

Sugar Weekly Report

March 11 - 15 2019



Sugar Prices and Macros as of 15-Mar-19											
	15-Mar-19	8-Mar-19	12-Feb-19	Weekly Var.	Monthly Var.		15-Mar-19	8-Mar-19	12-Feb-19	Weekly Var.	Monthly Var.
NY #11	12.52	12.18	12.85	⬆️ 0.34	⬇️	USD Index	96.49	97.36	96.70	⬇️ -0.87	⬇️ -0.21
London #5	340.7	338.5	325.8	⬆️ 2.2	⬆️	USDBZL	3.81	3.87	3.71	⬇️ -0.05	⬆️ 0.10
NY#16	26.27	25.93	25.90	⬆️ 0.34	⬆️	USDINR	68.97	70.08	70.53	⬇️ -1.11	⬇️ -1.56
Front White Premium	64.7	70.0	42.5	⬇️ -5.3	⬆️	EURUSD	1.13	1.12	1.13	⬆️ 0.01	⬇️ -0.00

Market Situation at a Glance

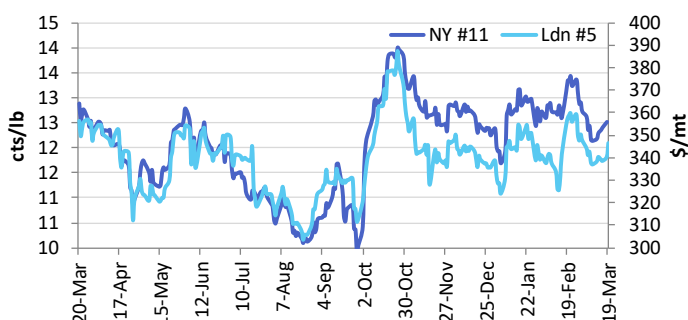
International Prices			
	15-Mar-19	8-Mar-19	Weekly Var.
Sugar			
NY #11	12.52	12.18	↑ 0.34 cts/lb
Front Spread	-0.15	-0.19	↑ 0.04 cts/lb
London #5	340.70	338.50	↑ 2.20 \$/mt
Front Spread	-7.40	-4.30	↓ -3.10 \$/mt
White Premium	64.68	69.98	↓ -5.30 \$/mt
USD Index	96.49	97.36	↓ -0.87
USDBZL	3.81	3.87	↓ -0.05 R\$/
USDINR	68.97	70.08	↓ -1.11 RUP/\$
RUBUSD	64.81	66.35	↓ -1.54 RUB/\$
EURUSD	1.13	1.12	↑ 0.01 \$/EUR
S&P500	2822	2743	↑ 79.41
DJ Industrial Avg	25710	25473	↑ 236.71
Light Crude Oil	58.39	56.04	↑ 2.35 \$/Barrel
Corn	373.00	354.75	↑ 18.25 cts/Bushel
Wheat	460.25	432.75	↑ 27.50 cts/Bushel
Coffee (Arabic)	93.95	95.25	↓ -1.30 cts/lb

Domestic Markets

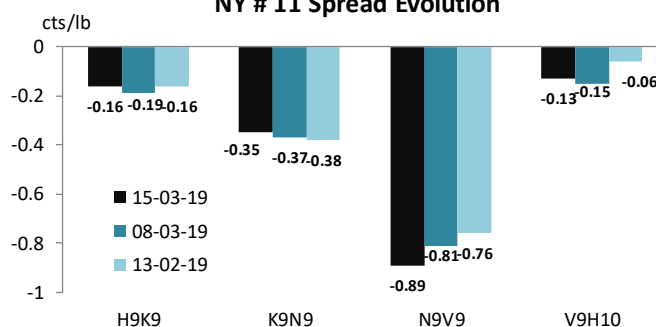
	15-Mar-19	8-Mar-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	47.74	47.10	↑ 0.64	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	69.10	67.72	↑ 1.38	R\$/50kg
Esalq Sugar (US\$)	18.12	17.51	↑ 0.61	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	14.99	14.91	↑ 0.09	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	14.66	14.70	↓ -0.03	cts/lb
Ethanol/Gasoline in S. Paolo	15-Mar-19	8-Mar-19	Weekly Var.	Unit
Ethanol	2,831	2,722	↑ 109	R\$/l
Gasoline	4,058	3,989	↑ 69	R\$/l
Ethanol/Gasoline Parity	69.8%	68.2%	↑ 2%	
Anhydrous from US Parity	-101.63	-52.79	↓ -48.84	USD/M3
Anhydrous to US Parity	-95.13	-142.95	↑ 47.82	USD/M3
India	15-Mar-19	8-Mar-19	Weekly Var.	Unit
NCDEX	4,603	4,328	↑ 275	RUP/mt
S-Grade (Kolhapur)*	31,000	31,000	0	RUP/mt
M-Grade (Kolkatta)*	32,429	32,762	↓ -334	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



