

Sugar Weekly Report

January 1 – 4 2019



Sugar Prices and Macros as of 4-Jan-19											
	4-Jan-19	28-Dec-18	4-Dec-18	Weekly Var	Monthly Var.		4-Jan-19	28-Dec-18	4-Dec-18	Weekly Var.	Monthly Var.
NY #11	11.93	12.39	12.75	⬇️ -0.46	⬇️	USD Index	96.20	96.39	96.96	⬇️ -0.19	⬇️ -0.76
London #5	331.0	339.0	343.4	⬇️ -8.0	⬇️	USDBZL	3.72	3.88	3.85	⬇️ -0.17	⬇️ -0.14
NY#16	25.36	25.27	25.11	⬆️ 0.09	⬆️	USDINR	69.54	69.81	70.51	⬇️ -0.27	⬇️ -0.97
Front White Premium	68.0	65.8	62.3	⬆️ 2.1	⬆️	EURUSD	1.14	1.14	1.13	⬇️ -0.00	⬆️ 0.01

Market Situation at a Glance

International Prices			
	4-Jan-19	28-Dec-18	Weekly Var.
Sugar			
NY #11	11.93	12.39 ↓	-0.46 cts/lb
Front Spread	-0.09	-0.05 ↓	-0.04 cts/lb
London #5	331.00	339.00 ↓	-8.00 \$/mt
Front Spread	-4.30	-3.80 ↓	-0.50 \$/mt
White Premium	67.99	65.85 ↑	2.14 \$/mt
USD Index	96.20	96.39 ↓	-0.19
USDBZL	3.72	3.88 ↓	-0.17 R\$/
USDINR	69.54	69.81 ↓	-0.27 RUP/\$
RUBUSD	67.47	69.54 ↓	-2.06 RUB/\$
EURUSD	1.14	1.14 ↓	-0.00 \$/EUR
S&P500	2532	2486 ↑	46.20
DJ Industrial Avg	22686	23139 ↓	-452.60
Light Crude Oil	48.31	45.12 ↑	3.19 \$/Barrel
Corn	382.75	375.00 ↑	7.75 cts/Bushel
Wheat	516.00	511.25 ↑	4.75 cts/Bushel
Coffee (Arabic)	101.60	101.00 ↑	0.60 cts/lb

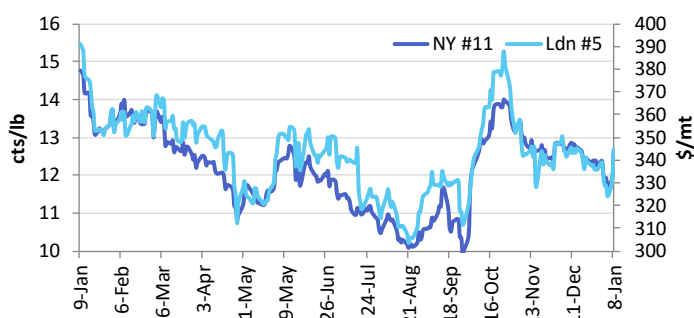
Domestic Markets

	4-Jan-19	28-Dec-18	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	44.32	48.08 ↓	-3.75	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	68.45	68.20 ↑	0.25	R\$/50kg
Esalq Sugar (US\$)	18.42	17.58 ↑	0.85	cts/lb
Hydrous Ethanol (NY#11 equiv.)	14.01	13.44 ↑	0.57	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.66	14.04 ↑	0.62	cts/lb
Ethanol/Gasoline in Sao Paulo				
Ethanol	2,643	2,630 ↑	13	R\$/l
Gasoline	4,113	4,148 ↓	-35	R\$/l
Ethanol/Gasoline Parity	64.3%	63.4% ↑	1%	
Anhydrous from US Parity	-15.92	-36.47 ↑	20.54	USD/M3
Anhydrous to US Parity	-181.52	-158.15 ↓	-23.37	USD/M3

