

Sugar Weekly Report

February 18-22 2019



Sugar Prices and Macros as of 22-Feb-19												
	22-Feb-19	15-Feb-19	22-Jan-19	Weekly Var.	Monthly Var.		22-Feb-19	15-Feb-19	22-Jan-19	Weekly Var.	Monthly Var.	
NY #11	13.36	13.14	12.93	⬆️	0.22 ⬆️	USD Index	96.49	96.92	96.30	⬇️	-0.44 ⬆️	0.19
London #5	359.5	354.7	348.6	⬆️	4.8 ⬆️	USDBZL	3.75	3.70	3.82	⬆️	0.04 ⬇️	-0.07
NY#16	25.85	25.90	25.61	⬇️	-0.05 ⬆️	USDINR	71.02	71.32	71.25	⬇️	-0.30 ⬇️	-0.23
Front White Premium	65.0	65.0	63.5	⬇️	-0.1 ⬆️	EURUSD	1.13	1.13	1.14	⬆️	0.00 ⬇️	-0.00

Market Situation at a Glance

International Prices			
	22-Feb-19	15-Feb-19	Weekly Var.
Sugar			
NY #11	13.36	13.14	↑ 0.22 cts/lb
Front Spread	0.07	0.14	↓ -0.07 cts/lb
London #5	359.50	354.70	↑ 4.80 \$/mt
Front Spread	-8.30	-4.40	↓ -3.90 \$/mt
White Premium	64.96	65.01	↓ -0.05 \$/mt
USD Index	96.49	96.92	↓ -0.44
USDBZL	3.75	3.70	↑ 0.04 R/\$
USDINR	71.02	71.32	↓ -0.30 RUP/\$
RUBUSD	65.40	66.28	↓ -0.88 RUB/\$
EURUSD	1.13	1.13	0.00 \$/EUR
S&P500	2793	2776	↑ 17.07
DJ Industrial Avg	25851	25439	↑ 411.24
Light Crude Oil	57.07	55.79	↑ 1.28 \$/Barrel
Corn	375.50	374.75	↑ 0.75 cts/Bushel
Wheat	485.00	503.25	↓ -18.25 cts/Bushel
Coffee (Arabic)	96.95	97.60	↓ -0.65 cts/lb

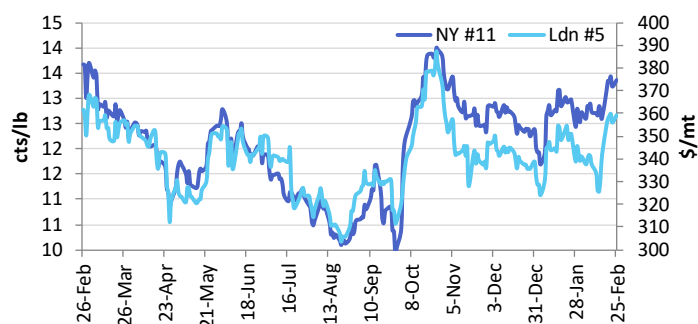
Domestic Markets

	22-Feb-19	15-Feb-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	50.04	48.62	↑ 1.41	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	67.56	68.41	↓ -0.85	R\$/50kg
Esalq Sugar (US\$)	18.04	18.49	↓ -0.45	cts/lb
Hydrous Ethanol (NY#11 equiv.)	14.87	14.25	↑ 0.62	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.17	14.20	↓ -0.03	cts/lb
Ethanol/Gasoline in Sao Paulo				
Ethanol	2,585	2,559	↑ 26	R\$/l
Gasoline	3,967	3,966	↑ 1	R\$/l
Ethanol/Gasoline Parity	65.2%	64.5%	↑ 1%	
Anhydrous from US Parity	-59.23	-31.18	↓ -28.05	USD/M3
Anhydrous to US Parity	-137.51	-166.01	↑ 28.50	USD/M3

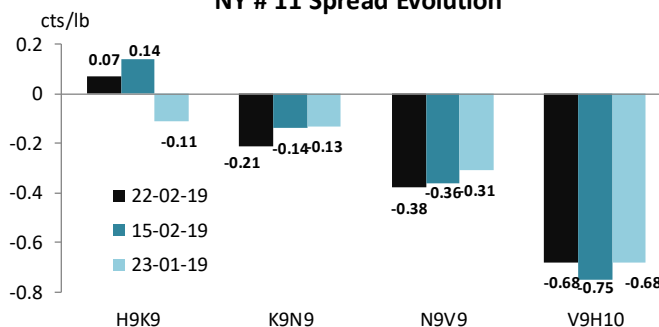
India				
NCDEX	31,190	30,240	↑ 950	RUP/mt
S-Grade (Kolhapur)*	31,000	31,000	0	RUP/mt
M-Grade (Kolkatta)*	33,500	34,286	↓ -786	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China					
	22-Feb-19	15-Feb	Weekly Var.	Unit	
ZCE Front Month	5,123	4,985	↑ 138	RMB/mt	
ZCE Front Spread	48	-3	↑ 51	RMB/mt	
Northern Spot Cash	Rizhao 5,730	5,680	↑ 50	RMB/mt	
Southern Spot Cash	Liuzhou 5,400	5,450	↓ -50	RMB/mt	

