Sugar Weekly Report

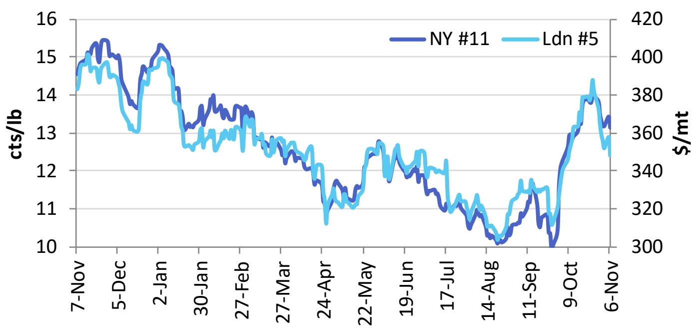
October 29 – November 2 2018

Sugar Prices and Macros as of	2-Nov-18									
	2-Nov-18	26-Oct-18	2-Oct-18	Weekly Var	Monthly Var.		2-Nov-18	26-Oct-18	2-Oct-18	Weekly Var.	Monthly Var.
NY #11	13.44	13.84	12.07	-0.40		**USD Index**	96.50	96.32	95.48	0.18	1.01
London #5	357.7	371.0	333.5	-13.3		**USDBZL**	3.70	3.64	3.94	0.05	-0.24
NY#16	25.11	25.25	25.13	-0.14		**USDINR**	72.90	73.09	73.34	-0.19	-0.44
Front White Premium	61.4	65.9	67.4	-4.5		**EURUSD**	1.14	1.14	1.15	-0.00	-0.02

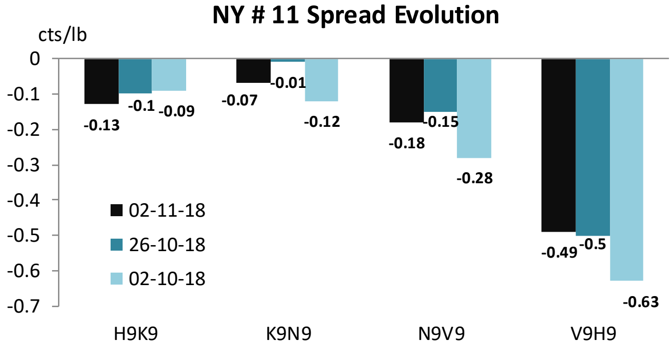
Market Situation at a Glance

International Prices	2-Nov-18	26-Oct-18	Weekly Var.	
Sugar				
NY #11	13.44	13.84	-0.40	cts/lb
Front Spread	-0.12	-0.10	-0.02	cts/lb
London #5	357.70	371.00	-13.30	$/mt
Front Spread	-2.60	0.20	-2.80	$/mt
White Premium	61.40	65.88	-4.48	$/mt
USD Index	96.50	96.32	0.18	
USDBZL	3.70	3.64	0.05	R$/$
USDINR	72.90	73.09	-0.19	RUP/$
RUBUSD	66.17	65.65	0.52	RUB/$
EURUSD	1.14	1.14	-0.00	$/EUR
S&P500	2723	2659	64.37	
DJ Industrial Avg	25381	24985	396.19	
Light Crude Oil	62.86	67.62	-4.76	$/Barrel
Corn	371.00	368.50	2.50	cts/Bushel
Wheat	508.50	504.75	3.75	cts/Bushel
Coffee (Arabic)	120.05	119.65	0.40	cts/lb

