

Sugar Weekly Report

October 22 – October 26 2018



Sugar Prices and Macros as of		26-Oct-18					26-Oct-18					
		26-Oct-18	19-Oct-18	25-Sep-18	Weekly Var.	Monthly Var.	26-Oct-18	19-Oct-18	25-Sep-18	Weekly Var.	Monthly Var.	
NY #11		13.84	13.89	10.36	↓ -0.05	↑	USD Index	96.32	95.64	94.14	↑ 0.68	↑ 2.18
London #5		371.0	379.0	317.5	↓ -8.0	↑	USDBZL	3.64	3.71	4.08	↓ -0.07	↓ -0.43
NY#16		25.25	25.28	25.40	↓ -0.03	↓	USDINR	73.09	73.46	72.68	↓ -0.37	↑ 0.41
Front White Premium		65.9	72.8	89.1	↓ -6.9	↓	EURUSD	1.14	1.15	1.18	↓ -0.01	↓ -0.04

Market Situation at a Glance

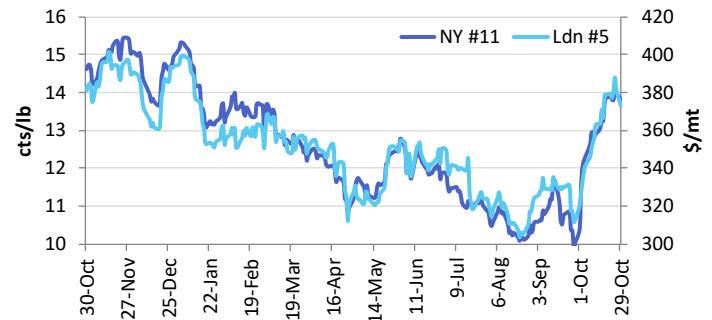
International Prices	26-Oct-18	19-Oct-18	Weekly Var.
Sugar			
NY #11	13.84	13.89	↓ -0.05 cts/lb
Front Spread	-0.10	-0.12	↑ 0.02 cts/lb
London #5	371.00	379.00	↓ -8.00 \$/mt
Front Spread	0.20	0.00	↑ 0.20 \$/mt
White Premium	65.88	72.78	↓ -6.90 \$/mt
USD Index	96.32	95.64	↑ 0.68
USDBZL	3.64	3.71	↓ -0.07 R\$/
USDINR	73.09	73.46	↓ -0.37 RUP/\$
RUBUSD	65.65	65.49	↑ 0.16 RUB/\$
EURUSD	1.14	1.15	↓ -0.01 \$/EUR
S&P500	2659	2768	↓ -109.09
DJ Industrial Avg	24985	25379	↓ -394.90
Light Crude Oil	67.62	69.37	↓ -1.75 \$/Barrel
Corn	368.50	366.25	↑ 2.25 cts/Bushel
Wheat	504.75	513.75	↓ -9.00 cts/Bushel
Coffee (Arabic)	119.65	122.10	↓ -2.45 cts/lb

Domestic Markets

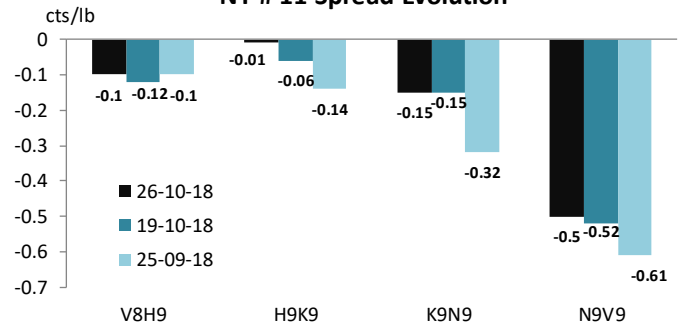
	26-Oct-18	19-Oct-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	50.42	51.54	↓ -1.13	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	66.69	65.90	↑ 0.79	R\$/50kg
Esalq Sugar (US\$)	18.31	17.76	↑ 0.55	cts/lb
Hydrous Ethanol (NY#11 equiv.)	15.06	15.09	↓ -0.03	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	16.05	16.02	↑ 0.03	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,810	2,768	↑ 42	R\$/l
Gasoline	4,506	4,512	↓ -6	R\$/l
Ethanol/Gasoline Parity	62.4%	61.3%	↑ 1%	
Anhydrous from US Parity	35.75	36.17	↓ -0.43	USD/M3
Anhydrous to US Parity	-235.57	-234.99	↓ -0.58	USD/M3
India				
NCDEX	31,510	30,980	↑ 530	RUP/mt
S-Grade (Kolhapur)*	30,296	30,000	↑ 296	RUP/mt
M-Grade (Kolkatta)*	34,762	34,762	0	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	26-Oct-18	19-Oct	Weekly Var.	Unit
ZCE Front Month	4,927	4,919	↑ 8	RMB/mt
ZCE Front Spread	231	291	↓ -60	RMB/mt
Northern Spot Cash	Rizhao 5,600	5,660	↓ -60	RMB/mt
Southern Spot Cash	Liuzhou 5,760	5,740	↑ 20	RMB/mt

