

Sugar Weekly Report

October 8 – October 12 2018



Sugar Prices and Macros as of		12-Oct-18					12-Oct-18			5-Oct-18		11-Sep-18		Weekly Var.		Monthly Var.	
		12-Oct-18	5-Oct-18	11-Sep-18	Weekly Var.	Monthly Var.	12-Oct-18	5-Oct-18	11-Sep-18	Weekly Var.	Monthly Var.	12-Oct-18	5-Oct-18	11-Sep-18	Weekly Var.	Monthly Var.	
NY #11		13.07	12.63	11.18	↑ 0.44		USD Index	95.23	95.60	95.11	↓ -0.36				↑ 0.13		
London #5		363.2	345.8	328.5	↑ 17.4		USDBZL	3.78	3.84	4.15	↓ -0.05				↓ -0.37		
NY#16		25.12	25.10	25.37	↓ 0.02		USDINR	73.73	74.12	72.64	↓ -0.39				↑ 1.09		
Front White Premium		75.1	67.4	82.0	↓ 7.7		EURUSD	1.16	1.15	1.16	↑ 0.00				↓ -0.00		

Market Situation at a Glance

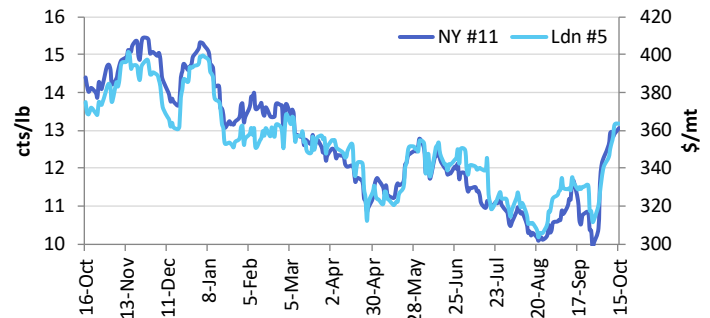
International Prices	12-Oct-18	5-Oct-18	Weekly Var.
Sugar			
NY #11	13.07	12.63	↑ 0.44 cts/lb
Front Spread	-0.12	-0.12	↑ 0.00 cts/lb
London #5	363.20	345.80	↑ 17.40 \$/mt
Front Spread	0.20	-3.70	↑ 3.90 \$/mt
White Premium	75.06	67.36	↑ 7.70 \$/mt
USD Index	95.23	95.60	↓ -0.36
USDBZL	3.78	3.84	↓ -0.05 R\$/
USDINR	73.73	74.12	↓ -0.39 RUP/\$
RUBUSD	66.12	66.64	↓ -0.52 RUB/\$
EURUSD	1.16	1.15	↑ 0.00 \$/EUR
S&P500	2767	2886	↓ -118.44
DJ Industrial Avg	25053	26627	↓ -1,574.65
Light Crude Oil	71.51	74.29	↓ -2.78 \$/Barrel
Corn	373.25	368.00	↑ 5.25 cts/Bushel
Wheat	517.75	523.00	↓ -5.25 cts/Bushel
Coffee (Arabic)	116.55	108.95	↑ 7.60 cts/lb

Domestic Markets

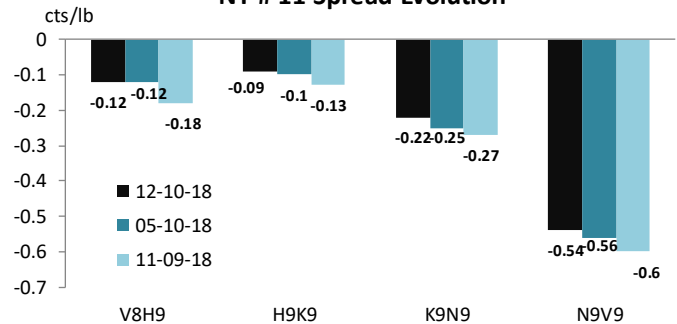
	12-Oct-18	5-Oct-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	49.44	48.45	↑ 0.98	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	63.63	63.11	↑ 0.52	R\$/50kg
Esalq Sugar (US\$)	16.82	16.45	↑ 0.37	cts/lb
Hydrous Ethanol (NY#11 equiv.)	14.88	14.45	↑ 0.43	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	15.30	14.80	↑ 0.50	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,682	2,682	↑ 0	R\$/l
Gasoline	4,469	4,469	↑ 0	R\$/l
Ethanol/Gasoline Parity	60.0%	60.0%	↑ 0%	
Anhydrous from US Parity	9.99	-7.99	↑ 17.98	USD/M3
Anhydrous to US Parity	-207.12	-187.95	↓ -19.17	USD/M3
India				
NCDEX	31,030	31,270	↓ -240	RUP/mt
S-Grade (Kolhapur)*	30,000	30,190	↓ -190	RUP/mt
M-Grade (Kolkatta)*	35,238	34,310	↑ 929	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	12-Oct-18	05-Oct	Weekly Var.	Unit
ZCE Front Month	4,824	4,693	↑ 131	RMB/mt
ZCE Front Spread	273	301	↓ -28	RMB/mt
Northern Spot Cash	Rizhao 5,500	5,720	↓ -220	RMB/mt
Southern Spot Cash	Liuzhou 5,750	5,700	↑ 50	RMB/mt