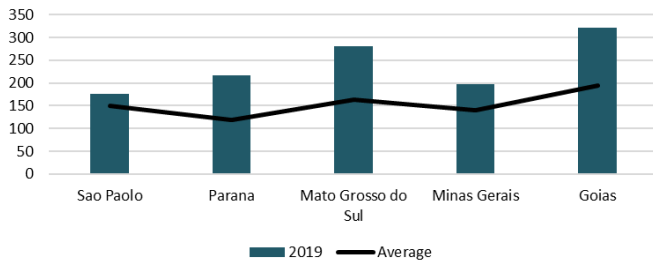
China				
	15-Mar-19	08-Mar	Weekly Var.	Unit
ZCE Front Month	5,119	5,064	↑ 55	RMB/mt
ZCE Front Spread	-40	-3	↓ -37	RMB/mt
Northern Spot Cash	Rizhao 5,800	5,800	↑ 0	RMB/mt
Southern Spot Cash	Liuzhou 5,440	5,400	↑ 40	RMB/mt
USA				
	15-Mar-19	8-Mar-19		
No #16	26.27	25.93	↑ 0.34	cts/lb
#16/11 Spread	13.75	13.75	↑ 0.00	cts/lb
EU				
EU 45s containers	20	20	↑ 0.0	\$/m3 \$/mt ov Ldn
Russia				
Price in Krasnodar	519	521	↓ -2.0	\$/m3

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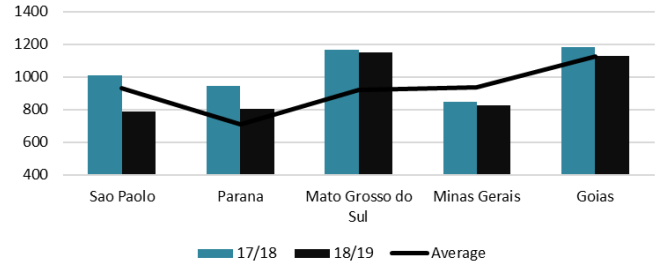