Sugar Market



NY # 11 Spread Evolution



Domestic Markets

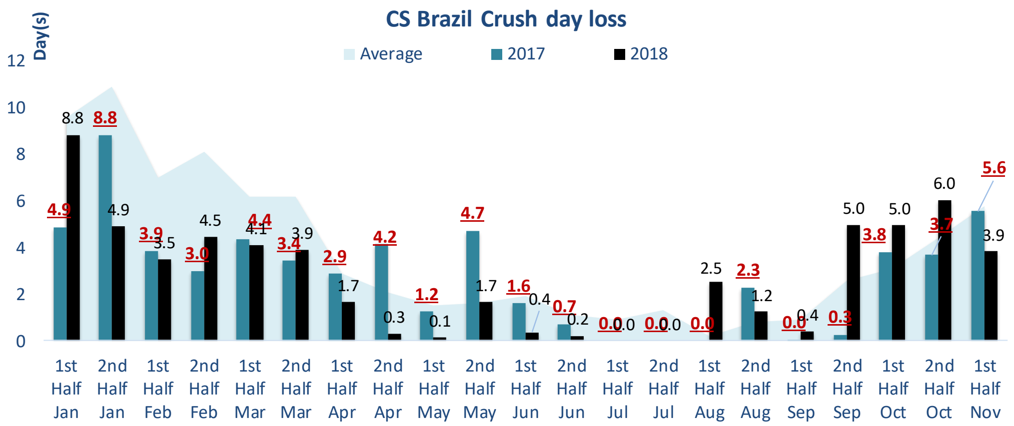
	2-Nov-18	26-Oct-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	49.68	50.42	-0.74	R$ cts/lb
Domestic:				
Esalq Sugar (R$)	66.32	66.69	-0.37	R$/50kg
Esalq Sugar (US$)	17.94	18.31	-0.37	cts/lb
Hydrous Ethanol (NY#11 equiv.)	14.55	15.06	-0.51	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	15.48	16.05	-0.56	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,801	2,810	-9	R$/l
Gasoline	4,490	4,506	-16	R$/l
Ethanol/Gasoline Parity	62.4%	62.4%	0%	
Anhydrous from US Parity	15.28	35.75	-20.46	USD/M3
Anhydrous to US Parity	-213.79	-235.57	21.78	USD/M3
India				
NCDEX	31,470	31,510	**-40**	RUP/mt
S-Grade (Kolhapur)*	30,096	30,296	**-200**	RUP/mt
M-Grade (Kolkatta)*	33,857	34,762	**-905**	RUP/mt

** price does not include GST of 5%*

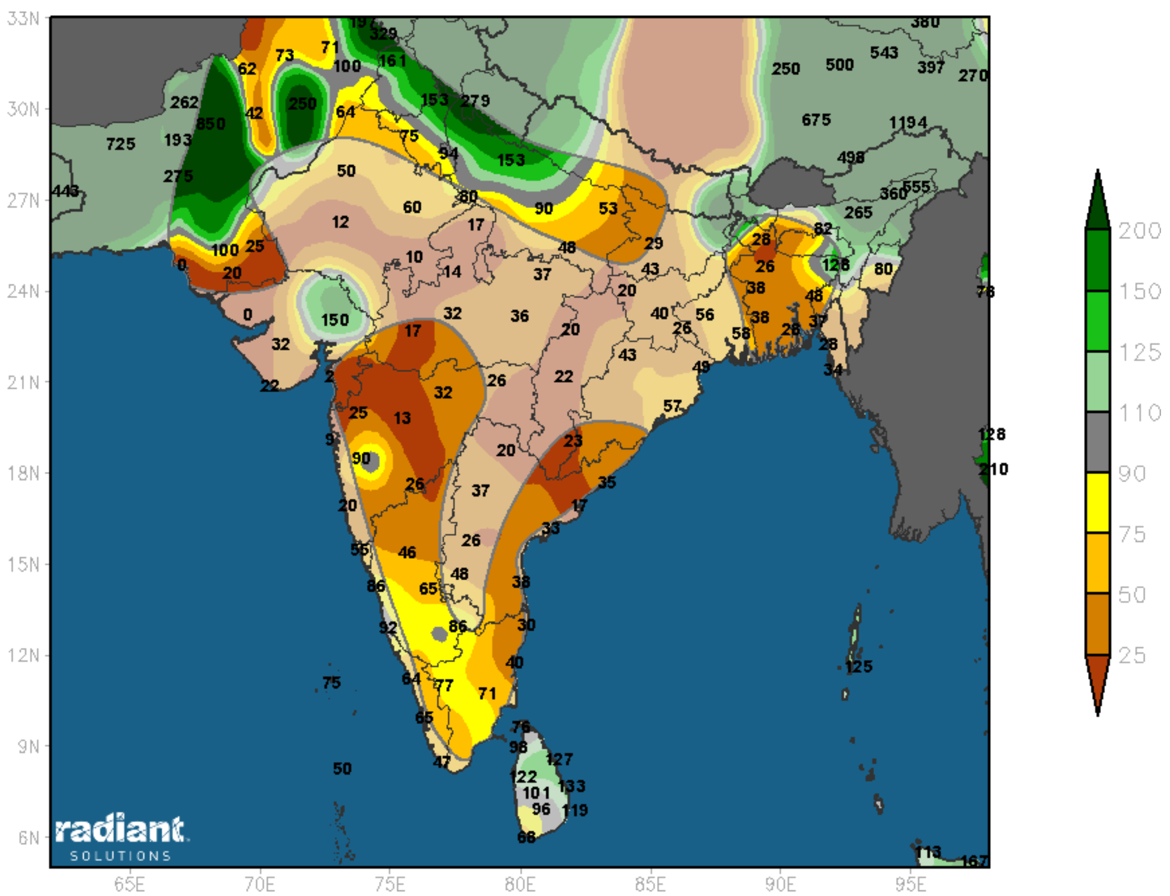
China		2-Nov-18	26-Oct	Weekly Var.	Unit
ZCE Front Month		4,836	4,927	-91	RMB/mt
ZCE Front Spread		205	231	-26	RMB/mt
Northern Spot Cash	Rizhao	5,630	5,600	30	RMB/mt
Southern Spot Cash	Liuzhou	5,760	5,760	0	RMB/mt
USA		2-Nov-18	26-Oct-18		
No #16		25.11	25.25	-0.14	cts/lb
#16/11 Spread		11.67	11.41	0.26	cts/lb
EU					$/m3
EU 45s containers		10	10	0.0	$/mt ov Ldn
Russia					
Price in Krasnodar		559	570	-11.3	$/m3

