

Sugar Weekly Report

January 28 – February 1 2019



Sugar Prices and Macros as of 25-Jan-19											
	25-Jan-19	18-Jan-19	25-Dec-18	Weekly Var	Monthly Var.		25-Jan-19	18-Jan-19	25-Dec-18	Weekly Var.	Monthly Var.
NY #11	12.44	13.03	-	⬇️ -0.59	⬆️	USD Index	95.81	96.36	96.58	⬇️ -0.55	⬇️ -0.77
London #5	339.5	353.2	-	⬇️ -13.7	⬆️	USDBZL	3.77	3.75	0.00	⬆️ 0.02	⬆️ 3.77
NY#16	25.42	25.70	-	⬇️ -0.28	⬆️	USDINR	70.94	71.22	0.00	⬇️ -0.28	⬆️ 70.94
Front White Premium	65.2	65.9	-	⬇️ -0.7	⬆️	EURUSD	1.14	1.14	1.14	⬆️ 0.00	⬆️ 0.00

Market Situation at a Glance

International Prices			
	25-Jan-19	18-Jan-19	Weekly Var.
Sugar			
NY #11	12.44	13.03	↓ -0.59 cts/lb
Front Spread	-0.15	-0.13	↓ -0.02 cts/lb
London #5	339.50	353.20	↓ -13.70 \$/mt
Front Spread	-9.40	-8.10	↓ -1.30 \$/mt
White Premium	65.25	65.94	↓ -0.69 \$/mt
USD Index	95.81	96.36	↓ -0.55
USDBZL	3.77	3.75	↑ 0.02 R\$/
USDINR	70.94	71.22	↓ -0.28 RUP/\$
RUBUSD	65.99	66.17	↓ -0.18 RUB/\$
EURUSD	1.14	1.14	0.00 \$/EUR
S&P500	2665	2671	↓ -5.95
DJ Industrial Avg	24553	24370	↑ 183.14
Light Crude Oil	53.55	53.76	↓ -0.21 \$/Barrel
Corn	380.25	380.75	↓ -0.50 cts/Bushel
Wheat	521.00	516.75	↑ 4.25 cts/Bushel
Coffee (Arabic)	106.35	105.25	↑ 1.10 cts/lb

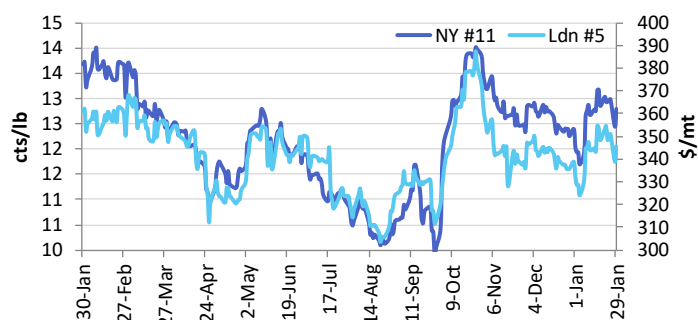
Domestic Markets

	25-Jan-19	18-Jan-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	46.89	48.87	↓ -1.97	R\$/cts/lb
Domestic:				
Esalq Sugar (R\$)	69.41	69.04	↑ 0.37	R\$/50kg
Esalq Sugar (US\$)	18.41	18.41	0.00	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.04	13.43	↓ -0.39	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	13.83	14.26	↓ -0.42	cts/lb
Ethanol/Gasoline in Sao Paulo				
Ethanol	2,608	2,643	↓ -35	R\$/l
Gasoline	4,012	4,108	↓ -96	R\$/l
Ethanol/Gasoline Parity	65.0%	64.3%	↑ 1%	
Anhydrous from US Parity	-10.97	-6.77	↓ -4.19	USD/M3
Anhydrous to US Parity	-184.67	-189.62	↑ 4.95	USD/M3