USA					
	22-Feb-19	15-Feb-19	Weekly Var.	Unit	
No #16	25.85	25.90	↓ -0.05	cts/lb	
#16/11 Spread	12.49	12.76	↓ -0.27	cts/lb	

EU					
EU 45s containers	10	10	↑ 0.0	\$/m3	\$/mt ov Ldn

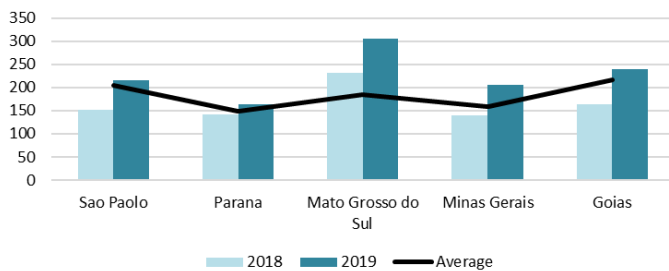
Russia					
Price in Krasnodar	534	528	↑ 6.0	\$/m3	

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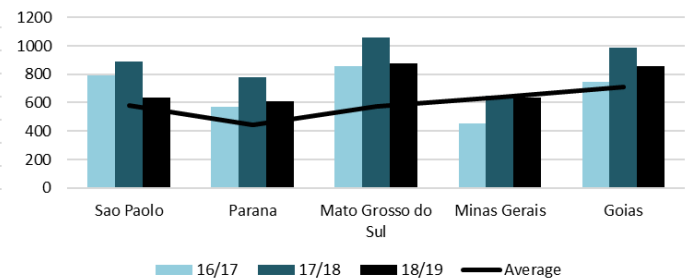


