

Sugar Weekly Report

January 14 – 18 2019



Sugar Prices and Macros as of 18-Jan-19										
	18-Jan-19	11-Jan-19	18-Dec-18	Weekly Var.	Monthly Var.	18-Jan-19	11-Jan-19	18-Dec-18	Weekly Var.	Monthly Var.
NY #11	13.03	12.76	12.30	↑ 0.27	↑	USD Index	96.36	95.66	96.98	↓ 0.70
London #5	353.2	344.9	336.0	↑ 8.3	↑	USDBZL	3.75	3.71	3.91	↓ 0.04
NY#16	25.70	25.35	25.25	↑ 0.35	↑	USDINR	71.22	70.50	70.53	↑ 0.72
Front White Premium	65.9	63.6	64.8	↑ 2.3	↑	EURUSD	1.14	1.15	1.14	↓ -0.01

Market Situation at a Glance

International Prices			
	18-Jan-19	11-Jan-19	Weekly Var.
Sugar			
NY #11	13.03	12.76	↑ 0.27 cts/lb
Front Spread	-0.13	-0.14	↑ 0.01 cts/lb
London #5	353.20	344.90	↑ 8.30 \$/mt
Front Spread	-8.10	-9.50	↑ 1.40 \$/mt
White Premium	65.94	63.59	↑ 2.35 \$/mt
USD Index	96.36	95.66	↑ 0.70
USDBZL	3.75	3.71	↑ 0.04 R\$/
USDINR	71.22	70.50	↑ 0.72 RUP/\$
RUBUSD	66.17	66.89	↓ -0.71 RUB/\$
EURUSD	1.14	1.15	↓ -0.01 \$/EUR
S&P500	2671	2596	↑ 74.45
DJ Industrial Avg	24370	24002	↑ 368.18
Light Crude Oil	53.76	51.70	↑ 2.06 \$/Barrel
Corn	380.75	379.00	↑ 1.75 cts/Bushel
Wheat	516.75	519.75	↓ -3.00 cts/Bushel
Coffee (Arabic)	105.25	103.95	↑ 1.30 cts/lb

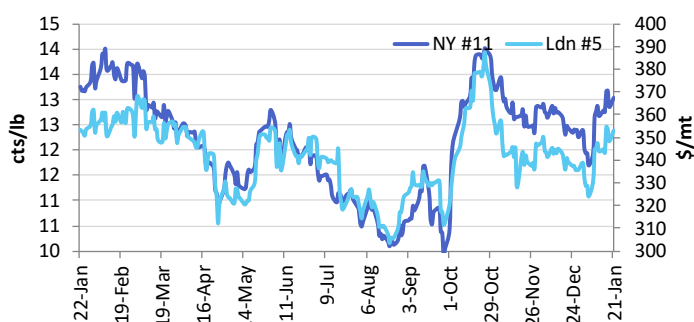
Domestic Markets

	18-Jan-19	11-Jan-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	48.87	47.35	↑ 1.52	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	69.04	68.63	↑ 0.41	R\$/50kg
Esalq Sugar (US\$)	18.41	18.49	↓ -0.08	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.43	13.79	↓ -0.36	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.26	14.56	↓ -0.30	cts/lb
Ethanol/Gasoline in Sao Paulo				
Ethanol	2,643	2,643	↑ 0	R\$/l
Gasoline	4,108	4,113	↓ -5	R\$/l
Ethanol/Gasoline Parity	64.3%	64.3%	↑ 0%	
Anhydrous from US Parity	-6.77	3.97	↓ -10.74	USD/M3
Anhydrous to US Parity	-189.62	-201.20	↑ 11.58	USD/M3

