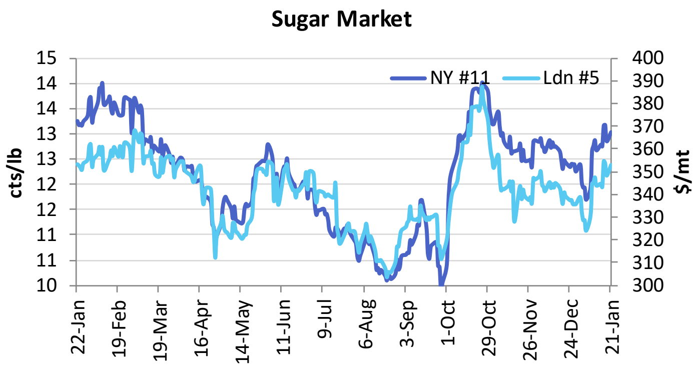
Sugar Weekly Report

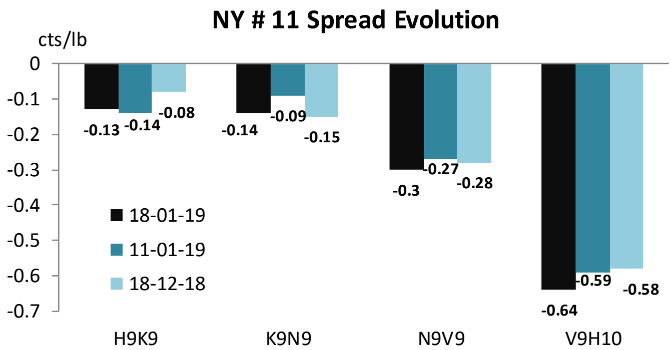
January 14 – 18 2019

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	-0.62
London #5	353.2	344.9	336.0	8.3	**USDBZL**	3.75	3.71	3.91	0.04	-0.16
NY#16	25.70	25.35	25.25	0.35	**USDINR**	71.22	70.50	70.53	0.72	0.69
Front White Premium	65.9	63.6	64.8	2.3	**EURUSD**	1.14	1.15	1.14	-0.01	0.00

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





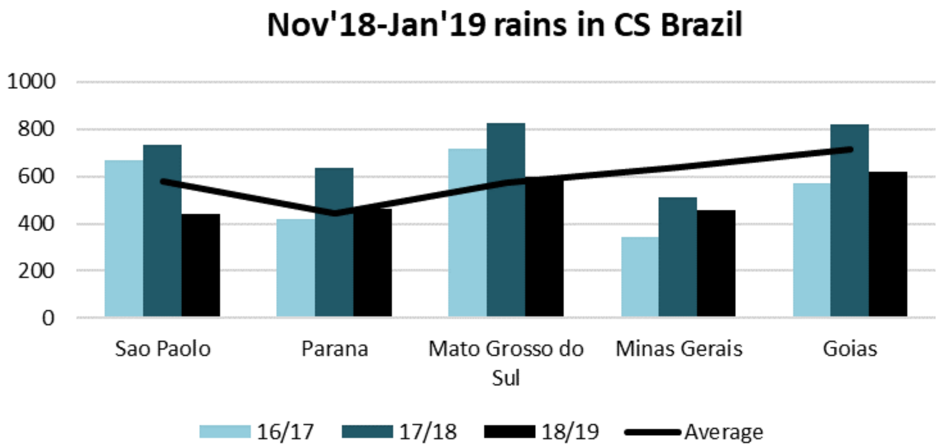
Domestic Markets

	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$)	18.41	18.49	-0.08	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.43	13.79	-0.36	cts/lb
Anhydrous Ethanol(NY#11 equiv.	14.26	14.56	-0.30	cts/lb
Ethanol/Gasoline in Sao Paolo				
Ethanol	2,643	2,643	0	R$/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