CS Brazil Total Rainfall

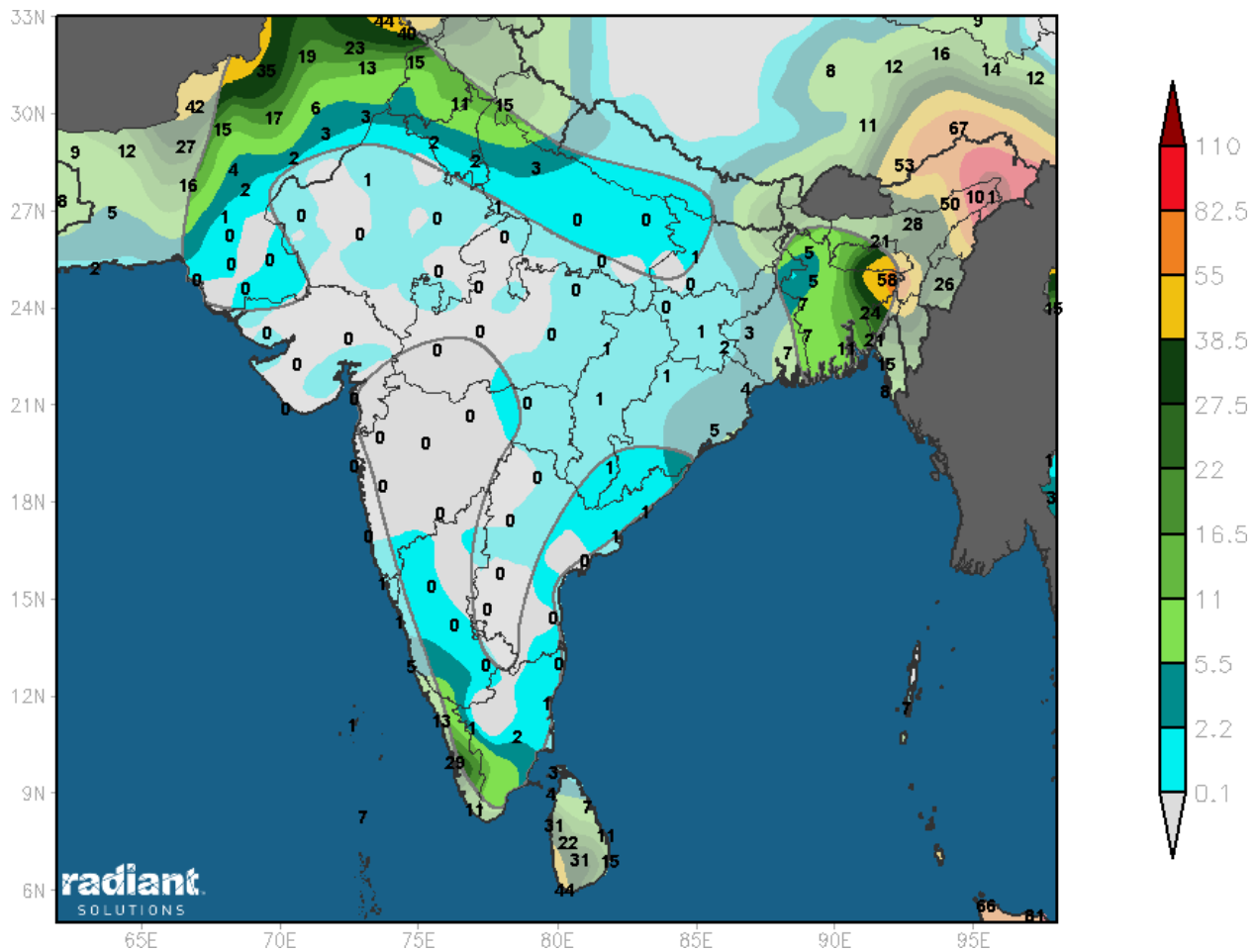
March rains in CS Brazil



Nov'18-March'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



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- **NY Flat price:** May contract reached highs of 12.69 cts/lb, closing at 12.52 cts/lb Friday, up from 12.18 cts/lb a week earlier.
- **NY Spreads:** May/July spread strengthened further to 15 points carry, compared with 19 points carry a week earlier.
- **London market:** May/May White Premium collapsed to \$64/mt Friday, down from around \$70/mt a week earlier. May/August spread closed at \$7.4/mt carry, down from \$4.3/mt carry a week earlier.
- **COT report:** COT report as of March 12th showed that specs were net-short 126k lots, a massive increase week on week of 52.4k lots. Index funds also were net sellers, decreasing their net-long positions by 8k lots to 221.k lots of net-long. Commercials were net-buyers, massively reducing their net-short positions by 60.3k lots to 95k lots of net-shorts

NY #11 May contract



BULL

► Sugar production in Brazil for the 2019/20 season is now estimated to be only 2 million mt higher than this year.

► Thailand remained dry in February and March, which is bad news for the end-of-planting season and for yields of cane already planted.

► El Nino risk increased to 70% according to the Australian Bureau of Meteorology.



BEAR

► Indian production is still ahead of last season, with the final crop predicted to be over 32 million mt.

► Thai sugar production should finish higher than market expectations which was around 120-123 million mt of cane.

► Ethanol-gasoline parity is at 70%, resulting in a decrease in demand.

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India: Production Update

FH Mar	2017/18	2018/19	Var
MH	9,383	10,008	↑ 7%
UP	8,439	8,414	↓ 0%
Ktaka	3,510	4,245	↑ 21%
Gujarati	910	980	↑ 8%
Tamil Nadu	433	540	↑ 25%
AP & Telangana	640	650	↑ 2%
REST of INDIA	2,505	2,510	↑ 0%
Total India	25,820	27,347	↑ 6%
#mills	399	373	

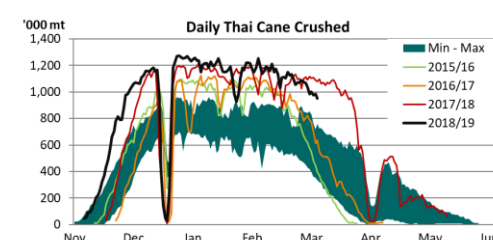
- ▶ India produced 27.4 million mt of sugar by mid-March, 6% higher year on year.
- ▶ There are 373 mills running compared with 399 last year.
- ▶ Maharashtra production has already reached 10 million mt, up from 9.4 last season (due to earlier start).
- ▶ Uttar Pradesh production is same as last season at 8.4 million mt.
- ▶ Karnataka produced 4.25 million mt, up from 3.5 last year.
- ▶ Overall, production pace is similar to last year: during 1H of March 2.6 million mt was produced.
- ▶ Total production could reach 32.5 million mt if mills closures do not accelerate in the coming days.

Thailand: Production Update

- ▶ By March 18, Thai mills crushed 115.5 million mt of cane, almost 12 million mt higher than same time last season.
- ▶ 2 mills have closed for the season already leaving 54 still running (last year 54 mills were running).

- ▶ Sugar production reached 12.6 million mt, 1.4 million mt up year on year; raws production is 1.6 million mt up year on year, refined production is 100k mt up year on year.