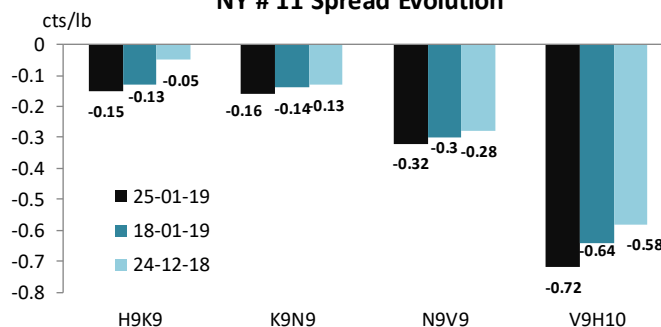
India				
NCDEX	30,140	30,460	↓ -320	RUP/mt
S-Grade (Kolhapur)*	29,080	29,300	↓ -220	RUP/mt
M-Grade (Kolkatta)*	32,929	34,286	↓ -1,357	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China				
	25-Jan-19	18-Jan	Weekly Var.	Unit
ZCE Front Month	5,023	4,930	↑ 93	RMB/mt
ZCE Front Spread	26	-20	↑ 46	RMB/mt
Northern Spot Cash	Rizhao 5,630	5,550	↑ 80	RMB/mt
Southern Spot Cash	Liuzhou 5,400	5,300	↑ 100	RMB/mt

USA				
	25-Jan-19	18-Jan-19	Weekly Var.	Unit
No #16	25.42	25.70	↓ -0.28	cts/lb
#16/11 Spread	12.98	12.67	↑ 0.31	cts/lb

EU				
	25-Jan-19	18-Jan-19	Weekly Var.	Unit
EU 45s containers	10	10	0.0	\$/mt ov Ldn

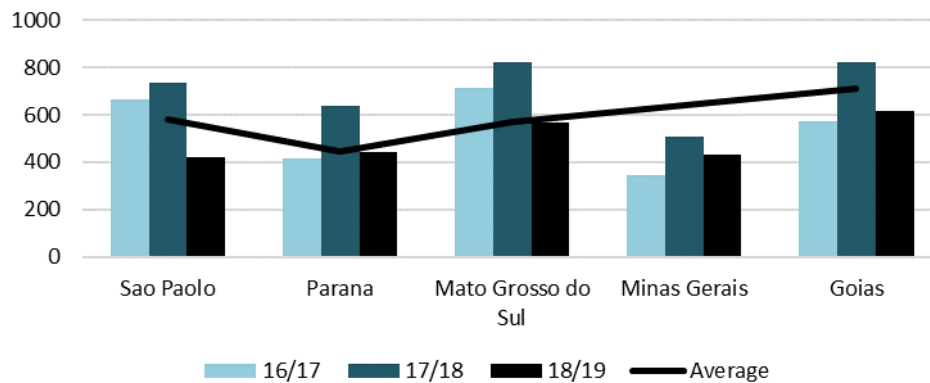
Russia				
Price in Krasnodar	542	552	↓ -10.0	\$/m3