USA	26-Oct-18	19-Oct-18	Weekly Var.	Unit
No #16	25.25	25.28	↓ -0.03	cts/lb
#16/11 Spread	11.41	11.39	↑ 0.02	cts/lb

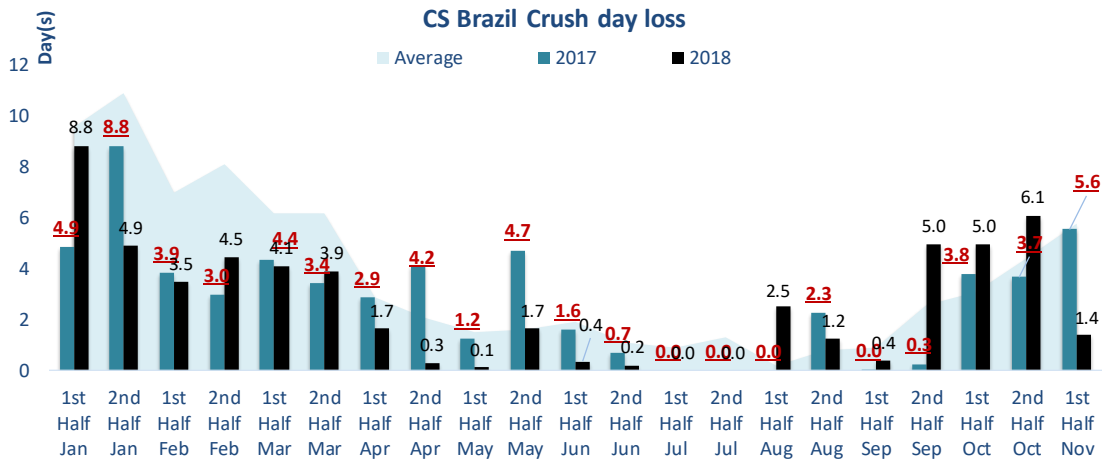
EU	26-Oct-18	19-Oct-18	Weekly Var.	Unit
EU 45s containers	10	10	↑ 0.0	\$/mt ov Ldn

Russia	26-Oct-18	19-Oct-18	Weekly Var.	Unit
Price in Krasnodar	570	540	↑ 30.2	\$/m3

