

Sugar Weekly Report

February 4 - 8 2019



| Sugar Prices and Macros as of | | | | | | | | | | | | |
|-------------------------------|----------|----------|----------|-------------|--------------|-----------|----------|----------|----------|-------------|--------------|-------|
| 8-Feb-19 | | | | | | | | | | | | |
| | 8-Feb-19 | 1-Feb-19 | 8-Jan-19 | Weekly Var. | Monthly Var. | | 8-Feb-19 | 1-Feb-19 | 8-Jan-19 | Weekly Var. | Monthly Var. | |
| NY #11 | 12.71 | 12.60 | 12.76 | ⬆️ | 0.11 ⬆️ | USD Index | 96.64 | 95.62 | 95.90 | ⬆️ | 1.02 ⬆️ | 0.74 |
| London #5 | 333.8 | 337.8 | 345.4 | ⬆️ | -4.0 ⬆️ | USDBZL | 3.73 | 3.66 | 3.71 | ⬆️ | 0.07 ⬆️ | 0.02 |
| NY#16 | 25.37 | 25.89 | 25.36 | ⬆️ | -0.52 ⬆️ | USDINR | 71.16 | 71.44 | 70.13 | ⬆️ | -0.28 ⬆️ | 1.03 |
| Front White Premium | 53.6 | 60.0 | 64.1 | ⬆️ | -6.4 ⬆️ | EURUSD | 1.13 | 1.15 | 1.14 | ⬆️ | -0.01 ⬆️ | -0.01 |

Market Situation at a Glance

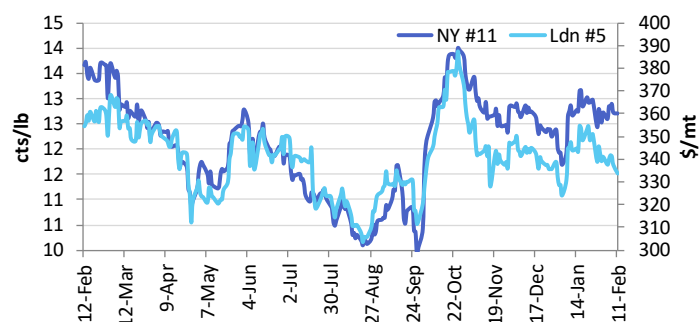
| International Prices | | | |
|--------------------------|----------|----------|--------------------|
| | 8-Feb-19 | 1-Feb-19 | Weekly Var. |
| Sugar | | | |
| NY #11 | 12.71 | 12.60 | ↑ 0.11 cts/lb |
| Front Spread | 0.05 | -0.05 | ↑ 0.10 cts/lb |
| London #5 | 333.80 | 337.80 | ↓ -4.00 \$/mt |
| Front Spread | -10.50 | -10.90 | ↑ 0.40 \$/mt |
| White Premium | 53.59 | 60.02 | ↓ -6.43 \$/mt |
| USD Index | 96.64 | 95.62 | ↑ 1.02 |
| USDBZL | 3.73 | 3.66 | ↑ 0.07 R\$/ |
| USDINR | 71.16 | 71.44 | ↓ -0.28 RUP/\$ |
| RUBUSD | 65.44 | 65.41 | ↑ 0.03 RUB/\$ |
| EURUSD | 1.13 | 1.15 | ↓ -0.01 \$/EUR |
| S&P500 | 2708 | 2707 | ↑ 1.35 |
| DJ Industrial Avg | 25170 | 25000 | ↑ 169.86 |
| Light Crude Oil | 52.71 | 55.37 | ↓ -2.66 \$/Barrel |
| Corn | 374.25 | 378.25 | ↓ -4.00 cts/Bushel |
| Wheat | 518.00 | 524.50 | ↓ -6.50 cts/Bushel |
| Coffee (Arabic) | 102.35 | 103.70 | ↓ -1.35 cts/lb |