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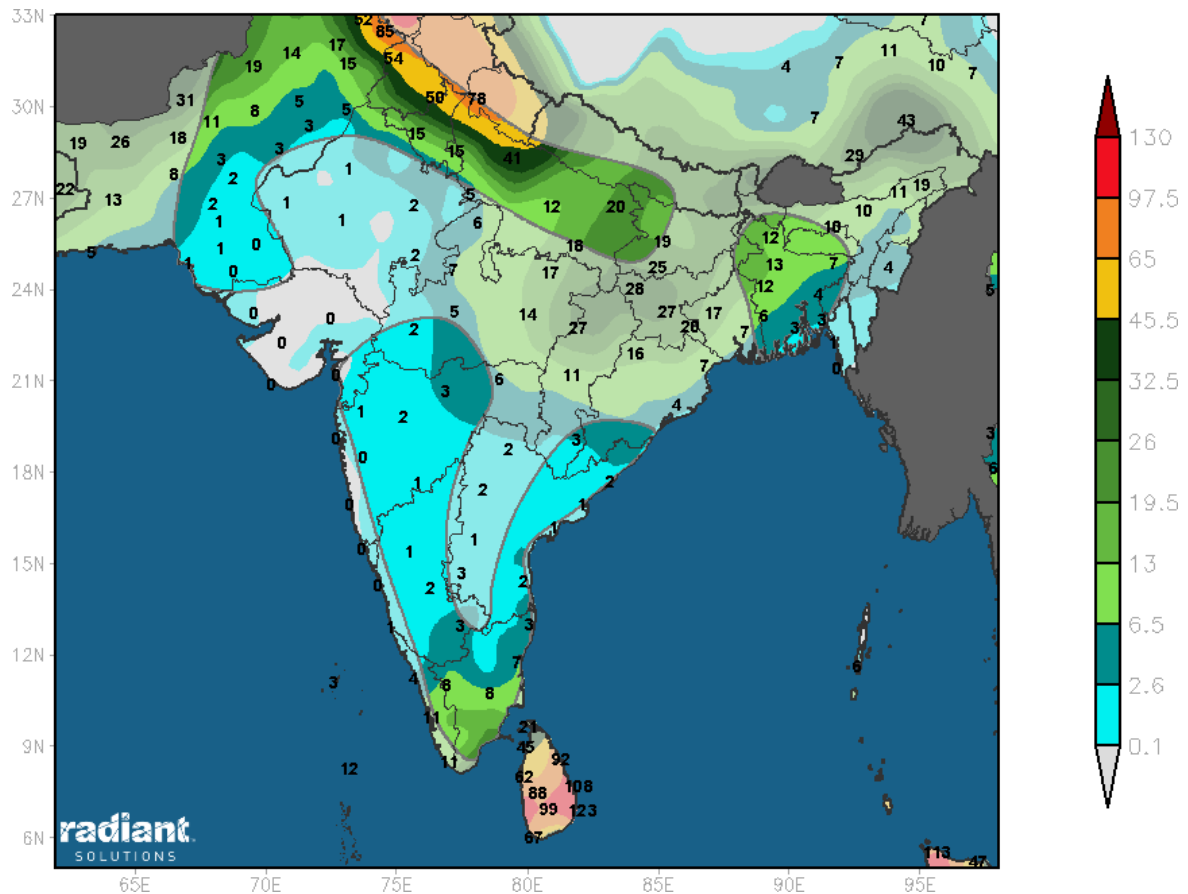


Crushing Days Lost to Rain in CS Brazil

Nov'18-Jan'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- **NY Flat price:** March contract traded in a narrow range with the lows of 12.46-12.93 cts/lb, closing at 12.6 cts/lb, little higher week on week.
- **NY Spreads:** March/May spread closed at 5 points carry, much stronger than 15 points carry a week before
- **London market:** March/May spread collapsed to \$13.4/mt last week, dragging WP with it: March/March WP fell to \$60/mt.
- **COT report:** Please note, there is still no COT update due to US Government shutdown.



BULL

- El-Nino risk remains there is a 50% chance of El-Nino occurring later in 2019.
- Rains in CS Brazil were below average and well below last January.
- Mexico production could fall below 6 million mt with poor yields and harvesting lagging behind last year.



BEAR

- Production in India is ahead of last season and stocks are growing.
- Thai raws production is almost 1 million mt above last year.
- There is still no demand from Indonesia.

Sugar Weekly Report



India: Production Update

SH Jan	2017/18	2018/19	Var
MH	6,308	7,070	↑ 12%
UP	5,398	5,336	↓ -1%
Ktaka	2,678	3,340	↑ 25%
Gujarati	607	650	↑ 7%
Tamil Nadu	220	310	↑ 41%
AP & Telangana	382	370	↓ -3%
REST of INDIA	1,530	1,443	↓ -6%
Total India	17,123	18,519	↑ 8%
#mills	504	514	

- ▶ 514 mills in India produced 18.5 million mt of sugar by end of January, this is 8% higher than what was produced last year by 504 mills.
- ▶ Maharashtra produced 7 million mt of sugar, up from 6.3 million mt last season.
- ▶ Uttar Pradesh produced 5.3 million mt, similar to last year.
- ▶ Karnataka is at 3.34 million mt, well above last season.
- ▶ We estimate total production at 31 million mt currently, down from 32.2 last year.
- ▶ Since November 2018, it has been dry in India, notably in some of the Maharashtra and Karnataka regions, which has impacted planting for 2019/20.

