

Sugar Weekly Report

September 24 – September 28 2018



Sugar Prices and Macros as of	28-Sep-18					Weekly Var.	Monthly Var.	28-Sep-18				
	28-Sep-18	21-Sep-18	28-Aug-18	Weekly Var.	Monthly Var.			28-Sep-18	21-Sep-18	28-Aug-18	Weekly Var.	Monthly Var.
NY #11	10.42	10.84	10.31	↓ -0.42	↑	USD Index	95.13	94.22	94.72	↑ 0.92	↑	0.42
London #5	320.5	331.0	317.2	↓ -10.5	↑	USDBZL	4.05	4.05	4.13	↓ -0.00	↓	-0.09
NY#16	25.34	25.39	25.46	↓ -0.05	↓	USDINR	72.50	72.23	70.10	↑ 0.27	↑	2.40
Front White Premium	90.8	92.0	89.9	↓ -1.2	↑	EURUSD	1.16	1.17	1.17	↓ -0.01	↓	-0.01

Market Situation at a Glance

International Prices	28-Sep-18	21-Sep-18	Weekly Var.
Sugar			
NY #11	10.42	10.84	↓ -0.42 cts/lb
Front Spread	-0.09	-0.12	↑ 0.03 cts/lb
London #5	320.50	331.00	↓ -10.50 \$/mt
Front Spread	0.80	-2.00	↑ 2.80 \$/mt
White Premium	90.78	92.02	↓ -1.24 \$/mt
USD Index	95.13	94.22	↑ 0.92
USDBZL	4.05	4.05	↓ -0.00 R\$/
USDINR	72.50	72.23	↑ 0.27 RUP/\$
RUBUSD	65.60	66.45	↓ -0.85 RUB/\$
EURUSD	1.16	1.17	↓ -0.01 \$/EUR
S&P500	2914	2930	↓ -15.69
DJ Industrial Avg	26440	26657	↓ -217.05
Light Crude Oil	73.56	70.71	↑ 2.85 \$/Barrel
Corn	356.50	357.75	↓ -1.25 cts/Bushel
Wheat	510.50	522.50	↓ -12.00 cts/Bushel
Coffee (Arabic)	102.45	99.70	↑ 2.75 cts/lb

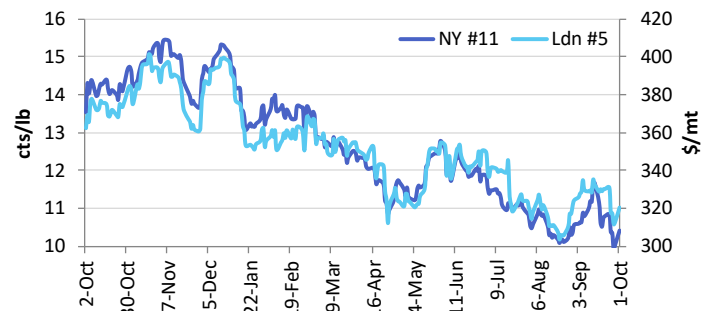
Domestic Markets

	28-Sep-18	21-Sep-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	42.18	43.88	↓ -1.70	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	62.63	62.17	↑ 0.46	R\$/50kg
Esalq Sugar (US\$)	15.47	15.36	↑ 0.11	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.19	12.89	↑ 0.30	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	13.67	13.37	↑ 0.30	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,685	2,641	↑ 44	R\$/l
Gasoline	4,476	4,414	↑ 62	R\$/l
Ethanol/Gasoline Parity	60.0%	59.8%	↑ 0%	
Anhydrous from US Parity	-47.46	-53.81	↑ 6.35	USD/M3
Anhydrous to US Parity	-144.74	-138.23	↓ -6.51	USD/M3

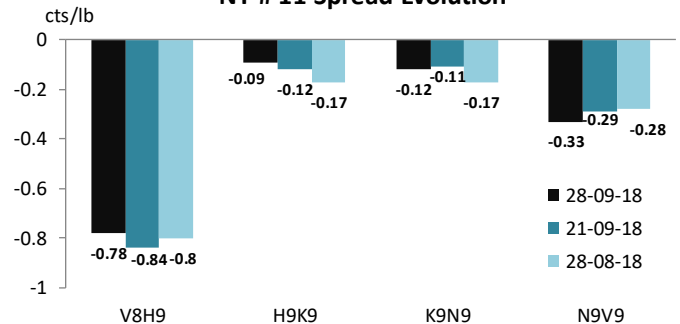
India				
NCDEX	31,300	31,380	↓ -80	RUP/mt
S-Grade (Kolhapur)*	29,988	30,234	↓ -246	RUP/mt
M-Grade (Kolkatta)*	34,286	34,857	↓ -572	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	28-Sep-18	21-Sep	Weekly Var.	Unit
ZCE Front Month	4,713	4,673	↑ 40	RMB/mt
ZCE Front Spread	288	267	↑ 21	RMB/mt
Northern Spot Cash	Rizhao 5,480	5,450	↑ 30	RMB/mt
Southern Spot Cash	Liuzhou 5,520	5,430	↑ 90	RMB/mt