Sugar Weekly Report

Crushing Days Lost to Rain in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



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- **NY Flat price:** Prices fell last week, March contract finished the week at 13.44 cts/lb, down from 13.84 cts/lb the week earlier.
- **NY Spreads:** March/May spread traded sideways, around 10 points carry, closing the week at 12 points carry.
- **London market**: March/March White Premium collapsed to $64/mt, losing $5 during the week.

- **COT report**: Speculators turned their net-long positions to 27.8k lots, 15.2k lots higher week on week. The increase was mostly as they covered 13.1k lots of gross shorts. Index funds were net-long 276.4k lots, 3.2k lots higher week on week. Commercials increased their net-short positions to 304.2k lots, adding 24.7k lots of gross shorts and also 6.2k lots of gross longs. During the reporting period, prices reached the highs of 14.24 cts/lb, but closed lower at the end of the reporting period (last Tuesday) at 13.32 cts/lb.

BULL

▶ **European Commission reduced production forecast to 18.6 million mt, exports would not exceed 2 million mt, down from 3.4 last season.**

▶ **Yields in India are showing lower results year on year, market sentiment is turning towards 31-32 million mt crop.**

BEAR

▶ **Lower gasoline prices in CS Brazil have put pressure on ethanol prices.**

▶ **Sugar was still paying above ethanol during the peak of 19/20 crop in CS Brazil.**

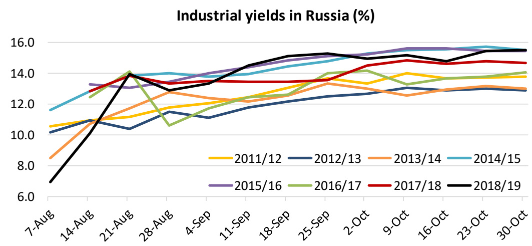
▶ **Sri Lankan imports are lower due to an increase in the import duty. Smuggling flow remains slow, which is not supportive for the White Premium.**

Sugar Weekly Report

Russia: Production Update

29-10-18	2017/18	2018/19	Var
Beet stored up	29,812	27,507	- 2,306
Beet processed	24,550	22,965	- 1,585
Beet in stocks	5,262	4,203	- 1,060
Sugar produced	3,445	3,403	- 42
Extr. rate	14.0	14.8	0.8
Factories	*71*	*72*	*1*

- Russian factories processed 23 million mt of beets by end of October, 1.5 million mt down year on year.
- Sugar production was at 3.4 million mt, unchanged year on year due to higher sucrose content: extraction rate increased to 14.8% vs 14% last season.
- 2 factories have closed for the season and 72 are still operating.
- Sugar production is expected to be around 5.5-5.7 million mt.
- Harvesting is coming to an end: 1 million mt/ha was harvested by October 29.
- Sugar beet output reached 37.1 million mt, with yields at 36.6 mt/ha, down from 42.5 mt/ha last season.