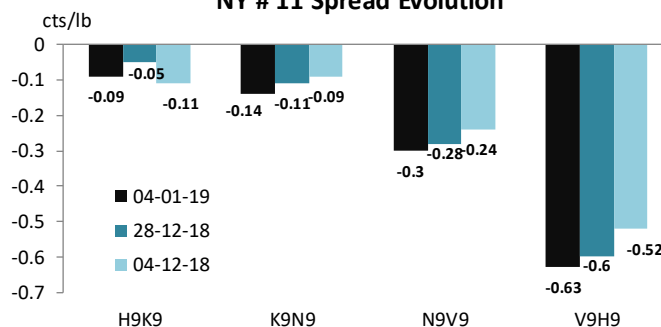
India				
NCDEX	30,300	29,890 ↑	410	RUP/mt
S-Grade (Kolhapur)*	29,300	29,000 ↑	300	RUP/mt
M-Grade (Kolkatta)*	33,096	32,381 ↑	715	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China					
	4-Jan-19	28-Dec	Weekly Var.	Unit	
ZCE Front Month	4,768	4,718 ↑	50	RMB/mt	
ZCE Front Spread	-74	21 ↓	-95	RMB/mt	
Northern Spot Cash	Rizhao 5,430	5,450 ↓	-20	RMB/mt	
Southern Spot Cash	Liuzhou 5,370	5,380 ↓	-10	RMB/mt	

USA					
	4-Jan-19	28-Dec-18		Unit	
No #16	25.36	25.27 ↑	0.09	cts/lb	
#16/11 Spread	13.43	12.88 ↑	0.55	cts/lb	

EU					
EU 45s containers	15	15 ↑	0.0	\$/m3	\$/mt ov Ldn

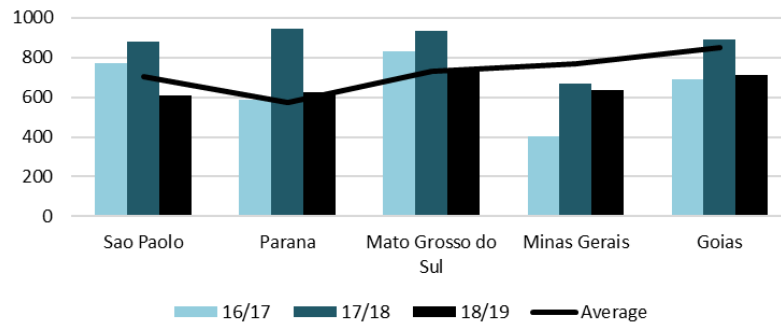
Russia					
Price in Krasnodar	557	554 ↑	2.5	\$/m3	