Domestic Markets

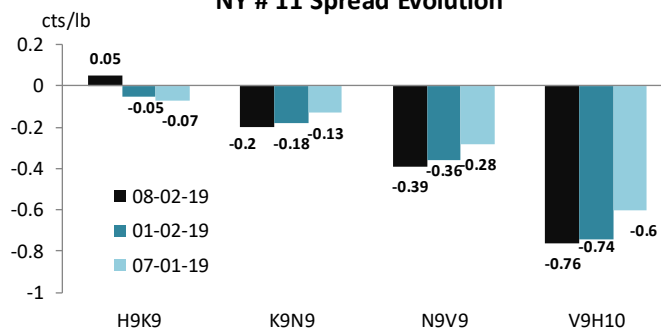
| | 8-Feb-19 | 1-Feb-19 | Weekly Var. | Unit |
|--------------------------------------|----------|----------|-------------|------------|
| Brazil | | | | |
| NY Front Month in BZL | 47.40 | 46.11 | ↑ 1.28 | R\$ cts/lb |
| Domestic: | | | | |
| Esalq Sugar (R\$) | 69.88 | 69.73 | ↑ 0.15 | R\$/50kg |
| Esalq Sugar (US\$) | 18.74 | 19.05 | ↓ -0.31 | cts/lb |
| Hydrous Ethanol (NY#11 equiv.) | 13.33 | 13.14 | ↑ 0.18 | cts/lb |
| Anhydrous Ethanol (NY#11 equiv.) | 13.67 | 14.17 | ↓ -0.50 | cts/lb |
| Ethanol/Gasoline in Sao Paulo | | | | |
| Ethanol | 2,560 | 2,592 | ↓ -32 | R\$/l |
| Gasoline | 3,974 | 4,004 | ↓ -30 | R\$/l |
| Ethanol/Gasoline Parity | 64.4% | 64.7% | ↓ 0% | |
| Anhydrous from US Parity | -12.08 | 5.79 | ↓ -17.87 | USD/M3 |
| Anhydrous to US Parity | -183.91 | -203.25 | ↑ 19.35 | USD/M3 |
| India | | | | |
| NCDEX | 30,240 | 30,050 | ↑ 190 | RUP/mt |
| S-Grade (Kolhapur)* | 29,225 | 29,060 | ↑ 165 | RUP/mt |
| M-Grade (Kolkatta)* | 33,667 | 33,191 | ↑ 476 | RUP/mt |

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



| China | | | | |
|--------------------|---------------|--------|-------------|--------|
| | 8-Feb-19 | 01-Feb | Weekly Var. | Unit |
| ZCE Front Month | 5,065 | 5,065 | ↑ 0 | RMB/mt |
| ZCE Front Spread | -3 | -3 | ↑ 0 | RMB/mt |
| Northern Spot Cash | Rizhao 5,630 | 5,630 | ↑ 0 | RMB/mt |
| Southern Spot Cash | Liuzhou 5,400 | 5,400 | ↑ 0 | RMB/mt |

| USA | | | | |
|---------------|----------|----------|-------------|--------|
| | 8-Feb-19 | 1-Feb-19 | Weekly Var. | Unit |
| No #16 | 25.37 | 25.89 | ↓ -0.52 | cts/lb |
| #16/11 Spread | 12.66 | 13.29 | ↓ -0.63 | cts/lb |

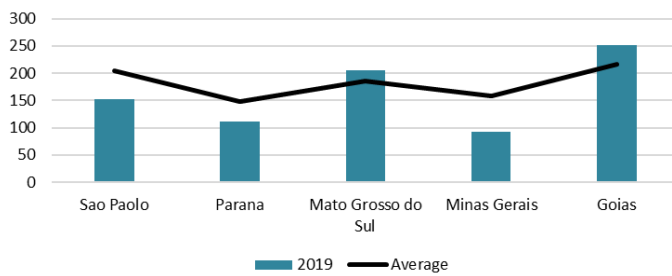
| EU | | | | |
|--------------------|-----|-----|--------|--------------|
| | | | | |
| EU 45s containers | 15 | 12 | ↑ 3.0 | \$/mt ov Ldn |
| Russia | | | | |
| Price in Krasnodar | 549 | 536 | ↑ 13.3 | \$/m3 |