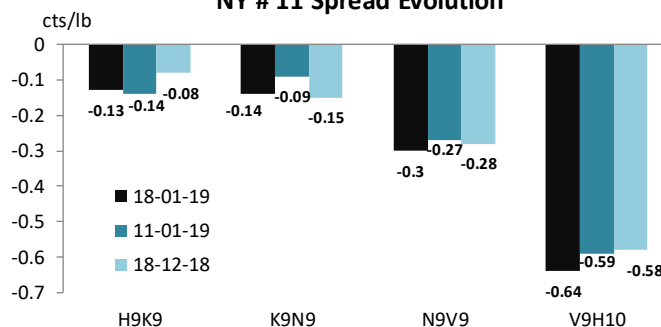
India				
NCDEX	30,460	30,290	↑ 170	RUP/mt
S-Grade (Kolhapur)*	29,300	29,200	↑ 100	RUP/mt
M-Grade (Kolkatta)*	34,286	33,810	↑ 476	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	18-Jan-19	11-Jan	Weekly Var.	Unit
ZCE Front Month	4,930	4,784	↑ 146	RMB/mt
ZCE Front Spread	-20	-25	↑ 5	RMB/mt
Northern Spot Cash	Rizhao 5,550	5,400	↑ 150	RMB/mt
Southern Spot Cash	Liuzhou 5,300	5,370	↓ -70	RMB/mt

USA	18-Jan-19	11-Jan-19	Weekly Var.	Unit
No #16	25.70	25.35	↑ 0.35	cts/lb
#16/11 Spread	12.67	12.59	↑ 0.08	cts/lb

EU				
EU 45s containers	10	15	↓ -5.0	\$/mt ov Ldn

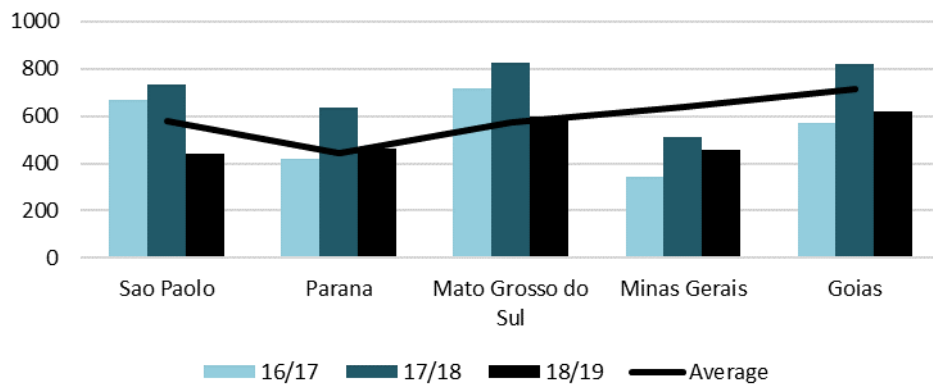
Russia				
Price in Krasnodar	552	552	↑ 0.5	\$/m3

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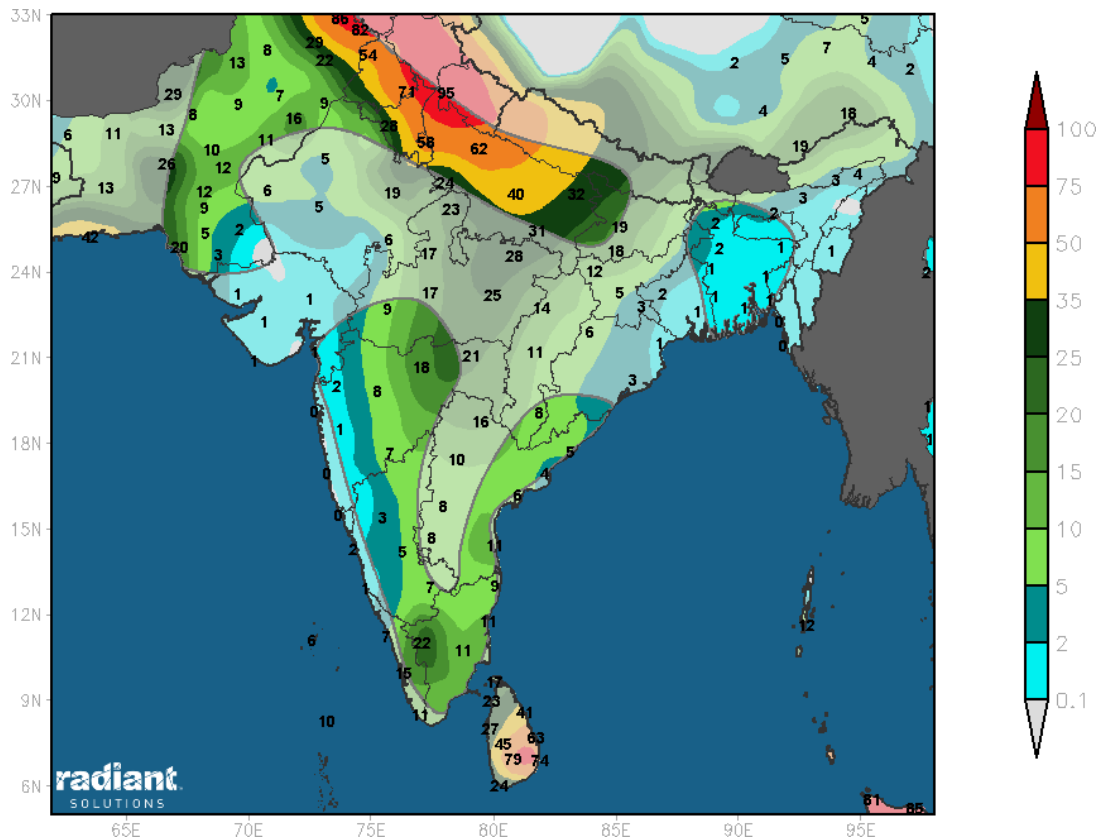