Sugar Weekly Report

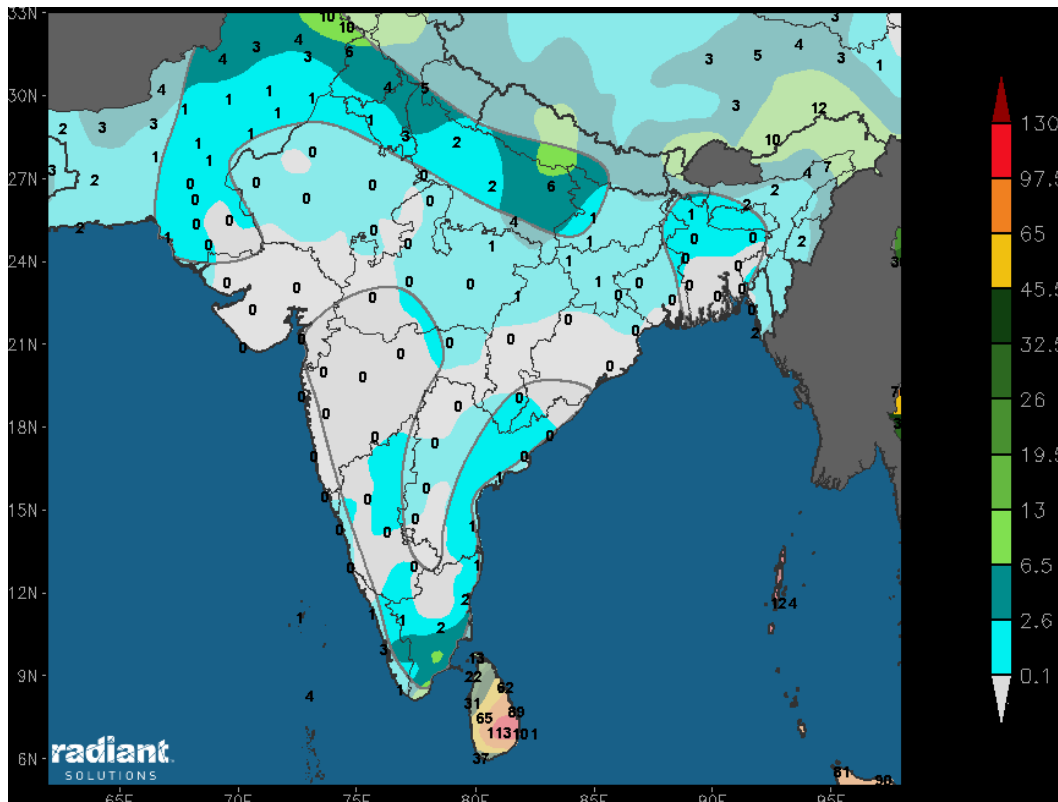


Crushing Days Lost to Rain in CS Brazil

October'17-January'18 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- **NY Flat price:** March contract continue to slide down last week, reaching a low of 11.69 cts/lb.
- **NY Spreads:** March/May carry widened to 13 points, however closed higher at 9 points carry.
- **London market:** March/May spread traded sideways, closing at \$4.3/mt. March/March white premium gained a few dollars at the end of the week, closing around \$68/mt Friday.
- **COT report:** The last COT report as of December 18 indicated that specs were net-short 60.8k lots. Index funds were net-long 244k lots net-long. Commercials positions was at 183.2k lots of net-shorts. During the reporting week prices dropped more than 50 cts/lb.



BULL

- ▶ Production in NNE Brazil looks to be the same or slightly below last season.
- ▶ India has been dry since November and sowing in MH is lagging behind last season.
- ▶ Brazilian stocks will be below last season and any spike in demand might create the potential for very low supplies.



BEAR

- ▶ Raw production in Thailand is well ahead of last season.
- ▶ Indonesian demand is slow, with license distribution for 1H of 2019 delayed.
- ▶ China has not issued Automatic Import Licences yet and import margins remain negative throughout 1H of the year.

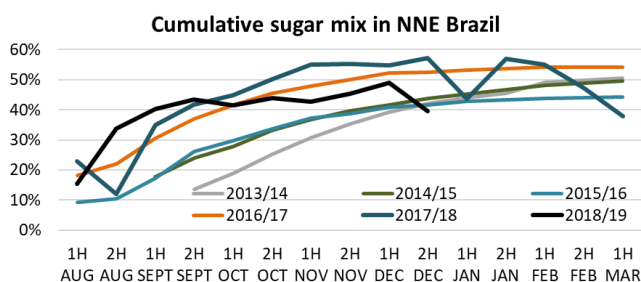
Sugar Weekly Report



NNE Brazil: 1H December Production Update

1H DEC	2017/18	2018/19	Var.
Cane(mmt)	30.20	34.38	↑ 4.2
Sugar (kmt)	1.59	1.74	↑ 0.2
Total Ethanol	1,240	1,635	↑ 395
ATR (kg/t of cane)	125.81	134.19	↑ 8.4
Sugar mix (%)	43.96%	39.65%	↓ -4.3%

- Mills in NNE Brazil produced 1.7 million mt of sugar by mid-December, almost 200k mt higher year on year due to earlier start of the crushing compared with last season
- Sugar mix stood at 39.7%, which is down from 44% last season. Sugar mix has been dropping since 2H of September as ethanol sales increased in the region.



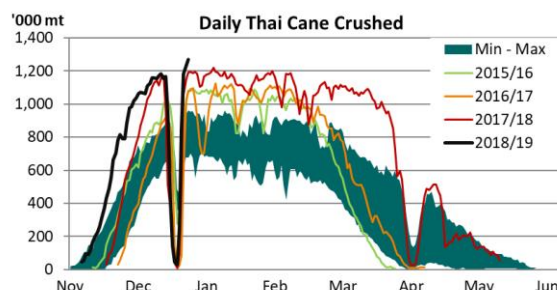
- ATR remains much better than last season at 134.2 kg/mt, 8.4 kg/mt higher year on year.
- Total production is now expected to be similar or slightly lower year on year due to low sugar mix.

Thailand: Crushing is Above Last Year

- 56 mills, are currently running in Thailand (2 mills more than last season), crushing 33.9 million mt of cane, almost 10 million mt cane more than last year.
- Sugar production is almost 1 million mt above last season at 3.2 million mt.