USA	12-Oct-18	5-Oct-18	Weekly Var.	Unit
No #16	25.12	25.10	↑ 0.02	cts/lb
#16/11 Spread	12.05	12.47	↓ -0.42	cts/lb

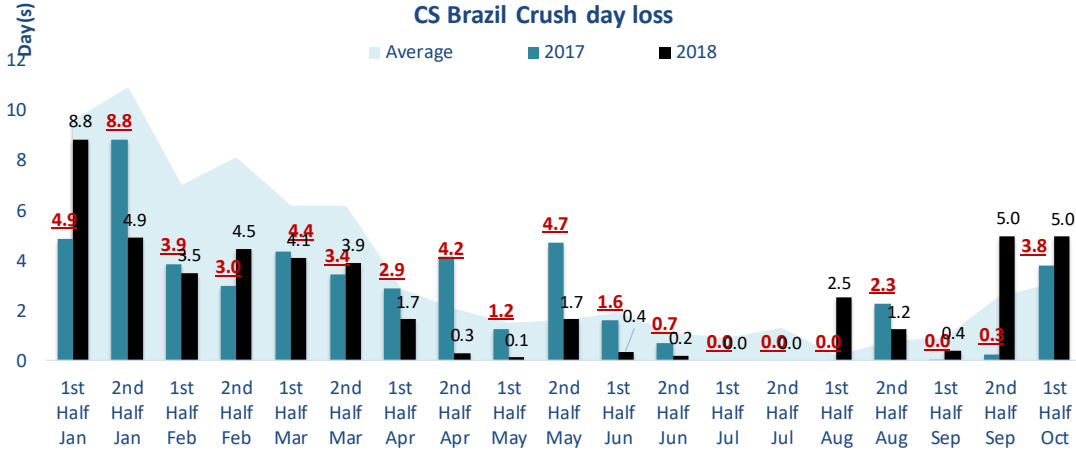
EU	12-Oct-18	5-Oct-18	Weekly Var.	Unit
EU 45s containers	13	0	↑ 13.0	\$/mt ov Ldn

Russia	12-Oct-18	5-Oct-18	Weekly Var.	Unit
Price in Krasnodar	544	554	↓ -10.3	\$/m3