USA	28-Sep-18	21-Sep-18	Weekly Var.	Unit
No #16	25.34	25.39	↓ -0.05	cts/lb
#16/11 Spread	14.92	14.55	↑ 0.37	cts/lb

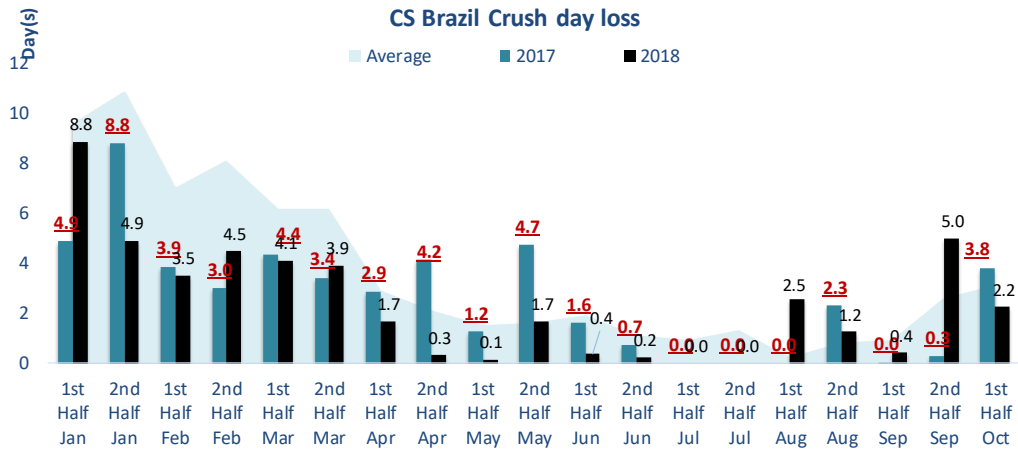
EU	28-Sep-18	21-Sep-18	Weekly Var.	Unit
EU 45s containers	1	0	↑ 1.0	\$/mt ov Ldn

Russia	28-Sep-18	21-Sep-18	Weekly Var.	Unit
Price in Krasnodar	562	527	↑ 35.4	\$/m3

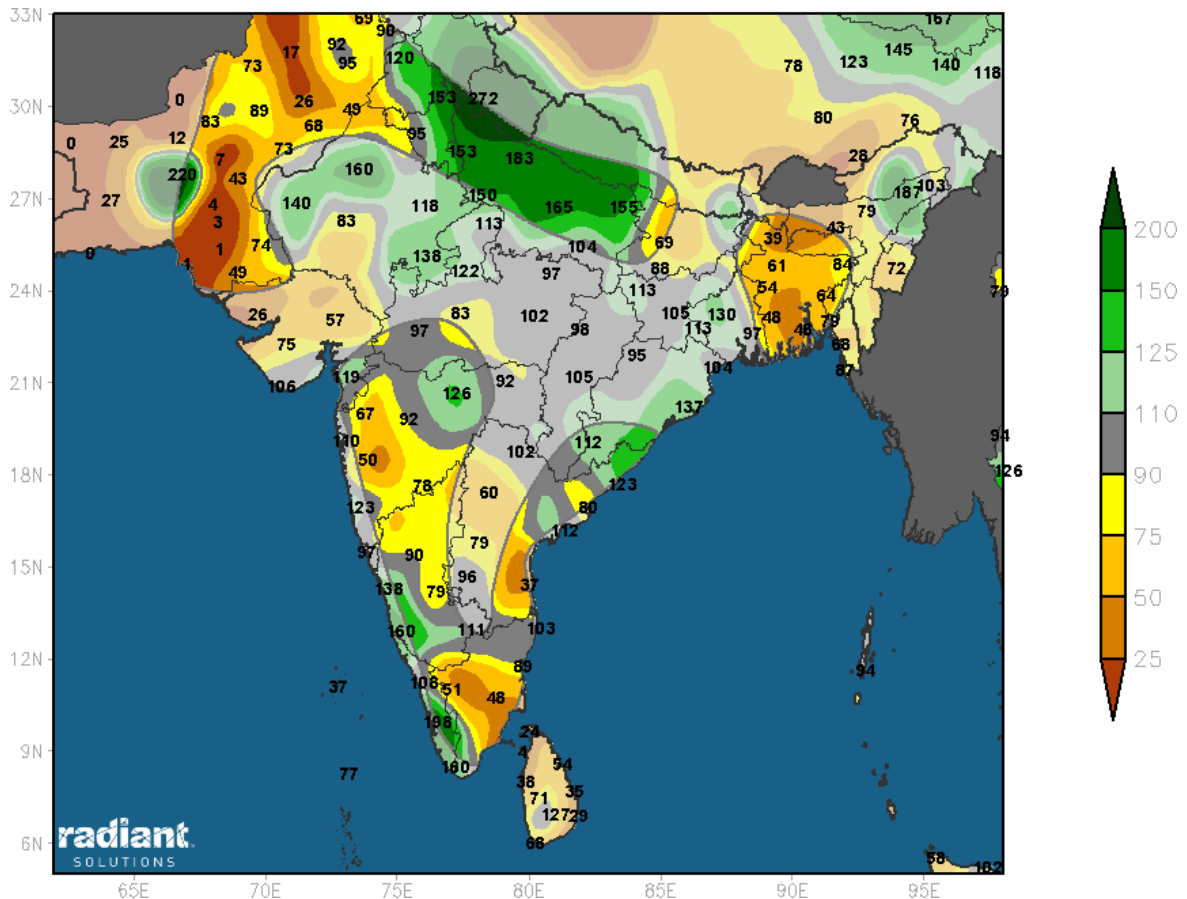
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Crushing Days Lost to Rain in CS Brazil