Crushing Days Lost to Rain in CS Brazil

Nov'18-Jan'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



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- **NY Flat price:** March contract price reached 13 cts/lb and after reaching highs of 13.27 cts/lb, managed to close the week slightly above it at 13.03 cts/lb. This close was a little higher than the 12.78 cts/lb a week earlier.

- **NY Spreads:** March/May carry almost remained as a flat price, after narrowing to 9 points carry, it widened back and closed the week almost unchanged at 13 points carry

- **London market:** White Premium rose during last week: March/March closed at almost \$66/mt, up from \$63/mt a week earlier. May/May settled at \$71.2/mt, up from \$69/mt a week earlier. March/May spread strengthened from the lows of \$10.8/mt carry to \$8.1/mt carry on Friday.

- **COT report:** Due to the US Government partial shutdown, there is no updated COT recap to report this week.



BULL

- Most cane areas in Maharashtra, India have received well below-average rainfall, which is unfavourable for yields and planting.

- The Indian Sugar Mills Association has decreased the Indian production estimate to 30.7 million mt, down from 31.5 million mt.

- Ethiopia has issued an international tender for 200k mt of sugar to address shortages during 1H of 2019.



BEAR

- Chinese demand for raws is down, with import margins remaining negative.

- Indonesian import licences have still not been issued.

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India: Production Update

FH Jan	2017/18	2018/19	Var	2017/18	2018/19	Var	Progress
MH	5,025	5,710	↑ 14%	10,700	9,328	↓ -13%	54%
UP	4,365	4,300	↓ -1%	12,100	11,708	↓ -3%	37%
Ktaka	2,135	2,700	↑ 26%	3,700	4,209	↑ 14%	51%
Gujarati	480	530	↑ 10%	1,100	1,134	↑ 3%	42%
REST of INDIA	1,532	1,560	↑ 2%	3,200	3,200	0%	48%
Total India	13,537	14,800	↑ 9%	32,200	31,072	↓ -4%	44%
#mills	505	501					

- Mills in India produced 14.8 million mt of sugar by mid-January, this is 9% up year on year.
- Crushing pace is above last year, with industrial yields also better.
- Maharashtra production reached 5.7 million mt, up from 5 million mt last season.
- Uttar Pradesh has produced similar tonnage to last season, currently at 4.3 million mt.
- Karnataka production is above last season at 2.7 million mt.
- Indian Sugar Mills Association revised its production estimate to 30.7 million mt, down from 31.5 million mt last season.
- We keep our estimate unchanged at 31 million mt.