Crushing Days Lost to Rain in CS Brazil

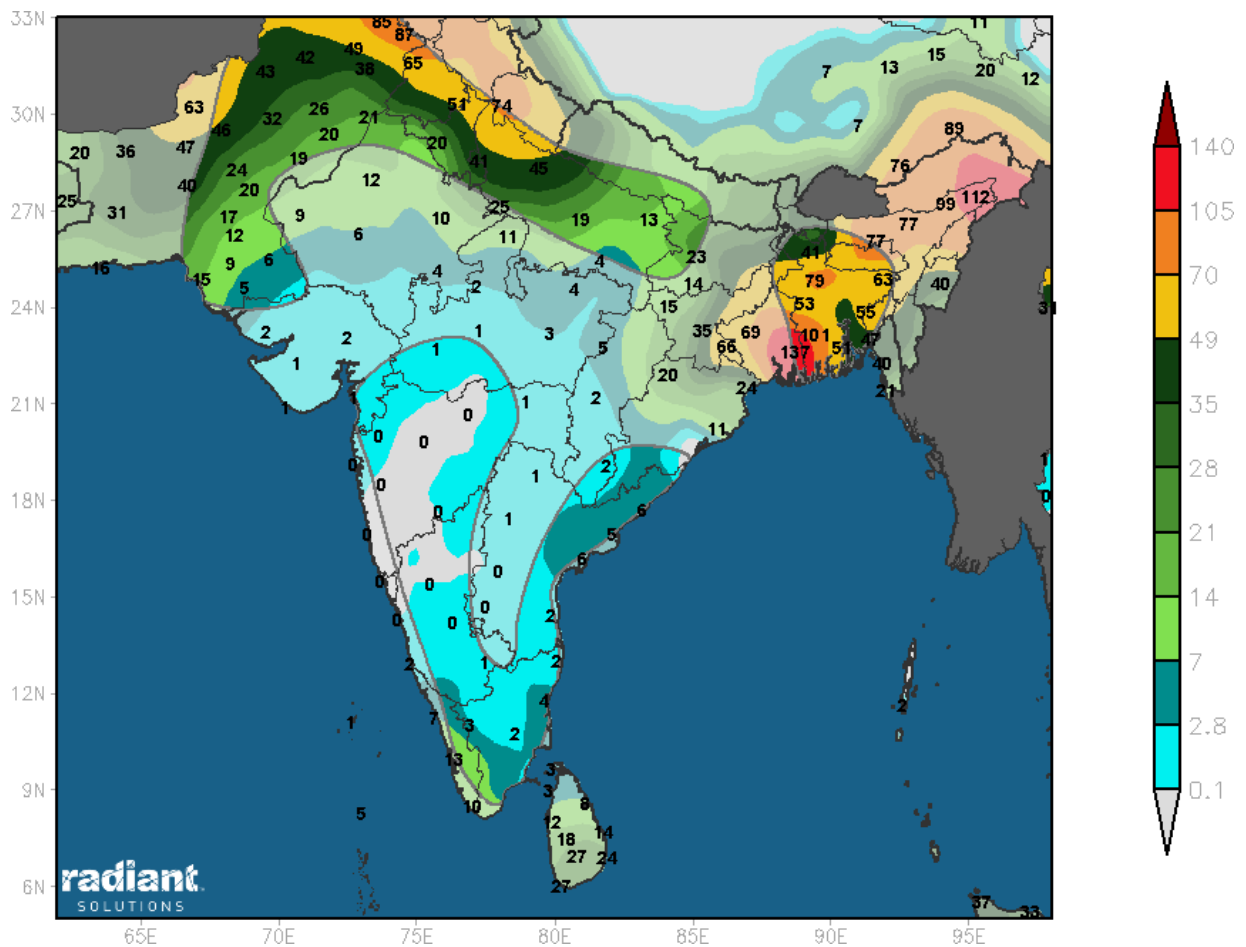
February rains in CS Brazil



Nov'18-Feb'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



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- NY Flat price:** Prices recovered over the last few days: the narrow-ranged downside channel (bullish flag) broke on the upside. May contract traded to the highs of 13.5 cts/lb last week, closing at 13.36 cts/lb Friday, up from 13.14 cts/lb a week earlier.
- NY Spreads:** after rallying to 19 points inverse 2 weeks ago, March/May spread weakened last week, closing at 7 points inverse.
- London market:** May/May White Premium was trading between \$65-67/mt during last week, slightly lower than a week earlier. During March contract expiry in London on February 13, 78.3k mt were delivered by Sucden, Alvean and ED&F Man; Wilmar was a receiver. Sugar was delivered in the ports of India, Guatemala, and Mexico.
- COT report:** COT report as of February 5 showed that specs were net-short of 58.5k lots, down 2.1k lots week on week. Commercials were net-short of 180.1k lots, barely change week on week. Finally, the Index funds positions were at 238.6k lots, 1.3k lots lower week on week. During the reporting period prices increased 13 cts/lb.



BULL

► Indian government increased domestic price from 29 Rs/kg to 31 Rs/kg.

► SRA decreased the Philippines production expectations from 2.25 million mt, to 2.08 million mt.

► Ethanol prices in CS Brazil recovered, adding support to sugar prices.



BEAR

► Dubai refinery is running slower than expected this year, due to low demand.

► Rain in CS Brazil is expected to be above average in the coming months, easing worries about the dry conditions.

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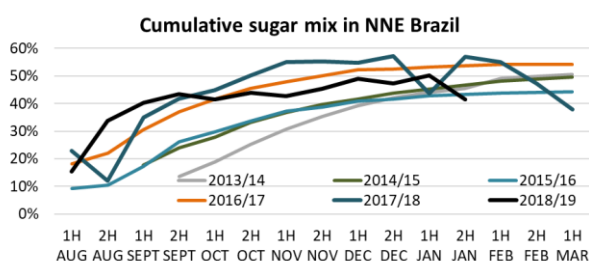
NNE Brazil: Production Update

2H JAN	2017/18	2018/19	Var.
Cane(mmt)	39.72	43.51	↑ 3.8
Sugar (kmt)	2.25	2.29	↑ 0.04
Total Ethanol	1,617	2,002	↑ 386
ATR (kg/t of cane)	129.41	133.63	↑ 4.2
Sugar mix (%)	45.99%	41.38%	↓ -4.6%

► NNE Brazil mills crushed 43.5 million mt of cane by end of January, - 3.8 million mt higher year on year.

► ATR reached 133.6kg/mt on a cumulative basis, 4.2 kg/mt higher year on year.

► Sugar mix is below last season at 41.4%.



► Sugar production reached 2.3 million mt, slightly higher year on year.

Guatemala: Production Update

	2017/18	2018/19	Var.
Cane(mt)	14,582,967	14,331,925	↓ -1.7%
Sugar(mt)	1,490,968	1,473,758	↓ -1%
Raw	512,168	527,500	↑ 3%
White	978,800	946,258	↓ -3%
Extraction rate	10.22%	10.28%	↑ 1%
Whites share	66%	64%	
Raw share	34%	36%	

► Guatemalan mills crushed 14.3 million mt of cane, little down year on year.

► Sugar production reached 1.47 million mt, slightly down year on year.

► Extraction rate was slightly higher year on year at 10.28%.

