

Sugar Weekly Report

February 25 - March 1 2019



Sugar Prices and Macros as of											
	1-Mar-19						1-Mar-19				
	1-Mar-19	22-Feb-19	29-Jan-19	Weekly Var.	Monthly Var.		1-Mar-19	22-Feb-19	29-Jan-19	Weekly Var.	Monthly Var.
NY #11	12.62	13.36	12.69	↓ -0.74	↓	USD Index	96.44	96.49	95.81	↓ -0.05	↑ 0.63
London #5	344.4	359.5	343.0	↓ -15.1	↑	USDBZL	3.77	3.75	3.72	↑ 0.03	↑ 0.05
NY#16	25.80	25.85	26.00	↓ -0.05	↓	USDINR	70.99	71.02	71.38	↓ -0.03	↓ -0.39
Front White Premium	66.2	65.0	63.2	↑ 1.2	↑	EURUSD	1.14	1.13	1.14	↑ 0.00	↓ -0.01

Market Situation at a Glance

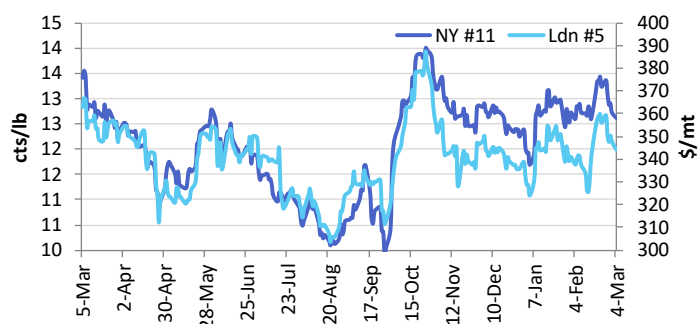
International Prices			
	1-Mar-19	22-Feb-19	Weekly Var.
Sugar			
NY #11	12.62	13.36	↓ -0.74 cts/lb
Front Spread	-0.25	-0.22	↓ -0.03 cts/lb
London #5	344.40	359.50	↓ -15.10 \$/mt
Front Spread	-7.30	-8.30	↑ 1.00 \$/mt
White Premium	66.18	64.96	↑ 1.21 \$/mt
USD Index	96.44	96.49	↓ -0.05
USDBZL	3.77	3.75	↑ 0.03 R\$/
USDINR	70.99	71.02	↓ -0.03 RUP/\$
RUBUSD	65.91	65.40	↑ 0.51 RUB/\$
EURUSD	1.14	1.13	↑ 0.00 \$/EUR
S&P500	2804	2793	↑ 11.02
DJ Industrial Avg	25916	25851	↑ 65.37
Light Crude Oil	55.75	57.07	↓ -1.32 \$/Barrel
Corn	363.50	375.50	↓ -12.00 cts/Bushel
Wheat	454.00	485.00	↓ -31.00 cts/Bushel
Coffee (Arabic)	97.50	96.95	↑ 0.55 cts/lb

Domestic Markets

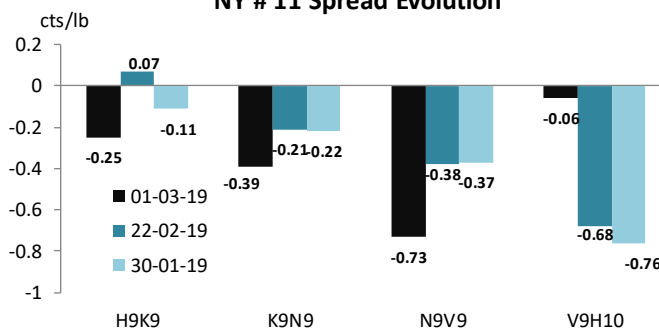
	1-Mar-19	22-Feb-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	47.64	50.04	↓ -2.40	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	66.47	67.56	↓ -1.09	R\$/50kg
Esalq Sugar (US\$)	17.61	18.04	↓ -0.43	cts/lb
Hydrous Ethanol (NY#11 equiv.)	15.23	14.87	↑ 0.36	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	14.83	14.17	↑ 0.67	cts/lb
Ethanol/Gasoline in Sao Paulo				
Ethanol	2,585	2,585	↑ 0	R\$/l
Gasoline	3,967	3,967	↑ 0	R\$/l
Ethanol/Gasoline Parity	65.2%	65.2%	↑ 0%	
Anhydrous from US Parity	-37.08	-59.23	↑ 22.15	USD/M3
Anhydrous to US Parity	-159.92	-137.51	↓ -22.41	USD/M3
India				
NCDEX	4,540	4,850	↓ -310	RUP/mt
S-Grade (Kolhapur)*	31,610	31,000	↑ 610	RUP/mt
M-Grade (Kolkatta)*	33,191	33,500	↓ -310	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China					
	1-Mar-19	22-Feb	Weekly Var.	Unit	
ZCE Front Month	5,133	5,123	↑ 10	RMB/mt	
ZCE Front Spread	33	-3	↑ 36	RMB/mt	
Northern Spot Cash	Rizhao 5,760	5,730	↑ 30	RMB/mt	
Southern Spot Cash	Liuzhou 5,400	5,400	↑ 0	RMB/mt	