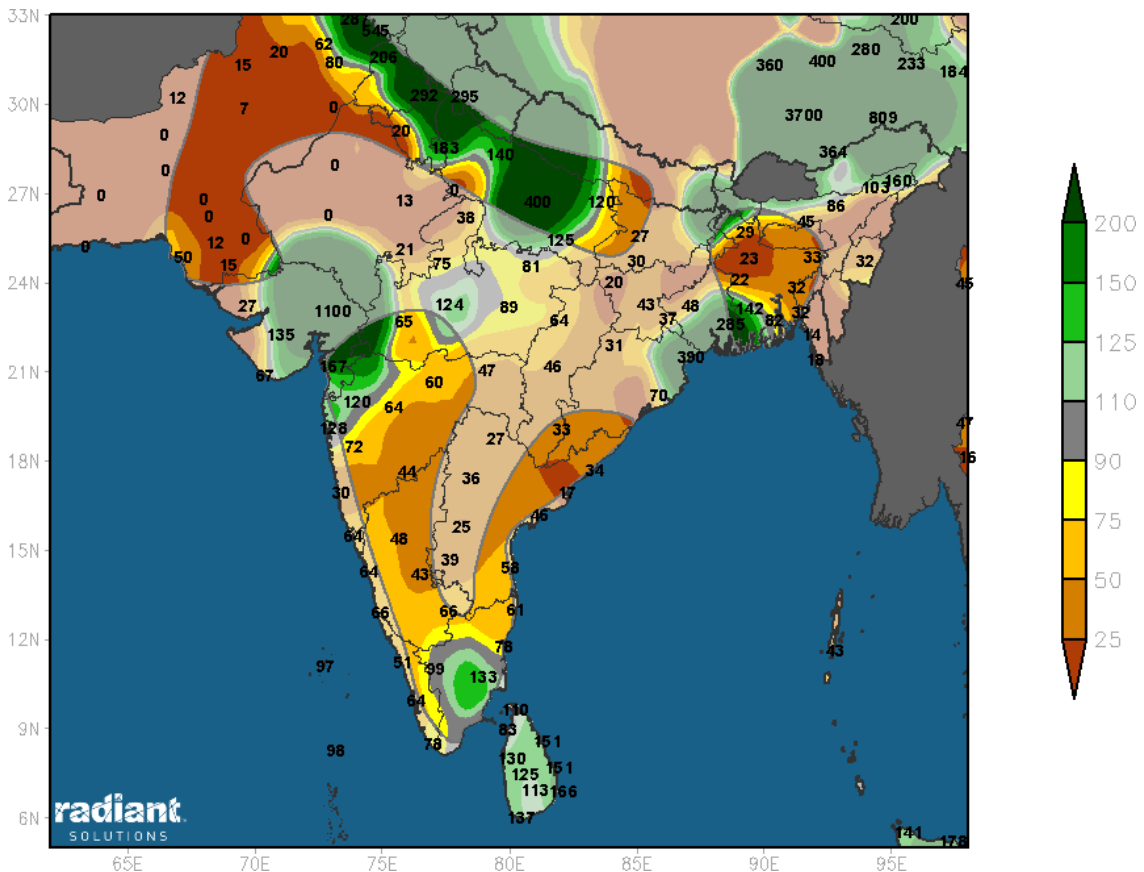
Sugar Weekly Report



Crushing Days Lost to Rain in CS Brazil



Indian 15 Days Forecast (% of normal rainfall)



Sugar Weekly Report



- NY Flat Price:** Prices rallied to 14.24 cts/lb, however they did not manage to close above 14 cts/lb on Friday, settling at 13.82 cts/lb. This result was slightly lower than the week previous at 13.89 cts/lb.

- NY Spreads:** The March/May spread hit one-point carry, closing at 10 points carry Friday, compared with 12 points carry a week earlier.

- London market:** The March/March White Premium dropped to \$69/mt last week, from \$73/mt, where it has been trading for the past 2 weeks.

- COT Report:** Speculators position turned net-long of 12.5k lots during the week where prices came close to 14 cts/lb. Index funds increased net-long positions by 13.1k lots to 273.2k lots. Commercials sold 62k lots net, increasing their net-short positions to 285.7k lots.



BULL

- The Indian Sugar Mills Association (ISMA) have reduced the crop forecast to 31.5 million mt from a previous estimate of 35.5 million mt.

- EU prices increased to almost 400Eur/mt, while the European Commission forecasts production below 19 million mt.



BEAR

- Ethanol prices are expected to remain below sugar prices for the 2019 season, which may bring supply back online.

- Smuggling activities remain slow, which is not supportive for the White Premium.

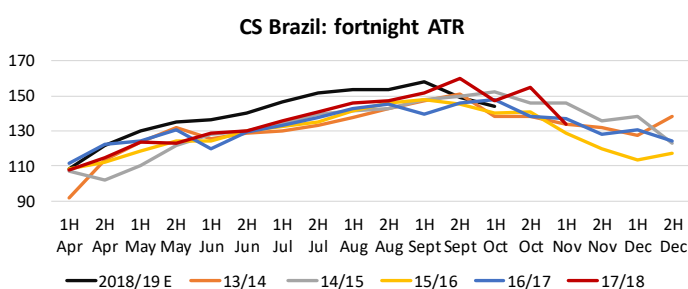


UNICA Update

Cane (1000 mt) Fortnight	2017/18 1H Oct	2018/19 1H Oct	Variation Y-o-Y
Cane (1000 mt)	32,520	25,588	↓ -6,932
Sugar (1000 mt)	1,990	1,118	↓ -872
Ethanol (1000 M3)	1,585	1,480	↓ -105
ATR (kg/mt)	146.39	142.51	↓ -3.9
Sugar mix (%)	43.88%	32.2%	↓ -11.7%

Cumulative	2017/18 1H Oct	2018/19 1H Oct	Variation Y-o-Y
Cane (1000 mt)	501,302	483,563	↓ -17,740
Sugar (1000 mt)	31,329	23,390	↓ -7,938
Ethanol (1000 M3)	21,085	25,869	↑ 4,783
ATR (kg/mt)	136.80	140.45	↑ 4
Sugar mix (%)	47.9%	36.1%	↓ -11.8%

- ▶ Mills in CS Brazil crushed 25.6 million mt of cane, 7 million mt down year-on-year due to heavy rain.
- ▶ Sugar mix fell to 32.2%, down from 33% last fortnight and 44% last season.
- ▶ ATR dropped below last year to 142.5 kg/mt.



