	-65,475	362,722	428,197	1,169,954
11-09-18	12	-163,835	176,899	340,734	258,465	-94,629	332,284	426,913	1,070,771
18-09-18	11.5	-113,669	170,594	284,263	269,221	-155,552	262,637	418,189	925,097
25-09-18	11.15	-131,636	183,095	314,731	259,603	-127,968	259,199	387,167	945,821
02-10-18	12.07	-142,817	174,210	317,027	260,993	-118,176	265,340	383,516	950,881
Lastet Change	0.92	-11,181	-8,885	2,296	1,390	9,792	6,141	-3,651	5,060

Pure Spec Net vs. NY Spot



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