► Share of raw sugar remains a bit above last season: 36% vs 34% last season due to lower White Premium.

Mexico: Crushing Update

Mexican crush update	2017/18	2018/19	y-o-y
Harvest (Ha)	323,941	320,316	↓ -1.1%
Cane yield (Mt/Ha)	76.5	79.1	↑ 3.5%
Crushing cane (Mt)	24,776,290	25,344,606	↑ 2.3%
Sugar (Mt)	2,665,965	2,635,004	↓ -1.2%
Sugar extraction (%)	10.76%	10.40%	↓ -3.4%

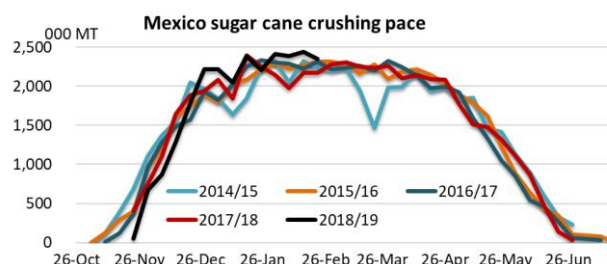
► Mexico harvested 320.3k ha by February 26, little down year on year.

► Agricultural yields are better than last season: 79.1 mt/ha vs 76.5 mt/ha.

► Cane crushing reached 25.34 million mt. slightly up year on year due to better yields.

► Sugar production reached 2.64 million mt, 30k mt down year on year due to lower industrial yields.

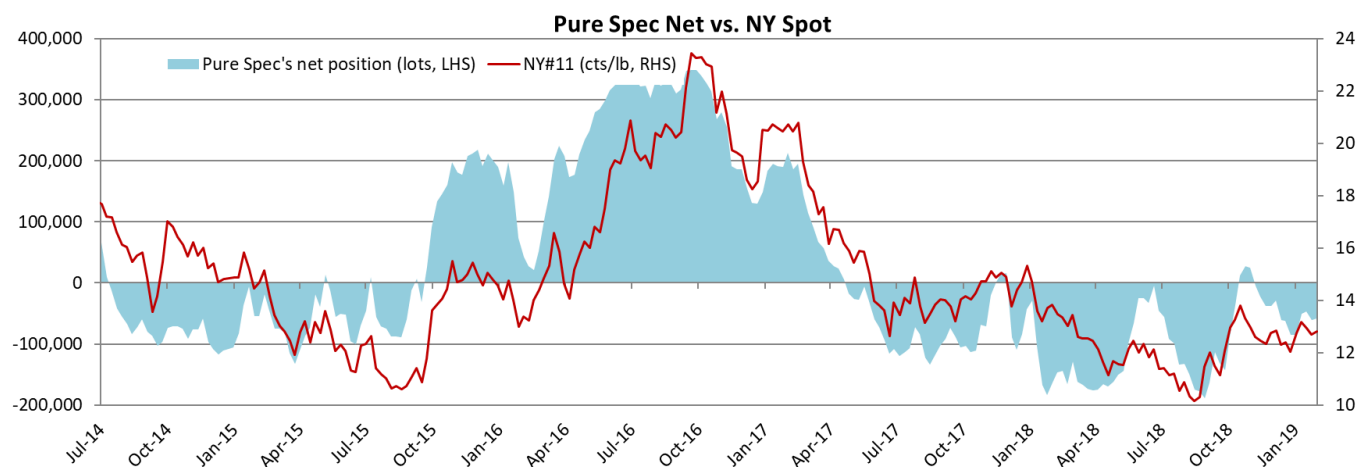
► Exports were slower during January and February due to a drop in the world prices: officially 9.4k mt were exported in January, and 8k mt by mid- February 8k mt.





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)	
18-12-18	12.3	-60,839	157,919	218,758	243,990	-183,151	343,861	527,012	1,010,485
24-12-18	12.4	-62,701	167,157	229,858	239,096	-176,394	355,076	531,470	1,029,632
31-12-18	12.03	-84,983	162,395	247,378	237,112	-152,130	372,791	524,921	1,039,248
08-01-19	12.76	-84,552	172,530	257,082	233,747	-149,196	375,969	525,165	1,073,827
15-01-19	13.16	-51,038	184,857	235,895	232,163	-181,126	367,266	548,392	1,060,192
22-01-19	12.93	-46,258	175,336	221,594	239,033	-192,775	374,889	567,664	1,073,253
29-01-19	12.69	-60,625	167,465	228,090	239,898	-179,273	387,966	567,239	1,074,232
05-02-19	12.82	-58,508	173,762	232,270	238,611	-180,103	396,706	576,809	1,098,593
Lastet Change	0.13	2,117	6,297	4,180	-1,287	-830	8,740	9,570	24,361



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