

Sugar Weekly Report

June 10 - 14 2019



Sugar Prices and Macros as of		14-Jun-19					14-Jun-19				
	14-Jun-19	7-Jun-19	14-May-19	Weekly Var.	Monthly Var.	14-Jun-19	7-Jun-19	14-May-19	Weekly Var.	Monthly Var.	
NY #11	12.75	12.50	11.94	↑ 0.25	↑	USD Index	97.45	96.56	97.52	↑ 0.89	↓ -0.07
London #5	335.0	337.5	328.8	↓ -2.5	↑	USDBZL	3.90	3.88	3.97	↑ 0.02	↓ -0.08
NY#16	26.55	26.25	26.52	↑ 0.30	↑	USDINR	69.81	69.34	70.27	↑ 0.47	↓ -0.46
Front White Premium	53.9	61.9	65.6	↓ -8.0	↓	EURUSD	1.12	1.13	1.12	↓ -0.01	↑ 0.00

Market Situation at a Glance

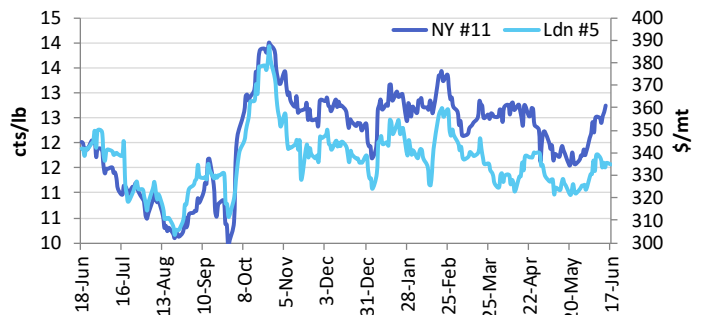
International Prices			
	14-Jun-19	7-Jun-19	Weekly Var.
Sugar			
NY #11	12.75	12.50	↑ 0.25 cts/lb
Front Spread	-0.17	-0.28	↑ 0.11 cts/lb
London #5	335.00	337.50	↓ -2.50 \$/mt
Front Spread	-8.00	-6.50	↓ -1.50 \$/mt
White Premium	53.91	61.92	↓ -8.01 \$/mt
USD Index	97.45	96.56	↑ 0.89
USDBZL	3.90	3.88	↑ 0.02 R\$/
USDINR	69.81	69.34	↑ 0.47 RUP/\$
RUBUSD	64.25	64.37	↓ -0.12 RUB/\$
EURUSD	1.12	1.13	↓ -0.01 \$/EUR
S&P500	2887	2873	↑ 13.64
DJ Industrial Avg	26107	25721	↑ 386.11
Light Crude Oil	52.51	54.04	↓ -1.53 \$/Barrel
Corn	453.25	415.75	↑ 37.50 cts/Bushel
Wheat	539.50	503.50	↑ 36.00 cts/Bushel
Coffee (Arabic)	96.10	100.95	↓ -4.85 cts/lb

Domestic Markets

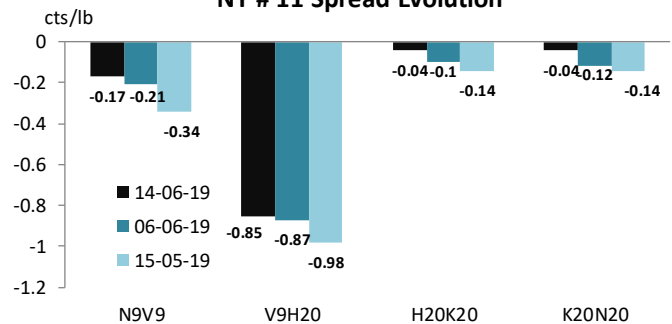
	14-Jun-19	7-Jun-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	49.67	48.46	↑ 1.21	R\$/cts/lb
Domestic:				
Esalq Sugar (R\$)	62.42	63.46	↓ -1.04	R\$/50kg
Esalq Sugar (US\$)	16.02	16.37	↓ -0.35	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.04	13.32	↓ -0.28	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.18	14.51	↓ -0.33	cts/lb
Ethanol/Gasoline in S. Paolo	14-Jun-19	7-Jun-19	Weekly Var.	Unit
Ethanol	2,630	2,648	↓ -18	R\$/l
Gasoline	4,210	4,252	↓ -42	R\$/l
Ethanol/Gasoline Parity	62.5%	62.3%	↑ 0%	
Anhydrous from US Parity	-41.30	-7.06	↓ -34.24	USD/M3
Anhydrous to US Parity	-153.34	-187.97	↑ 34.64	USD/M3
India	14-Jun-19	7-Jun-19	Weekly Var.	Unit
NCDEX	31,190	31,190	0	RUP/mt
S-Grade (Kolhapur)*	31,059	31,020	↑ 39	RUP/mt
M-Grade (Kolkatta)*	34,762	34,334	↑ 429	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China		14-Jun-19	07-Jun	Weekly Var.	Unit
ZCE Front Month		5,135	4,990	↑ 145	RMB/mt
ZCE Front Spread		4	12	↓ -8	RMB/mt
Northern Spot Cash	Rizhao	5,750	5,750	↑ 0	RMB/mt
Southern Spot Cash	Liuzhou	5,430	5,410	↑ 20	RMB/mt