	18.03.19	2017/18	2018/19	VAR
Cane crush		103,498,839	115,481,166	↑
Total sugar		11,187,282	12,602,555	↑
Whites		1,189,512	862,762	↓
Refined		1,710,712	1,830,211	↑
Raws		8,108,472	9,741,711	↑
Extraction rate		10.81%	10.91%	↑
Mills operating		54	54	



Mexico: Crushing Update

	2017/18	2018/19	y-o-y
Harvest (Ha)	421,178	415,530	↓ -1.3%
Cane yield (Mt/Ha)	75.1	78.2	↑ 4.2%
Crushing cane (Mt)	31,610,461	32,506,624	↑ 2.8%
Sugar (Mt)	3,474,211	3,480,467	↑ 0.2%
Sugar extraction (%)	10.99%	10.71%	↓ -2.6%

- ▶ Mills in Mexico harvested 415,500 ha by March 9, slightly lower year on year. Cane crush reached 30.5 million mt, up 3% year on year.
- ▶ Sugar production was same as last season at 3.5 million mt.
- ▶ Government released an updated balance sheet: consumption should decrease further from 4.23 million mt to 4.14 million mt.
- ▶ It is a huge drop in consumption considering in 2016/17 country consumed 4.52 million mt. The drop is mainly due to higher High Fructose Corn Syrup usage.

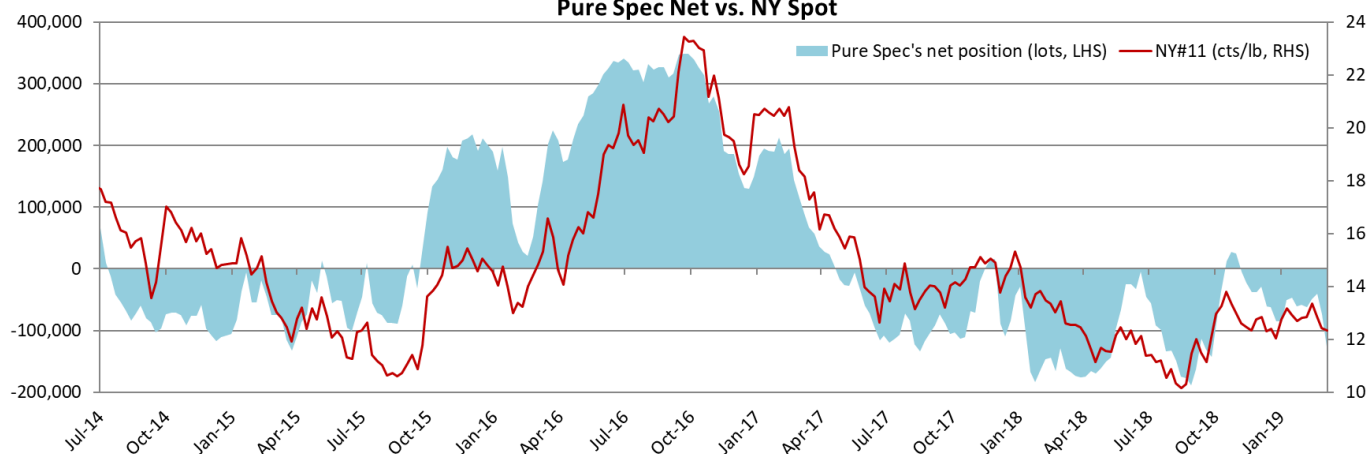
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COT RECAP

Date	Spot Price	Specs net positions	Specs gross longs	Specs gross shorts	Index traders net positions	Commercials net positions	Commercials gross longs	Commercials gross shorts	OI
		(i)-(ii)	(i)	(ii)		(iii)-(iiii)	(iii)	(iiii)	
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
12-02-19	12.85	-61,548	180,301	241,849	235,546	-173,998	383,915	557,913	1,054,695
19-02-19	13.35	-49,509	186,202	235,711	240,274	-190,766	343,333	534,099	996,010
26-02-19	12.88	-40,681	185,622	226,303	241,006	-200,324	314,707	515,031	964,883
05-03-19	12.44	-73,620	173,093	246,713	228,989	-155,368	314,044	469,412	961,098
12-03-19	12.33	-126,026	177,302	303,328	221,102	-95,077	357,721	452,798	1,024,632
Lastet Change	-0.11	-52,406	4,209	56,615	-7,887	60,291	43,677	-16,614	63,534

Pure Spec Net vs. NY Spot



Wilmar Grower Marketing Team

PJ Gileppa (07) 4722 1924 | 0437 297 978
Chris Winship (07) 4722 1986 | 0437 669 118
Yolanda Hansen (07) 4722 1956 | 0439 002 240

Simon Haire (07) 4945 9708 | 0437 803 019
Franco Zaini (07) 4722 1954 | 0419 476 770
Angus McKerrow 0419 238 536

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