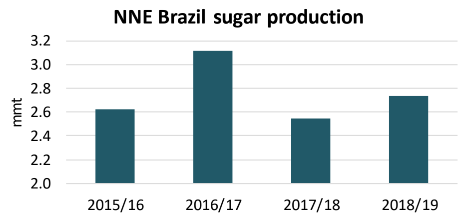


NNE Brazil: Production Update

- NNE Brazil mills crushed 17.5 million mt of cane by mid-October, 4 million mt up year on year.
- Sugar production reached 720k mt, 200k up year on year.

1H OCT	2017/18	2018/19	Var.
Cane(mmt)	13.60	17.47	3.9
Sugar (kmt)	0.50	0.72	0.2
Total Ethanol	665	865	200
ATR (kg/t of cane)	122.45	127.73	5.3
Sugar mix (%)	31.38%	33.86%	2.5%

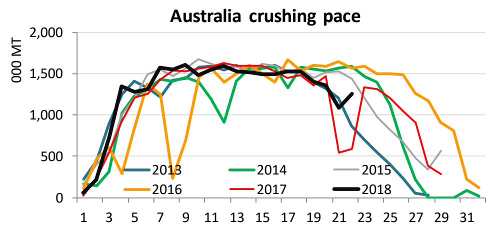
- The increase in sugar production was a result of higher mix and ATR and faster pace of crushing due to the dry weather.



Australia: Production Update

Australian crushing update			
Week 22	**2017**	**2018**	**Δ**
Cane crushed (000 Mt)	26,726	28,771	2,046
CCS(%)	12.71	13.55	0.8
Sugar (000 Mt)	**3,273**	**3,759**	**486**

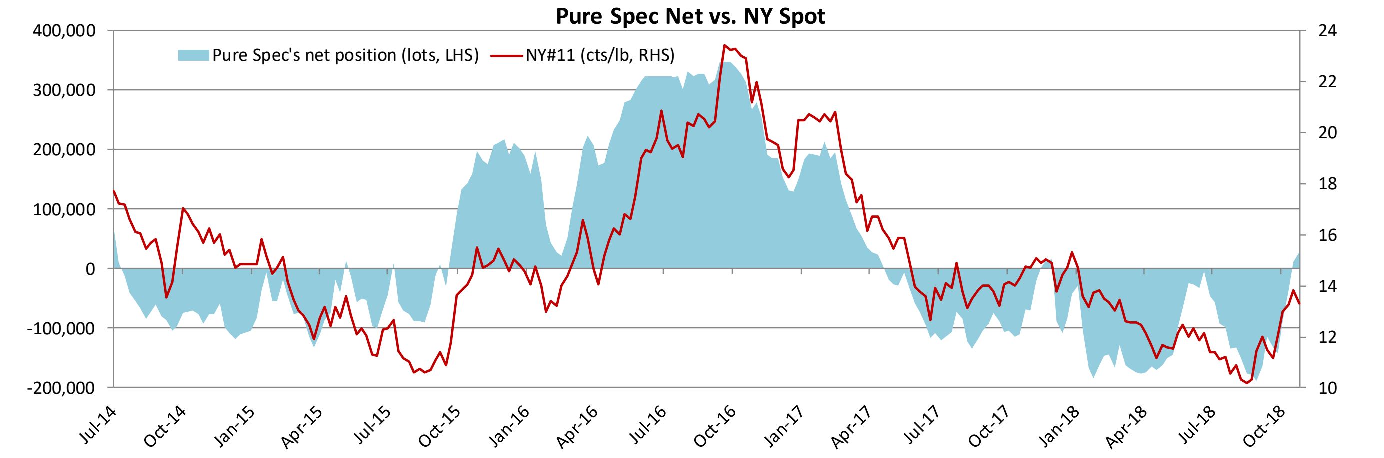
- Mills in Australia crushed 28.8 million mt of cane, 2 million mt up year on year.
- CCS was at 13.6% up from 12.7% last season due to the dry weather.
- Sugar production reached 3.8 million mt, almost half a million mt higher year on year.



Sugar Weekly Report

COT RECAP

Date	Spot Price	Specs net positions	Specs gross longs	Specs gross shorts	Index traders net positions	Commercials net positions	Commercials gross longs	Commercial gross shorts	OI
		(i)-(ii)	(i)	(ii)		(iii)-(iiii)	(iii)	(iiii)	
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
30-10-18	**13.32**	**27,752**	203,595	175,843	**276,429**	**-304,181**	253,814	557,995	995,968
Lastet Change	***-0.49***	**15,217**	2,116	-13,101	**3,227**	**-18,443**	6,210	24,653	*28,696*



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