USA		14-Jun-19	7-Jun-19	Weekly Var.	Unit
No #16		26.55	26.25	↑ 0.30	cts/lb
#16/11 Spread		13.80	13.75	↑ 0.05	cts/lb

EU				Weekly Var.	Unit
EU 45s containers		40	40	↑ 0.0	\$/mt ov Ldn

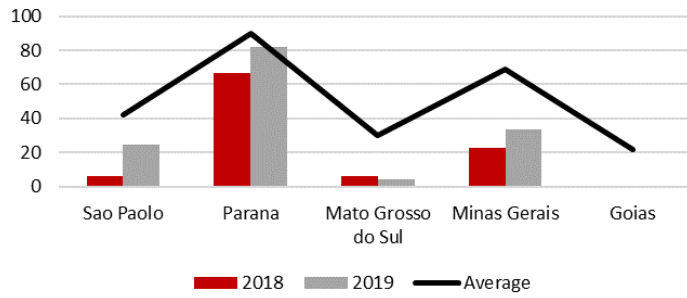
Russia				Weekly Var.	Unit
Price in Krasnodar		399	408	↓ -9.1	\$/m3

Sugar Weekly Report

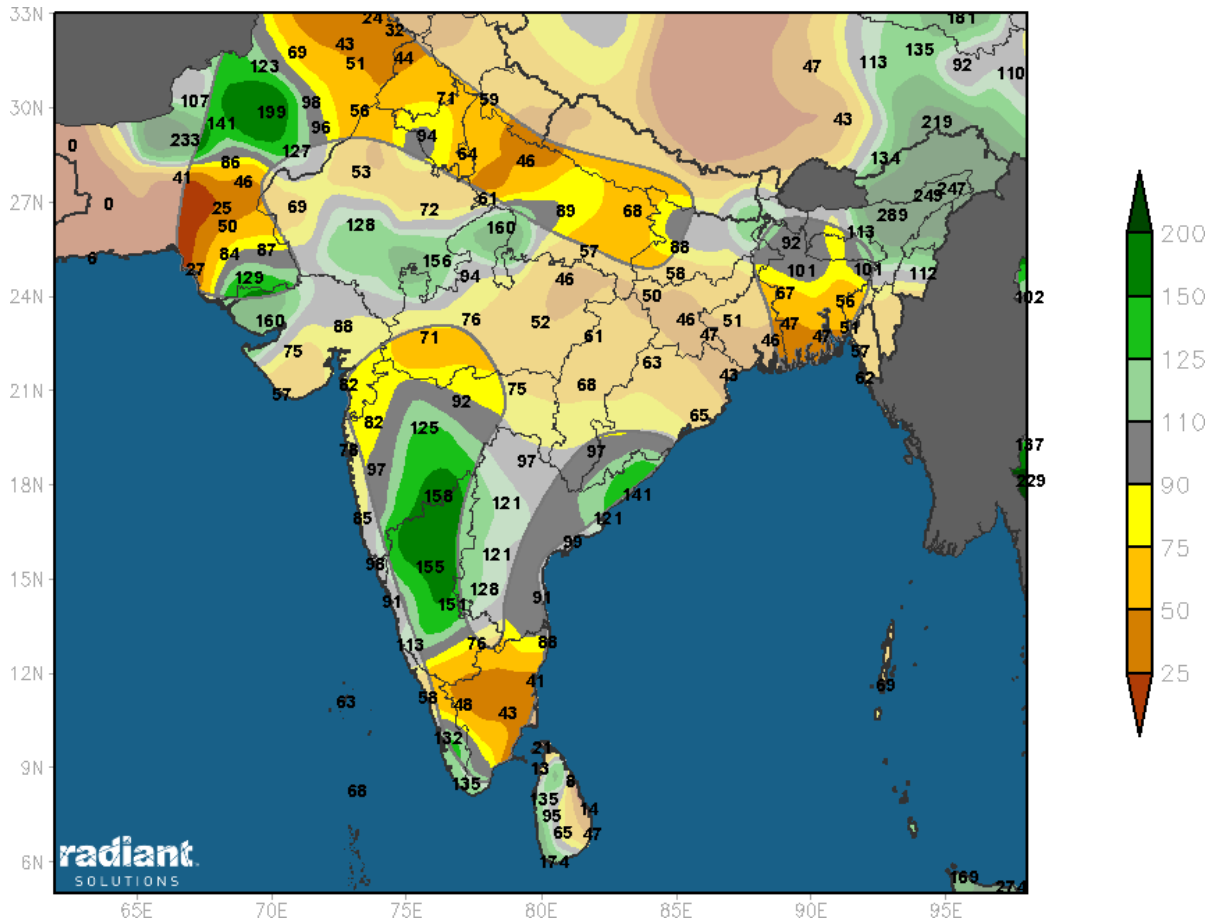


CS Brazil June Rainfall

June rains in CS Brazil



Indian 15 Day Forecast (% of normal rainfall)



Sugar Weekly Report



- **NY Flat price:** NY has been on the rise for the past 3 weeks. The October contract closed at 12.92 cts/lb, up from 12.78 cts/lb a week earlier. On the continuation chart we are approaching the upper range of the downside channel in place since Q4 2018.