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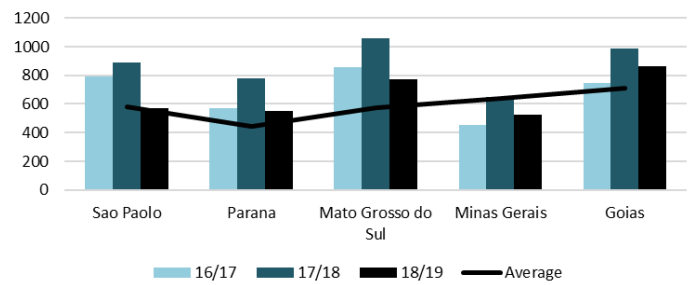


Crushing Days Lost to Rain in CS Brazil

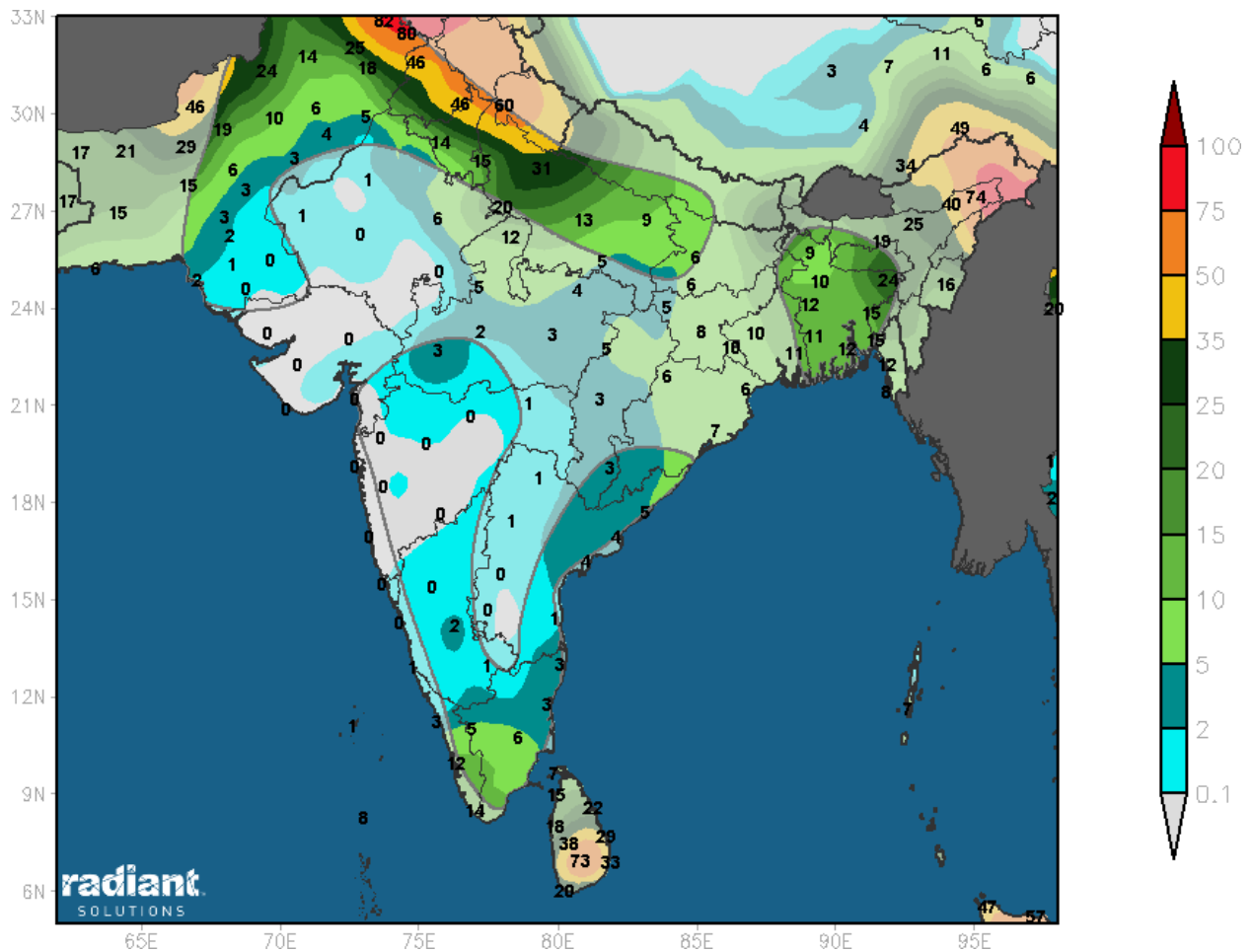
February rains in CS Brazil



Nov'18-Feb'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- **NY Flat price:** Prices traded sideways, with March contract closing at 12.71 cts/lb, slightly higher week on week.
- **NY Spreads:** March/May spread rallied to 7 points inverses as we are approaching the expiry.
- **London market:** March/May spread rallied to \$6.1/mt carry, closing at \$10.5/mt carry Friday, similar to a week earlier. March/March White Premium dropped further to \$53.7/mt. May/May White Premium dropped to \$65.3/mt, from \$70/mt a week earlier.
- **COT report:** COT report as of January 8 showed that speculators positions were at 84.6k lots of net-shorts, little change week on week, while prices increased by 73 points during the reported week. Index funds positions stood at 233.7k lots of net-longs, 3.4k lots lower week on week. Commercials were net-short of 149.2k lots, 2.9k lots higher week on week.



BULL

- ▶ Maharashtra and Karnataka states in India continue to be dry.
- ▶ Indonesia issued import permits for refineries that do not support Thai exports.
- ▶ After a dry January, the forecast for February in CS Brazil still shows below average rains.



BEAR

- ▶ The smuggling demand is still absent
- ▶ Import margins in China are still negative.
- ▶ Indonesian licenses given are only 1.4 million mt for 1H of 2019. This is down from 1.8 million mt for the same period last year.

Sugar Weekly Report



India: Export Update

| Row Labels | 01-10-18 | 01-11-18 | 01-12-18 | 01-01-19 | 01-02-19 | Grand Total |