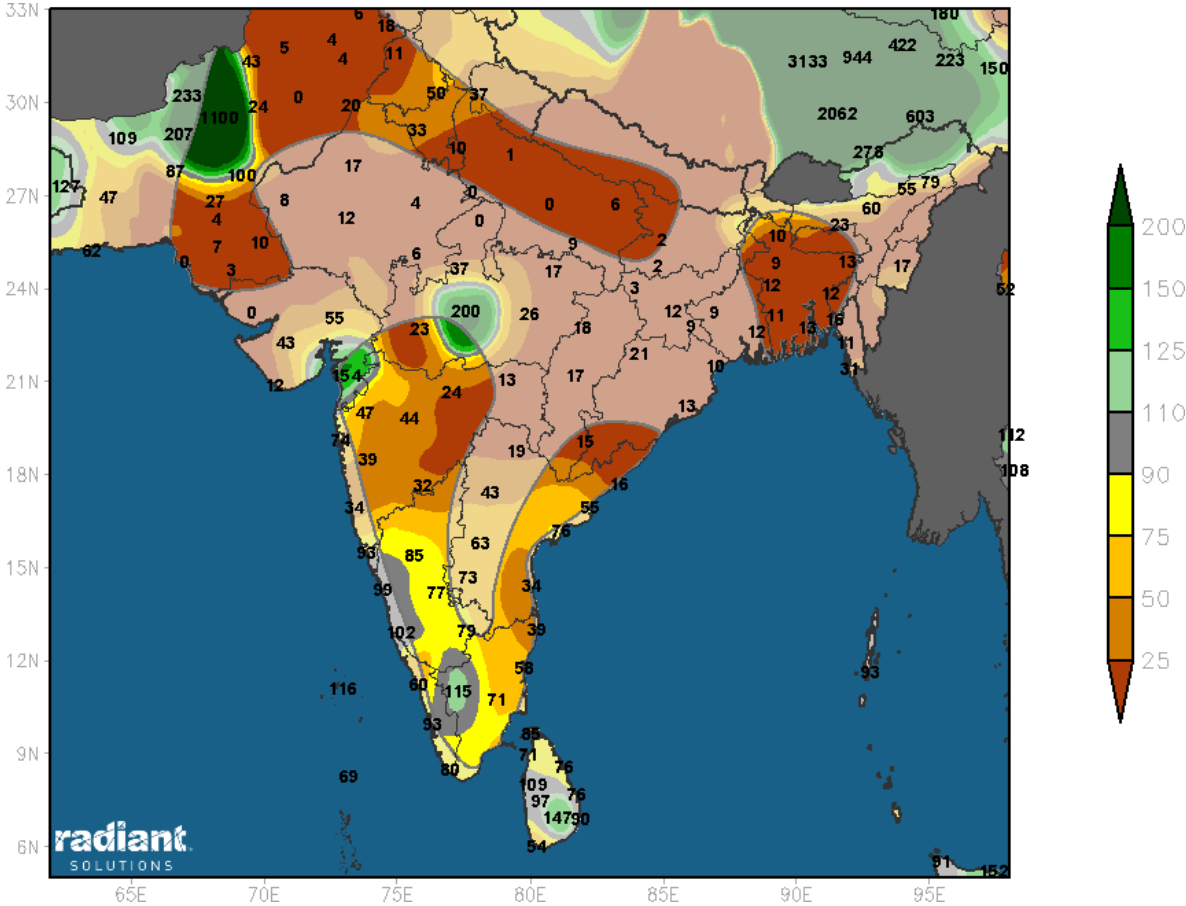
Sugar Weekly Report



Crushing Days Lost to Rain in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report

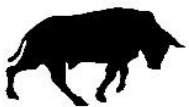


- **NY Flat Price:** Prices continued the upward trend over the past week, with the March contract reaching a high of 13.28 cts/lb, closing at 13.07 cts/lb on Friday, up from 12.63 cts/lb the previous week.

- **NY Spreads:** The March/May spread traded sideways, closing at 12 points carry.

- **London Market:** The March/March White Premium increased to \$75/mt from \$72/mt a week earlier.

- **COT Report:** Speculators covered 55k lots of net-shorts and now hold 88k lots of net-shorts, occurring over the past week where prices rallied to 12.99 cts/lb. Index funds were net buyers – adding 5.6k lots of net-longs and now hold 266.6k lots of net-longs. Commercials increased their net-short position by 60.3k lots to 178.5k net-shorts, likely the result of producers pricing into the strength in prices.



BULL

- ▶ Sugar production in CS Brazil may fall below 26 million mt this season, as the recent rainfall will result in less cane crushed and a higher ethanol mix.
- ▶ Sugar production in CS Brazil next season may be even lower due to strong ethanol demand.
- ▶ EU/Russian crops are expected to be lower and so exports are expected to drop.



BEAR

- ▶ Good rainfall across CS Brazil will boost the cane for next season.
- ▶ The surplus of Mexican sugar may reach the market in 2019.
- ▶ Carry-over stocks into 2019 in Australia are much higher than last season.

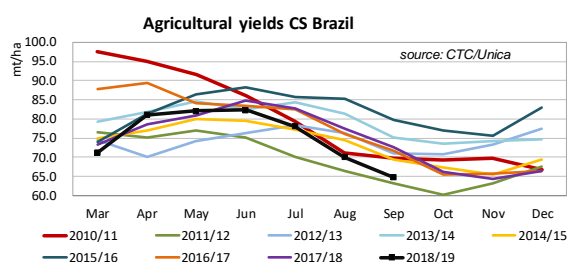


CS Brazil: UNICA Production Update

Cane (1000 mt) Fortnight	2017/18 2H Sept	2018/19 2H Sept	Variation Y-o-Y	
Cane (1000 mt)	40,460	27,643	↓	-12,817
Sugar (1000 mt)	2,859	1,286	↓	-1,573
Ethanol (1000 M3)	2,037	1,634	↓	-404
ATR (kg/mt)	159.30	147.61	↓	11.7
Sugar mix (%)	46.55%	33.1%	↓	-13.5%

Cumulative	2017/18 2H Sept	2018/19 2H Sept	Variation Y-o-Y	
Cane (1000 mt)	468,782	457,933	↓	10,849
Sugar (1000 mt)	29,338	22,273	↓	7,065
Ethanol (1000 M3)	19,500	24,386	↑	4,885
ATR (kg/mt)	136.13	140.34	↑	4
Sugar mix (%)	48.3%	36.4%	↓	-11.9%

- ▶ Mills in CS Brazil crushed 27.6 million mt of cane during the second half of September, this result was 13 million mt down year-on-year due to rainfall over the past fortnight.
- ▶ ATR dropped to 147.6 kg/mt from close to 160 kg/mt during the first half of September and also last year.
- ▶ Sugar mix remains extremely low at 33%.
- ▶ Sugar production reached 1.3 million mt, 400k mt down year-on-year.
- ▶ Agricultural yields for September were at 64.7 mt/ha, down from 72.6 mt/ha last season.
- ▶ October is going to be much wetter than average, so the ethanol mix may be even stronger due to low crush and sugar production may not even reach 26 million mt.