Indian Cumulative Monsoon (% of normal rain)

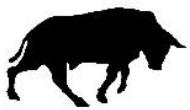


Sugar Weekly Report



- **NY Flat Price:** The NY March contract closed at 11.2 cts/lb last Friday, down from 11.68 cts/lb the previous week.
- **NY Spreads:** The October/March spread expired at 78 points carry. While the March/May spread fell to a low of 15 points carry and closed at 9 points carry last Friday.
- **London Market:** The March/March White Premium traded at similar levels from the previous week, around \$72/mt. Prices did rally however to reach a high of \$78/mt.
- **COT Report:** Speculators increased their net-shorts by 18k lots and now are 131.6k lots net-short, they added 30.5k lots of gross shorts and added 12.5k lots of gross longs. Index funds sold net 9.6k lots and now are 259.6k lots net-long. Commercials reduced their net-shorts to 128k lots, covering 31k lots of gross shorts and liquidating 3.4k lots of gross longs.

NY #11 Weekly continuation chart



BULL

- ▶ EU production estimates have been reduced to 19.2 million mt in 2018/19.
- ▶ The Philippines are expected to issue import licenses for refined sugar this week.
- ▶ Brazilian sugar production in 2018/19 season is estimated at 26.5-27 million mt.



BEAR

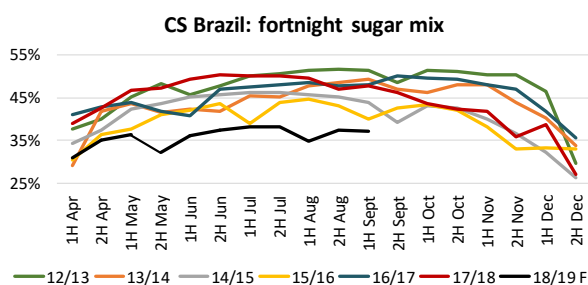
- ▶ India has announced an export subsidy of approximately \$160/mt of sugar for 5 million mt in 2018/19.
- ▶ Mexico is expected to have a surplus of sugar next season.
- ▶ Myanmar re-exports to China have stopped.



UNICA: Production Update

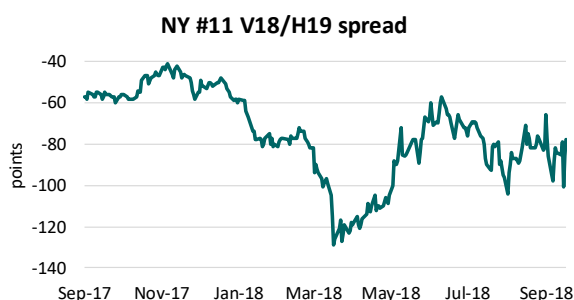
Cane (1000 mt)	2017/18	2018/19	Variation Y-o-Y
Fortnight	1H Sept		
Cane (1000 mt)	45,472	38,582	↓ -6,890
Sugar (1000 mt)	3,137	2,151	↓ -987
Ethanol (1000 M3)	2,112	2,261	↑ 148
ATR (kg/mt)	150.92	156.97	↑ 6.1
Sugar mix (%)	47.98%	37.3%	↓ -10.7%
Cumulative	2017/18	2018/19	Variation Y-o-Y
	1H Sept		
Cane (1000 mt)	428,322	430,348	↑ 2,026
Sugar (1000 mt)	26,480	20,993	↓ - 5,487
Ethanol (1000 M3)	17,463	22,756	↑ 5,293
ATR (kg/mt)	133.95	139.89	↑ 6
Sugar mix (%)	48.4%	36.6%	↓ -11.8%