CS Brazil: 2H December Production Update

Cumulative	2017/18 2H Dec	2018/19	Variation Y-o-Y
Cane (1000 mt)	583,239	562,029	↓ - 21,210
Sugar (1000 mt)	35,822	26,339	↓ - 9,483
Ethanol (1000 M3)	25,223	30,123	↑ 4,900
ATR (kg/mt)	137.37	138.65	↑ 1
Sugar mix (%)	46.9%	35.5%	↓ -11.5%

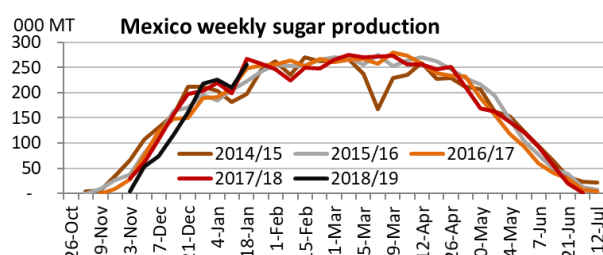
- Mills in CS Brazil crushed 562 million mt of cane by the end of December, 21 million mt down year on year.
- Sugar production reached 26.3 million mt by the end of December, down from 35.8 million mt last year.

- Sugar mix reached 35.5% on a cumulative basis, down from 46.9% last season.

Mexico: Crushing Update

Mexican crush update	2017/18	2018/19	y-o-y
Harvest (Ha)	178,945	168,928	↓ -5.6%
Cane yield (Mt/Ha)	78.6	80.2	↑ 2.0%
Crushing cane (Mt)	14,058,823	13,543,554	↓ -3.7%
Sugar (Mt)	1,441,374	1,317,429	↓ -8.6%
Sugar extraction (%)	10.25%	9.73%	↓ -5.1%

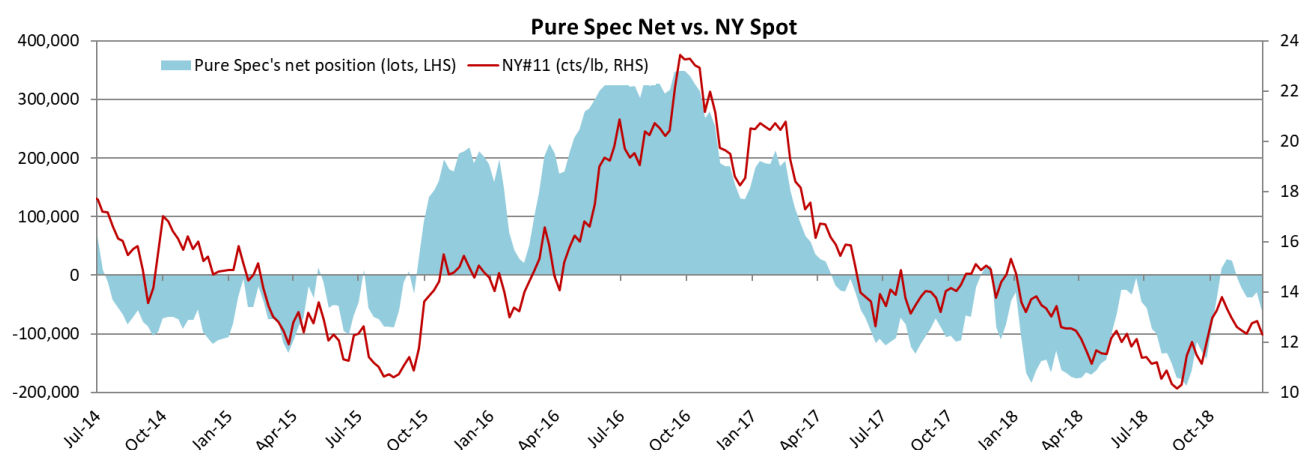
- Harvested area in Mexico stood at 169k ha, down from 179k ha last season.
- Agricultural yields so far were 2% up year on year at 80 mt/ha.
- Cane crushed has reached 13.5 million mt, down from 14 million mt last season.
- Sugar production is at 1.3 million mt, down from 1.44 million mt last year due to lower industrial yields (9.7% vs 10.3% last year).
- Government production estimate remains at 6.3 million mt, we believe production will reach around 6 million mt which is slightly less than last year.
- Official data for exports until December 30, 2018 shows the total of 217k mt was exported: 130k mt to Morocco, 37k mt to Canada, 30k mt to Venezuela and 21k mt to Tunisia.





COT RECAP

Due to the US Government partial shutdown, there is no updated COT recap to report this week.



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