|-------------|----------|----------|----------|----------|----------|-------------|
| Crystal | 41,225 | 154,146 | 189,912 | 148,206 | 53,260 | 586,749 |
| BreakBulk | | | 14,500 | 42,500 | 35,000 | 92,000 |
| Somalia | | | 14,500 | 42,500 | | 57,000 |
| Yemen | | | | 5,000 | | 5,000 |
| zz_comb_WA | | | | 24,500 | | 24,500 |
| Sudan | | | | 5,500 | | 5,500 |
| Container | 41,225 | 154,146 | 175,412 | 105,706 | 18,260 | 494,749 |
| RAW | | 12,307 | 95,808 | 197,259 | 318,534 | 623,908 |
| BreakBulk | | 12,284 | 83,978 | 126,391 | 154,324 | 376,977 |
| India | | 12,284 | 83,978 | 126,391 | 154,324 | 376,977 |
| Bulk | | | | 70,868 | 164,210 | 235,078 |
| Malaysia | | | | 44,000 | 44,700 | 88,700 |
| Bangladesh | | | | 26,868 | 119,510 | 146,378 |
| Container | | 23 | 11,830 | | | 11,853 |
| Grand Total | 41,225 | 166,453 | 285,720 | 345,465 | 371,794 | 1,210,657 |

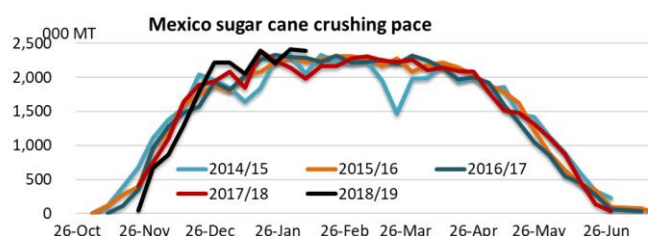
- ▶ India exported 150k mt of sugar in January according to the latest number, down from 190k mt in December.
- ▶ Most of the sugar went to East Africa (around 80k mt), Sri Lanka (23k mt) and Afghanistan.
- ▶ Raw sugar continues to flow into local refineries - 126k mt in January, and 154k is due for February.
- ▶ Raws are being exported to Malaysia and Bangladesh.
- ▶ Total exports for 2018/19 (including lineup) now stand at 1.2 mln mt

Mexico: Production Update

| Mexican crush update | | | |
|----------------------|------------|------------|---------|
| | 2017/18 | 2018/19 | y-o-y |
| Harvest (Ha) | 265,019 | 258,003 | ↓ -2.6% |
| Cane yield (Mt/Ha) | 77.1 | 79.7 | ↑ 3.3% |
| Crushing cane (Mt) | 20,435,721 | 20,551,847 | ↑ 0.6% |
| Sugar (Mt) | 2,168,792 | 2,084,286 | ↓ -3.9% |
| Sugar extraction (%) | 10.61% | 10.14% | ↓ -4.4% |