Mexico: Production Update

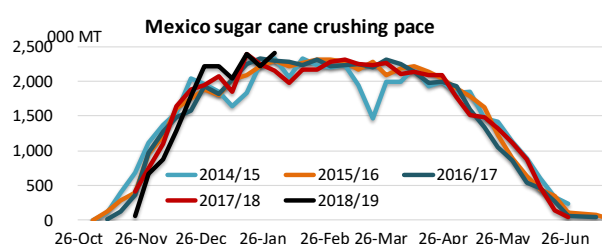
- ▶ Mills in Mexico harvested 227.4k ha, almost 5% down year on year.
- ▶ Agricultural yields were at 80 mt/ha, up from 77.4 mt/ha last season.
- ▶ This resulted in 18.2 million mt of cane crushed so far, which is a little below last season.

- ▶ Extraction rate was at 10%, down from 10.54% last year.
- ▶ Sugar production was at 1.8 million mt down from 1.95 million mt last year.

Mexican crush update

	2017/18	2018/19	y-o-y
Harvest (Ha)	238,373	227,422	↓ -4.6%
Cane yield (Mt/Ha)	77.4	79.9	↑ 3.1%
Crushing cane (Mt)	18,456,083	18,162,750	↓ -1.6%
Sugar (Mt)	1,945,286	1,818,113	↓ -6.5%
Sugar extraction (%)	10.54%	10.01%	↓ -5.0%

- ▶ Government released a new estimate of 6.2 million mt of production, which is based on the harvested area this season.
- ▶ Expected that production will reach same levels as last year of around 6 million mt.



Russia: Crushing Update

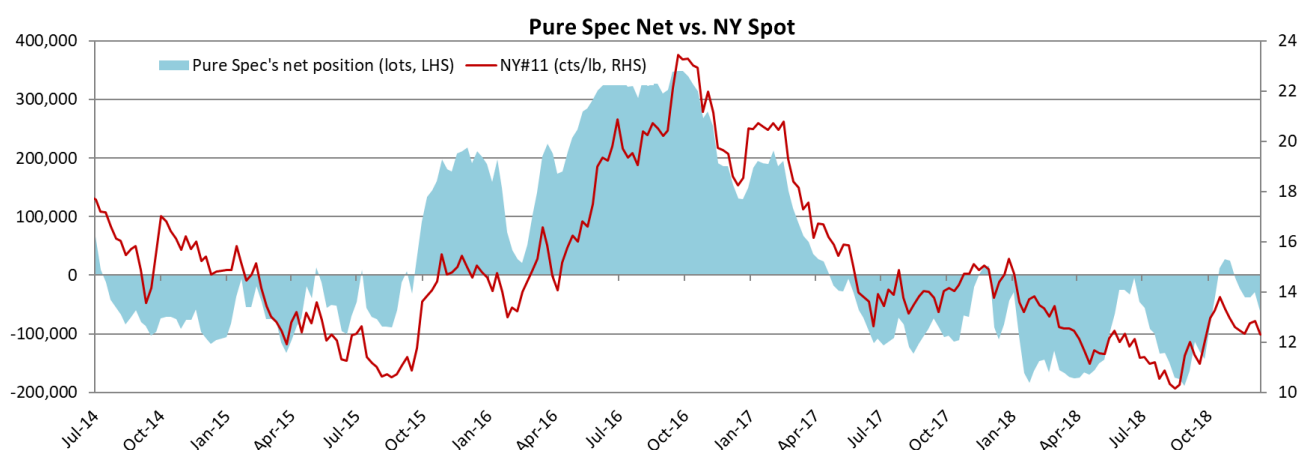
	2017/18	2018/19	Var
Beet stored up	47,409	39,316	↓ - 8,092
Beet processed	46,162	38,460	↓ - 7,702
Beet in stocks	9	3	↓ - 6
Sugar produced	6,456	5,855	↓ - 601
Extr. rate	14.0	15.2	↑ 1.2

- ▶ Russian production from beets will be completed at the beginning of February with 5.9 million mt of sugar produced.
- ▶ Some factories will still run to produce sugar from molasses and juices, with potentially an additional 100k mt of sugar.



COT RECAP

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



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