USA					
	1-Mar-19	22-Feb-19	Weekly Var.	Unit	
No #16	25.80	25.85	↓ -0.05	cts/lb	
#16/11 Spread	13.18	12.49	↑ 0.69	cts/lb	

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

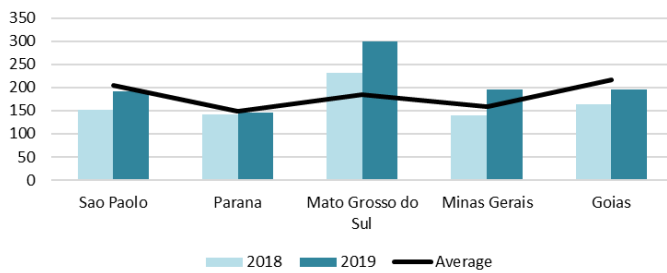
Russia					
Price in Krasnodar	527	534	↓ -7.4	\$/m3	

Sugar Weekly Report

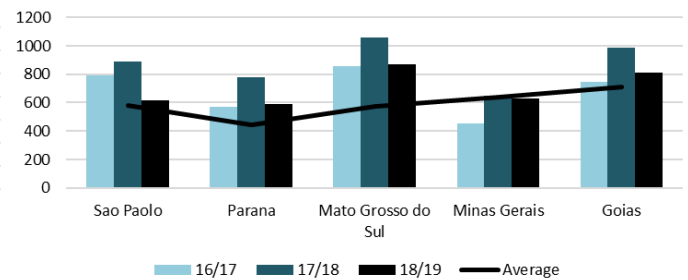


CS Brazil Total Rainfall

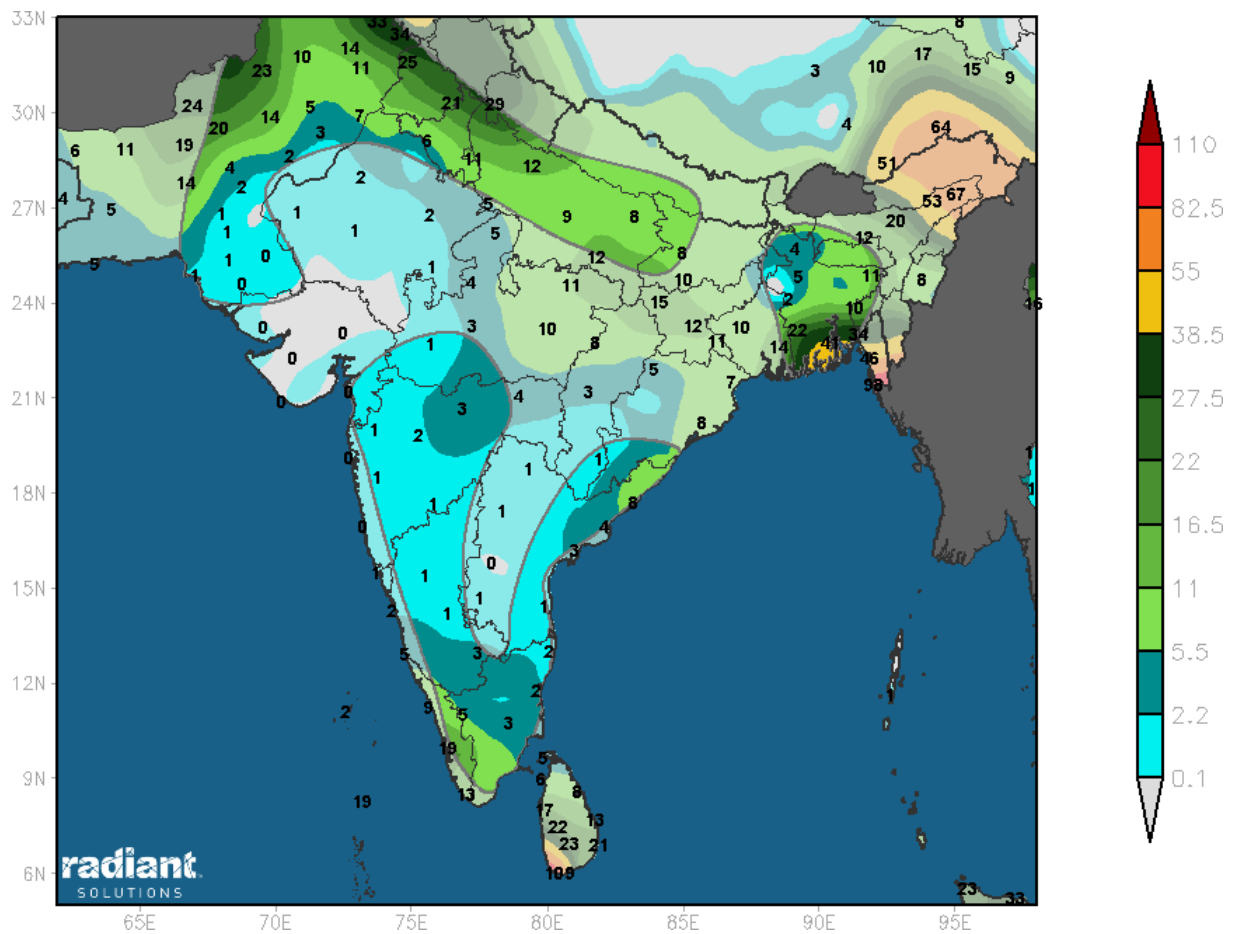
February rains in CS Brazil



Nov'18-Feb'19 rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- **NY Flat price:** Prices collapsed on Friday, stopping exactly on the uptrend line that has been in place since October last year. May contract closed at 12.62 cts/lb, down from 13.27 a week earlier.
- **NY Spreads:** May/July spread traded between 23 and 25 points carry, closing at 25 points carry Friday.
- **London market:** May/May White Premium traded from \$64/mt beginning of the week to \$66/mt, similar to the previous week.
- **COT report:** COT report as of February 19 showed that specs were net-short of 49.5k lots, down 12k lots week on week. During the reporting week prices recovered to be above 13 cts/lb. Commercials were net-short of 190.8k lots, 16.8k lots higher week on week. The Index funds positions was at 240.3k lots, 4.7k lots higher week on week.

NY #11 Weekly continuation chart



BULL

- ▶ Ethanol sales in CS Brazil were strong during February, prompting the potential for low ending stocks for March 2019.
- ▶ Philippines should import around 400-500k mt of sugar this season, supporting the demand for Thai refined sugar.