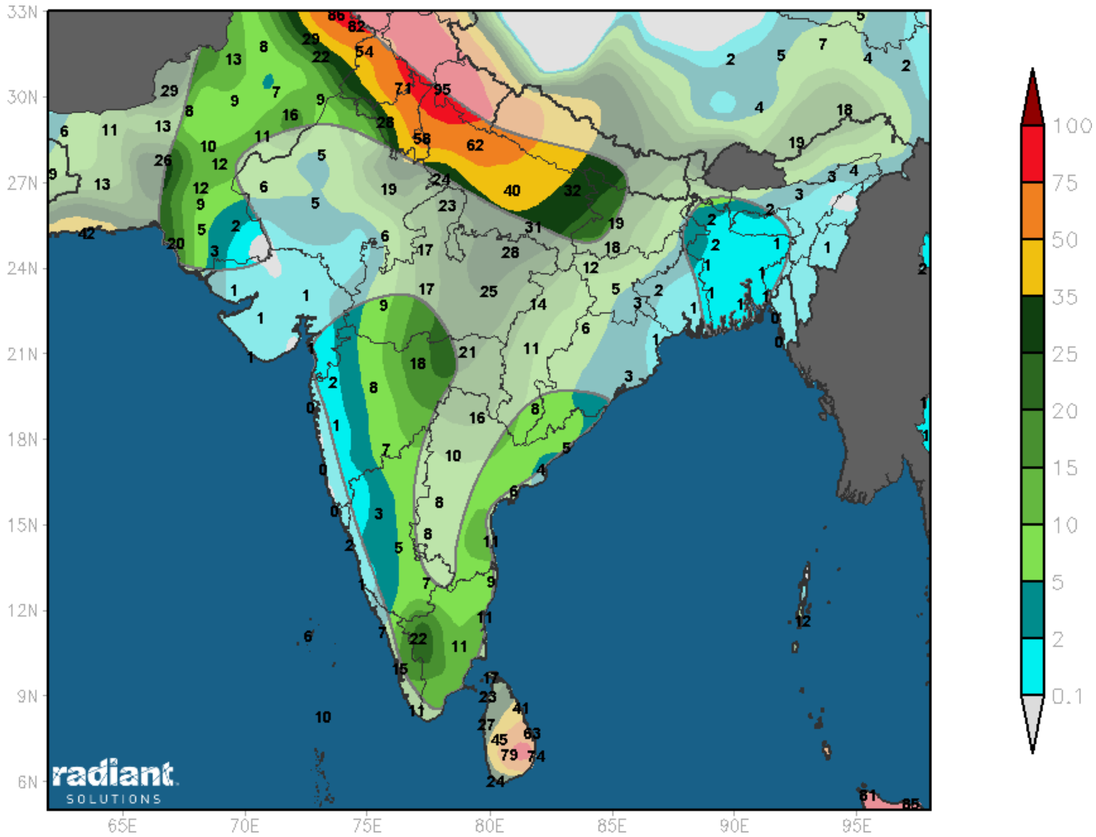
** price does not include GST of 5%*

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		
No #16		25.70	25.35	0.35	cts/lb
#16/11 Spread		12.67	12.59	0.08	cts/lb
EU					
					$/m3
EU 45s containers		10	15	-5.0	$/mt ov Ldn
Russia					
Price in Krasnodar		552	552	0.5	$/m3

Crushing Days Lost to Rain in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



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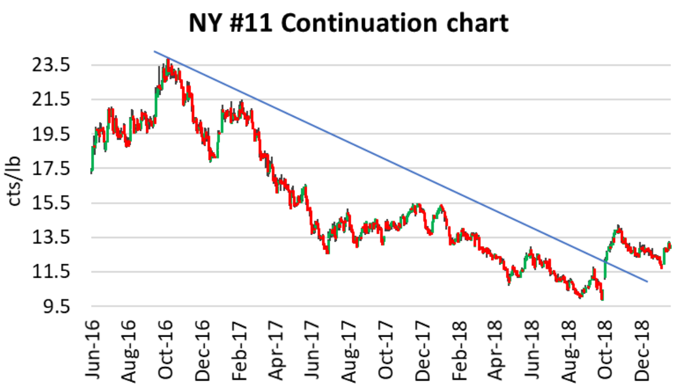
- **NY Flat price:** March contract price reached 13 cts/lb and after reaching highs of 13.27 cts/lb, managed to close the week slightly above it at 13.03 ctl/lb. This close was a little higher than the 12.78 cts/lb a week earlier.



- **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

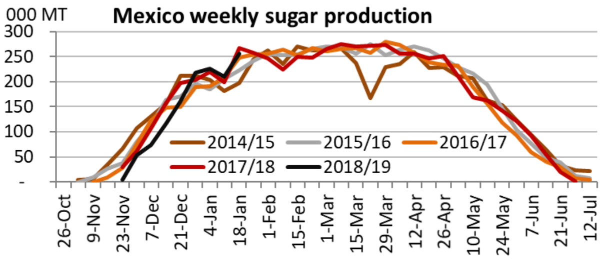
Cumulative	2017/18 2H Dec	2018/19	Variation Y-o-Y
Cane (1000 mt)	583,239	562,029	- 21,210
Sugar (1000 mt)	**35,822**	**26,339**	**- 9,483**
Ethanol (1000 M3)	25,223	30,123	4,900
ATR (kg/mt)	137.37	138.65	1
Sugar mix (%)	46.9%	35.5%	-11.5%

- 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.



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COT RECAP

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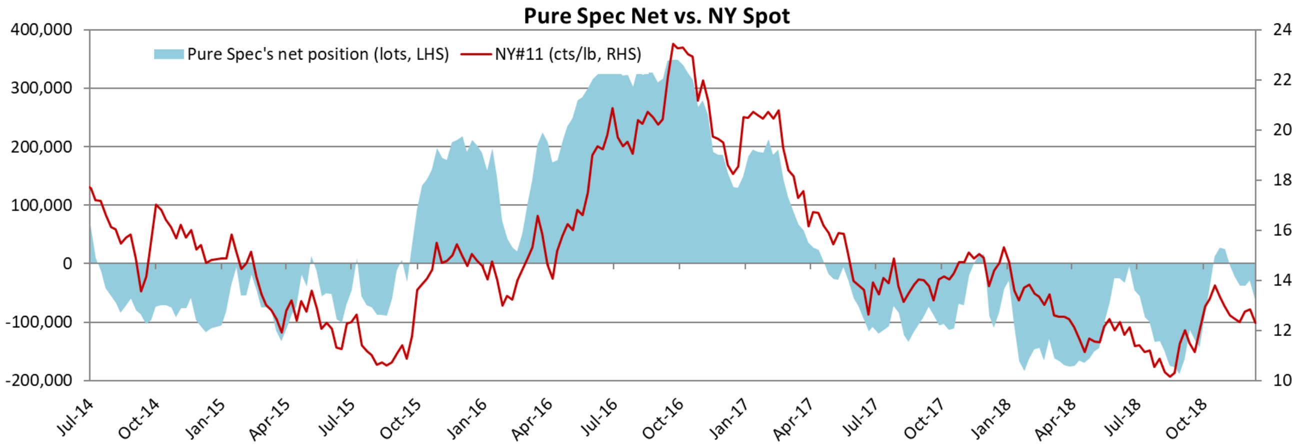

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