- ▶ Sugar production reached 1.1 million mt, 870k mt down year-on-year. This result is in line with the market expectations.
- ▶ Cumulative sugar production has reached 23.4 million mt.
- ▶ CTC reported the yields during the first half of October fell to 65 mt/ha, down from 70mt/ha during September.

- ▶ Total crush result is still expected to reach 565 million mt, with sugar production of around 26 million mt.

Australia: Production Update

- ▶ Australian mills had crushed 27.5 million mt of cane by October 21, 1.4 million mt above last year.
- ▶ CCS remained high at 13.6%, vs 12.7% last year.
- ▶ Sugar production reached 3.6 million mttq, 400k mt above last year.
- ▶ Australian lineup has been strong in October as peak stocks this year have occurred earlier than previous seasons due to higher beginning stocks and faster production pace.
- ▶ October shipments and lineup account for 700k mt, and already 120k mt is nominated for November.

Australian crushing update

Week 21	2017	2018	Δ
Cane crushed (000 Mt)	26,135	27,508	↑ 1,374
CCS(%)	12.66	13.56	↑ 0.9
Sugar (000 Mt)	3,190	3,594	↑ 404

Full crop	2017/18	2018/19 F	Δ
Cane crushed (000 Mt)	33,349	33,000	↓ -349
CCS(%)	12.8%	13.8%	↑ 1.0%
Sugar (000 Mt)	4,269	4,538	↑ 269

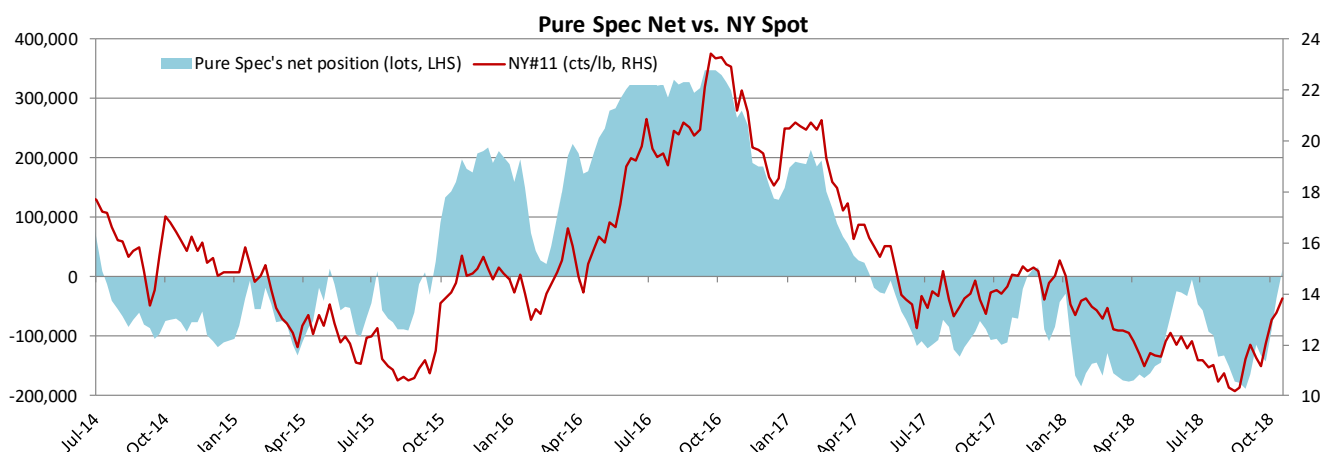
EU: Production Update

- ▶ European Commission published a new estimate for sugar production in 2018/19 at 18.6 million mt, down from the previous estimate of 19 million mt caused by the drought.
- ▶ With such a drop of production exports would account for maximum 2 million mt, down from 3.4 million mt this season.
- ▶ Low exports from the EU and a tight white sugar situation in CS Brazil will result in a deficit of white sugar in the Western hemisphere until the start of 2019 crop in CS Brazil.



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
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
16-10-18	13.25	-36,289	168,529	204,818	260,085	-223,796	249,071	472,867	909,961
23-10-18	13.81	12,535	201,479	188,944	273,202	-285,738	247,604	533,342	967,272
Lastet Change	0.56	48,824	32,950	-15,874	13,117	-61,942	-1,467	60,475	57,311



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