BEAR

- ▶ Exports from CS Brazil in February were at the lowest levels since 2012 at 840k mt.
- ▶ China has not issued Automatic Import Licenses, with Chinese demand remaining low.
- ▶ Indian production may finish above 31 million mt, which would create more stock than originally expected.



NY March Contract Expiry Details

- ▶ March/May spread went off board at 5 points carry.
- ▶ 1 million mt of sugar was delivered towards March contract expiry by 8 trading houses. Sucden and Dreyfus were the receivers.

Contrat/Origin	CS	NNE	C. Rica	El Salv.	Guats	Mexico
Deliver	580	153	59	81	138	27
CSC	-	-	59	10	-	27
Czarnikow	78	-	-	-	93	-
Glencore	-	-	-	-	12	-
Toyota	-	83	-	-	-	-
Alvean	126	-	-	40	19	-
COFCO	375	-	-	20	-	-
Enerfo	-	-	-	11	14	-
ECTP	-	71	-	-	-	-

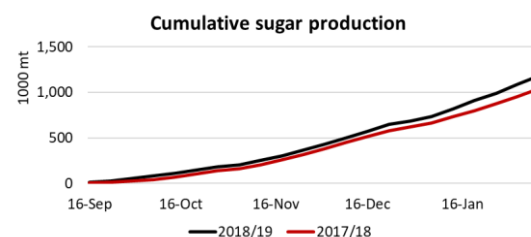
India: Production Update

FH Feb	2017/18	2018/19	Var
MH	7,474	8,298	↑ 11%
UP	6,454	6,393	↓ -1%
Ktaka	3,073	3,874	↑ 26%
Gujarati	725	778	↑ 7%
Tamil Nadu	290	350	↑ 21%
AP & Telangana	460	450	↓ -2%
REST of INDIA	1,879	1,787	↓ -5%
Total India	20,355	21,930	↑ 8%
#mills	494	507	

- ▶ 507 mills in India produced almost 22 million mt of sugar by mid-February, 8% higher than last season.
- ▶ Maharashtra production reached 8.3 million mt, up from 7.5 last season. Uttar Pradesh production is similar to last season at 6.4 million mt.
- ▶ Regions of Karnataka and Maharashtra have been facing a drought since October 2018, which is a worry for the 2019/20 season with slow planting.