- ▶ During the first half of September mills crushed 38.6 million mt of cane, down 7 million mt year-on-year due to increased wet weather stoppages.
- ▶ Sugar mix was at 37.3%, down from 48% last season. ATR reached its peak at 157 kg/mt, above the result from last year at 151 kg/mt.
- ▶ This resulted in sugar production of 2.15 million mt, almost 1 million mt down year-on-year.
- ▶ Cumulative sugar production is currently at 21 million mt, 5.5 million mt down year-on-year.
- ▶ Total sugar production for 18/19 season not expected to surpass 27 million mt, this is due to strong ethanol mix.
- ▶ The second half of September has seen reasonable rainfall – with approximately 5 days lost to rain.



October Contract Expiry

- ▶ The October contract traded off board at 10.42 cts/lb. The October/March spread during last trading days widened to 102 points carry and expired at 78 points carry.
- ▶ Deliveries against the October contract were the lowest since 2011, with 270k mt delivered by Wilmar, ED&F Man and Sucden, while Louis Dreyfus Company was a receiver. Among the origins were Central America, Brazil, Mexico and South Africa.



Russia: Production Update

	24-09-18	2017/18	2018/19	Var
Beet stored up		13,518	11,584	↓ - 1,934
Beet processed		11,984	10,150	↓ - 1,834
Beet in stocks		1,421	1,332	↓ - 89
Sugar produced		1,597	1,457	↓ - 140
Extr. rate		13.3	14.4	↑ 1.0
Factories		74	72	↓ - 2

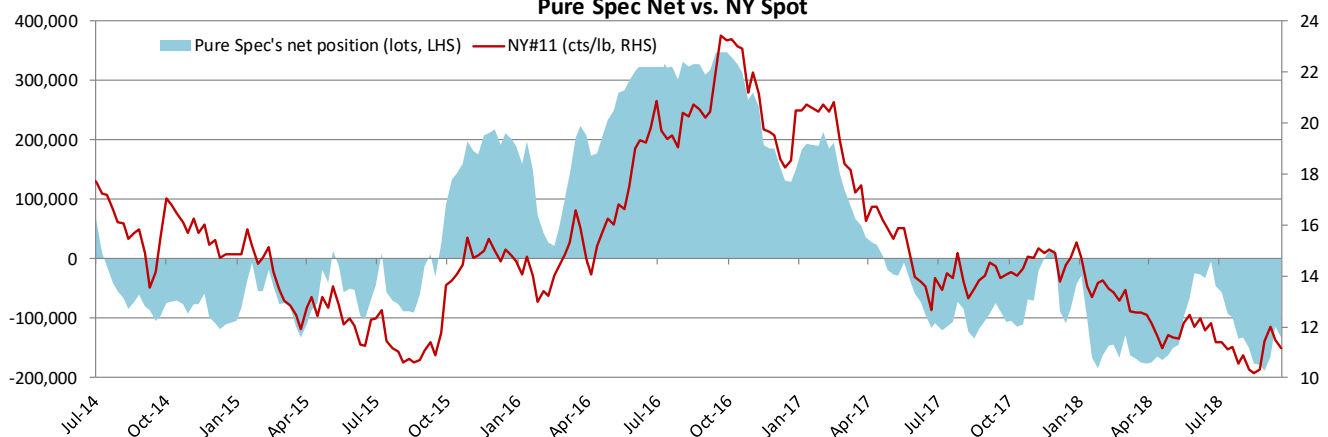
- ▶ 72 factories processed 10.2 million mt of beets, 1.8 million mt below last season.
- ▶ Sugar production reached 1.33 million mt, 90k down year-on-year, while the extraction rate is extremely good at 14.4%.
- ▶ Agricultural yields still remain weak, currently 18% down year-on-year at 34.6 mt/ha.
- ▶ With such low yields production is expected to reach 5.6-5.8 million mt, down from 6.5 million mt last 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
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
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	11.50	-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
Lastet Change	-0.35	-17,967	12,501	30,468	-9,618	27,584	-3,438	-31,022	20,724

Pure Spec Net vs. NY Spot



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