Australia: Production Update

Australian crushing update			
Week 19	2017	2018	Δ
Cane crushed (000 Mt)	24,117	25,053	↑ 937
CCS(%)	12.55	13.49	↑ 0.9
Sugar (000 Mt)	2,917	3,257	↑ 340

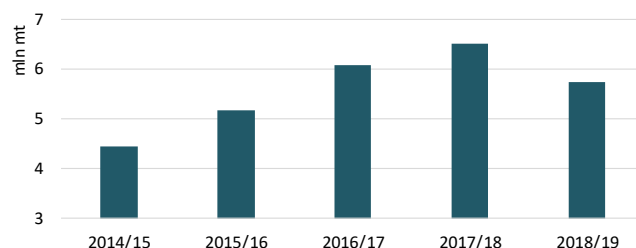
- ▶ Mills in Australia have crushed 25 million mt of cane by October 7, almost 1 million mt above last season.
- ▶ Industrial yield stood at 13.5% vs 12.6% last year.
- ▶ Sugar Production reached 3.3 million mt, 340k above last season.

Russia: Production Update

08-10-18	2017/18	2018/19	Var
Beet stored up	20,077	17,639	↓ - 2,439
Beet processed	16,757	15,293	↓ - 1,463
Beet in stocks	3,321	2,161	↓ - 1,160
Sugar produced	2,299	2,232	↓ - 67
Extr. rate	13.7	14.6	↑ 0.9
Factories	75	73	↓ - 2

- ▶ Russian factories processed 17.6 million mt of beets by 8 of October, - 2.4 million mt below last year.
- ▶ Extraction rate stood at 14.6% vs 13.7% last year.
- ▶ Sugar production reached 2.2 million mt, a similar result to a year earlier.
- ▶ Agricultural yields remain significantly below last season – 35.8 mt/ha vs 42.2 mt/ha (-15% year-on-year).

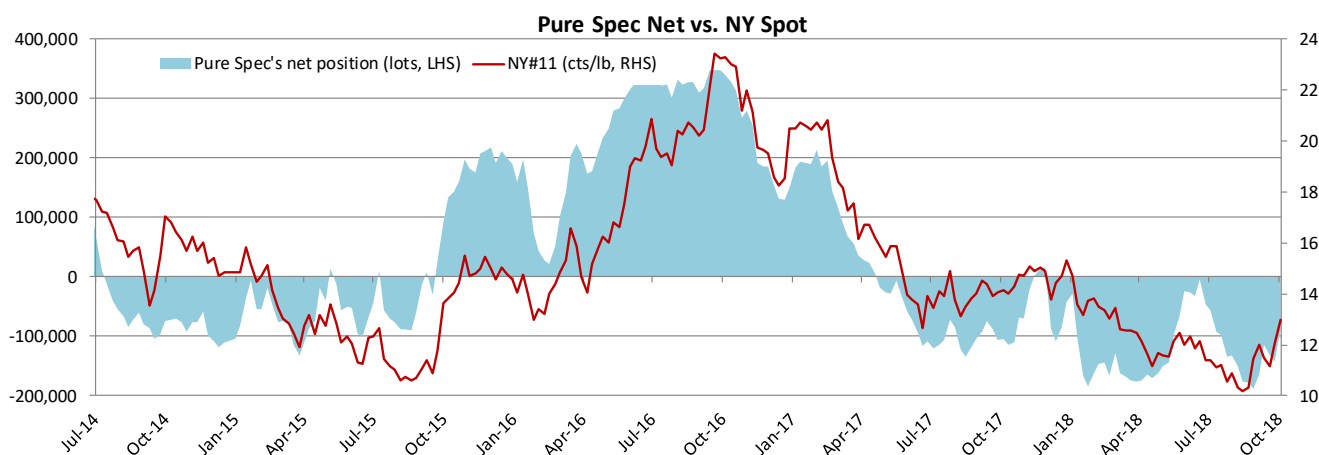
Sugar production in Russia





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
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
09-10-18	12.97	-88,052	167,693	255,745	266,573	-178,522	250,682	429,204	910,872
Lastet Change	0.90	54,765	-6,517	-61,282	5,580	-60,346	-14,658	45,688	-40,009



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