	06.01.19 2017/18	2018/19	VAR
Cane crush	24,103,073	33,877,582	↑ 9,774,508
Total sugar	2,218,865	3,209,998	↑ 991,133
Whites	213,834	197,335	↓ -16,499
Refined	254,698	396,357	↑ 141,659
Raws	1,720,604	2,573,894	↑ 853,291
Extraction rate	9.21%	9.48%	↑ 0.27%
Mills operating	54	56	
Raws %	77.54%	80.18%	

- Most of the increase is on the raws production, producing 2.6 million mt, 850k mt up year on year.
- Industrial yields are slightly better than last year at 9.5%.
- Total production is expected to be around 14 million mt, down from 15.6 last year.



Australia: Production Finished

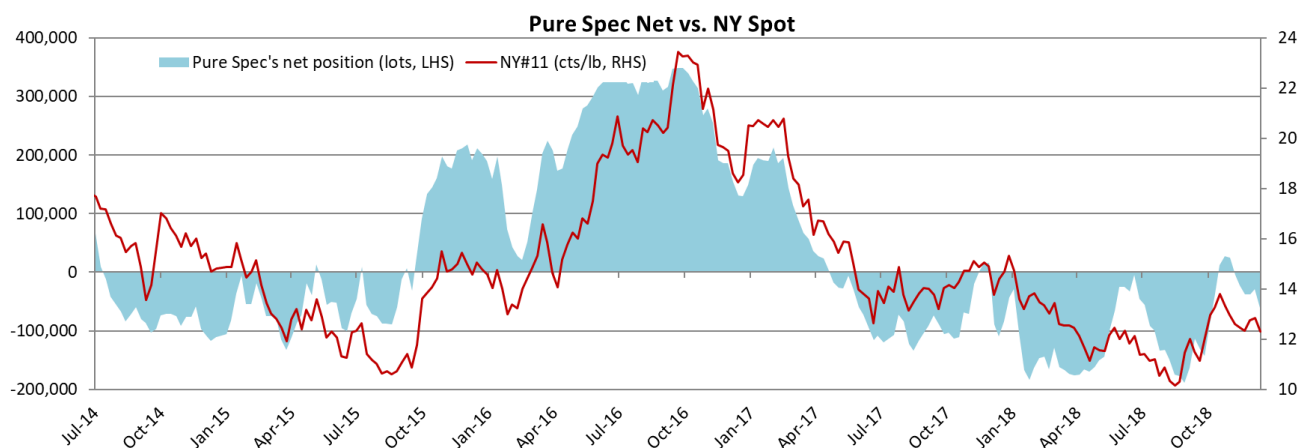
Australian crushing update			
Week 29	2017	2018	Δ
Cane crushed (000 Mt)	33,349	32,482	↓ - 867
CCS(%)	13.23	14.29	↑ 1.1
Sugar (000 Mt)	4,253	4,475	↑ 222

- Australia had finished crushing by the end of December, which was earlier than last season due to early start.
- Total cane crushed was little less than last season at 32.5 million mt, 1 million mt down year on year.
- Total sugar production finished at 4.5 million mt, up from 4.3 million mt last season, which was in line with the expectations.



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
30-10-18	13.32	27,752	203,595	175,843	276,429	-304,181	253,814	557,995	995,968
06-11-18	12.96	24,388	188,428	164,040	274,572	-298,960	258,272	557,232	960,881
13-11-18	12.61	-3,926	170,822	174,748	267,434	-263,507	291,487	554,994	976,247
20-11-18	12.46	-22,257	163,902	186,159	259,079	-236,823	295,377	532,200	966,314
27-11-18	12.34	-37,478	160,538	198,016	256,236	-218,759	309,271	528,030	987,553
04-12-18	12.75	-37,682	155,120	192,802	255,850	-218,169	316,761	534,930	994,029
11-12-18	12.83	-28,672	156,932	185,604	250,433	-221,761	322,940	544,701	992,639
18-12-18	12.30	-60,839	157,919	218,758	243,990	-183,151	343,861	527,012	1,010,485
Lastet Change	-0.53	-32,167	987	33,154	-6,443	38,610	20,921	-17,689	17,846



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