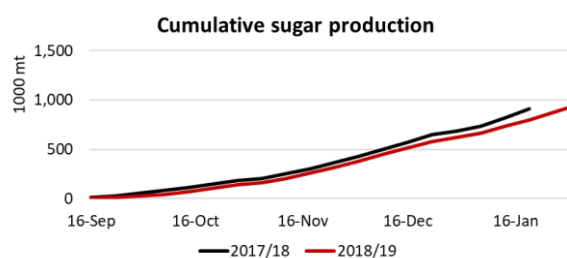
- ▶ Mexico had harvested 258k ha by beginning of February, down almost 10k ha year on year.
- ▶ Agricultural yields were at 79.7 mt/ha, up from 77.1 mt/ha last season.

- ▶ Cane crush reached 20.6 million mt, slightly higher year on year.
- ▶ Sugar production reached 2.08 million mt, down from 2.17 million mt a year earlier.



- ▶ Since the start of the crop season, Mexico exported 226k mt of sugar: 128k mt to Morocco, 37k mt to Canada, 30k mt to Tunisia and 30k mt to Venezuela.

Philippines: Crushing Update



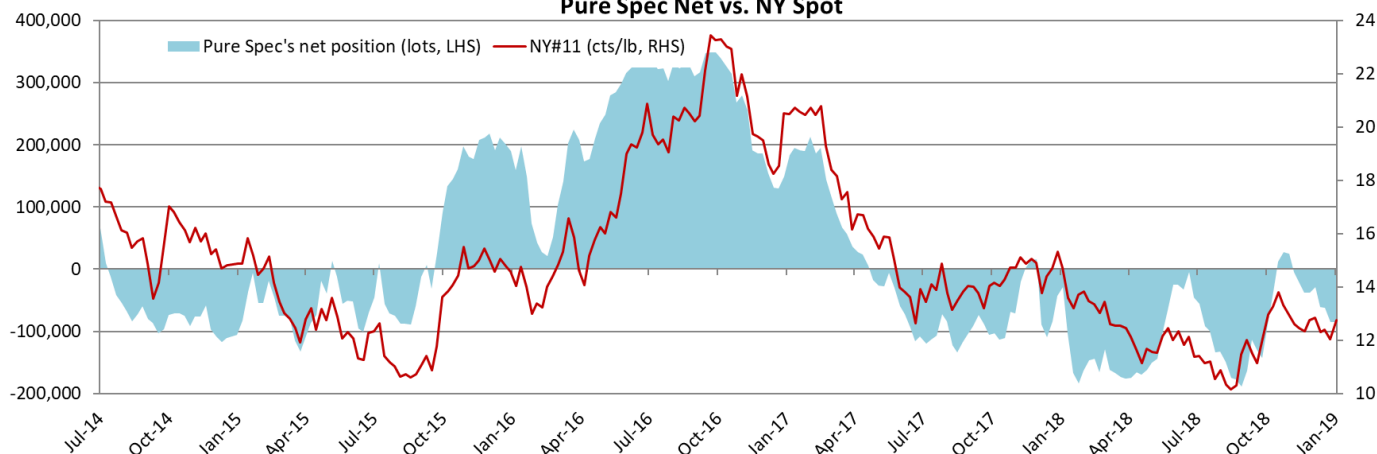
- ▶ Philippines crushing is currently better than last season: 915k mt produced by mid-January compared with 800k mt last season.
- ▶ Production is expected to reach 2.1 million mt, with potential to reach 2.2 million mt.
- ▶ Consumption is going to be around 2.4 million mt due to a switch from High Fructose Corn Syrup to sugar, the country will need to import around 200k mt.
- ▶ Last season Philippines imported around 500k mt of sugar (36k raws and the rest whites), almost all from Thailand.

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COT RECAP

Pure Spec Net vs. NY Spot



| 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) | |
| 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 | 12.3 | -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 |
| Lastet Change | 0.73 | 431 | 10,135 | 9,704 | -3,365 | 2,934 | 3,178 | 244 | 34,579 |

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