Philippines: Production Update

- ▶ By February 11, the Philippines produced 1.2 million mt of sugar, up from 1.04 million mt the same time last season.
- ▶ Despite much better results so far, total production is expected to be around the same levels as last season at 2.1 million mt.
- ▶ Consumption is around 2.4-2.5 million mt, as there is a switch from high-fructose corn syrup back to sugar. This would mean the country might have a similar import program as last season of around 500k mt.



NNE Brazil: Crushing Update

1H FEB	2017/18	2018/19	Var.
Cane(mmt)	41.92	45.22	↑ 3.3
Sugar (kmt)	2.38	2.39	↑ 0.01
Total Ethanol	1,661	2,059	↑ 398
ATR (kg/t of cane)	127.59	132.99	↑ 5.4
Sugar mix (%)	46.72%	41.73%	↓ -5.0%

- ▶ Production in NNE Brazil is coming to an end, with this fortnights cane crushed below 2 million mt.
- ▶ Sugar mix dropped to 40% during 1H of February, while ATR also decreased and no stands at 133 kg/mt on a cumulative basis.
- ▶ Sugar production reached 2.4 million mt, which is the same as last season. Total production should end at 2.5 million mt, which is similar to last year.

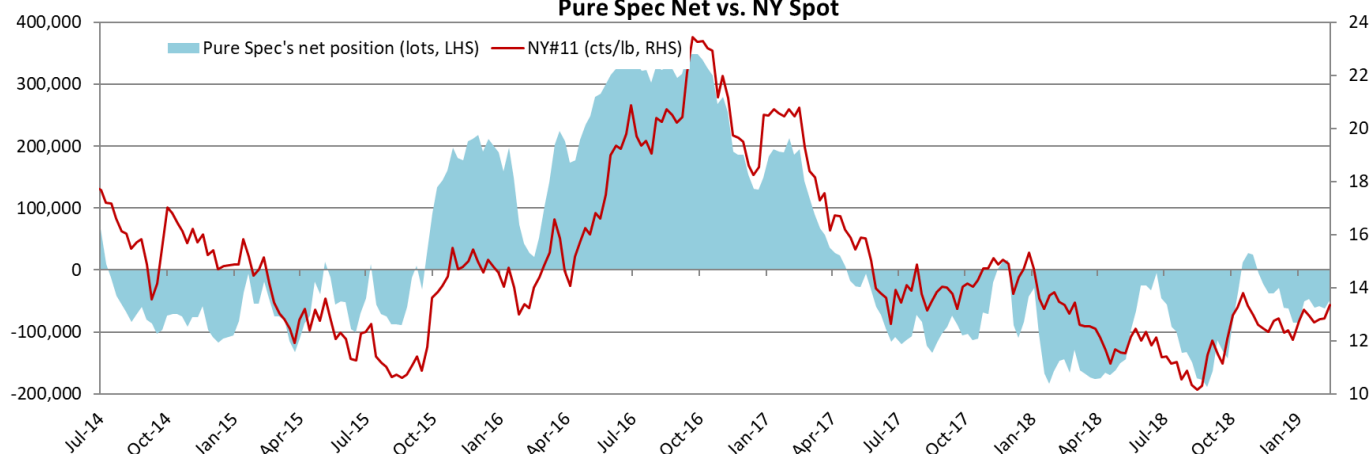
Sugar Weekly Report



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)	
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
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
Lastet Change	0.50	12,039	5,901	-6,138	4,728	-16,768	-40,582	-23,814	-58,685

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

IMPORTANT NOTICE

This report is compiled or derived from data and reports received by Wilmar Sugar Australia from a multitude of sources. While the data and reports reproduced above are prepared in good faith and with due care, Wilmar Sugar Australia is not in a position to verify all data or reports it receives. No responsibility is therefore accepted by Wilmar Sugar Australia for any inaccuracies or errors in this Report. Nor does Wilmar Sugar Australia purport or intend in this report to give to recipients any financial or commodity trading or recommendations.

Information in this report may contain projections and forward looking statements that reflect Wilmar and Wilmar Sugar Australia's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that Wilmar and Wilmar Sugar Australia's assumptions are correct. Actual results may differ materially from those projected.

This report does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to purchase or subscribe for, any shares nor shall it or any part of it nor the fact of its report form the basis of, or be relied upon in connection with, any contract or investment decision.