- **NY Spreads:** July/October spread strengthened to 13 points carry last week (while on May 21 it was at the low of 51 points carry). October/march spread also strengthened: reaching 80 points carry last week, while during May it hit the low of below 100 points carry.

- **London market:** London market did not match the NY strengthening and White Premium collapsed back to \$50/mt. August/October spread after reaching the low of \$9.4/mt carry closed on Friday at \$8/mt carry, down from \$6.5/mt carry a week earlier.

- **COT report:** the latest COT report showed the specs net-short positions were at 127.6k lots, down 31.3k lots week on week. Index funds positions stood at 205.2k lots, little changed week on week. Commercials were net-short 77.7k lots, an increase of 34.7k lots week on week.



BULL

- ▶ Sugar mix in CS Brazil was low during May and sugar production is lagging well behind last year.
- ▶ Monsoon rains in India have yet to start.
- ▶ Australian production is expected to be around 200k mt below last season.
- ▶ Corn planting in the US is lagging behind last season; corn prices surged, helping the commodity complex. This is supportive for the Brazil ethanol market due to US ethanol exports to the NNE region.



BEAR

- ▶ Demand for Brazilian exports is weak: May shipments were the lowest they have been in 8 years.
- ▶ Additional demand for raws from China will not come at a flat price.
- ▶ Mexican production could hit as high at 6.5 million mt, meaning their exports to the world market would likely continue throughout next season.



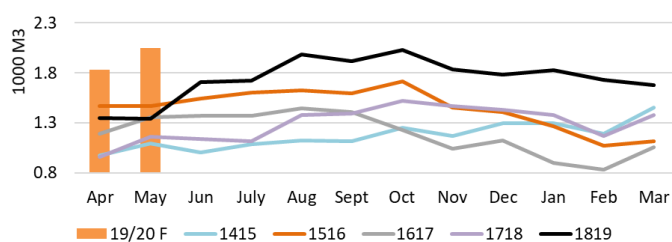
CS Brazil: Production Update

Cane (1000 mt) Fortnight	2018/19 2H May	2019/20 2H May	Variation Y-o-Y	
Cane (1000 mt)	32,634	44,013	↑	11,379
Sugar (1000 mt)	1,346	1,865	↑	518
Ethanol (1000 M3)	1,758	2,146	↑	388
ATR (kg/mt)	133.39	125.49	↓	- 7.9
Sugar mix (%)	32.5%	35.4%	↑	3.0%

Cumulative	2018/19 2H May	2019/20 2H May	Variation Y-o-Y	
Cane (1000 mt)	135,588	128,404	↓	- 7,184
Sugar (1000 mt)	5,503	4,845	↓	- 658
Ethanol (1000 M3)	6,596	6,176	↓	- 420
ATR (kg/mt)	123.6	118.5	↓	- 5
Sugar mix (%)	34.5%	33.4%	↓	-1.0%

- ▶ Mills in CS Brazil crushed 44 million mt of cane during 2H of May. This is 11.4 million mt higher than last year, due to the truck drivers' strike which disrupted cane deliveries last year.
- ▶ ATR was almost 8 kg/mt lower than last season at 125.5 kg/mt.
- ▶ Sugar mix stood at 35.4%, higher than last year's 32.5%.
- ▶ Hydrous ethanol sales during May reached a record of 2.05 million m3 (a little bit higher than expected).
- ▶ At the same time agricultural yields in May were 5% up year on year and cumulative yields 3% higher year on year. Total cane crush is expected to be around 590-600 million mt.

Domestic sales of hydrous



Mexico: Production Update

Mexican crush update	2017/18	2018/19	y-o-y	
Harvest (Ha)	771,125	792,857	↑	2.8%
Cane yield (Mt/Ha)	68.8	71.4	↑	3.7%
Crushing cane (Mt)	53,063,416	56,590,818	↑	6.6%
Sugar (Mt)	5,981,968	6,370,274	↑	6.5%
Sugar extraction (%)	11.27%	11.26%	↓	-0.1%

- ▶ Harvested area in Mexico reached 792k ha, up 3% year on year. Cane yields stood at 71.4 mt/ha, up from 68.8 last season.
- ▶ Cane crush was at 56.6 million mt, up from 53 million mt last season.
- ▶ Sugar production reached 6.37 million mt, up from 6 million mt last season.
- ▶ Final production is expected to finish at 6.4/6.5 million mt; most of the mills were closed by the first week of June, with production almost complete.
- ▶ Exports so far stand at 840k mt with 290k mt to Morocco, 180k mt to Canada, 145k mt to CIS, and 116k mt to the US.

Australia: Production Starts with a Delay

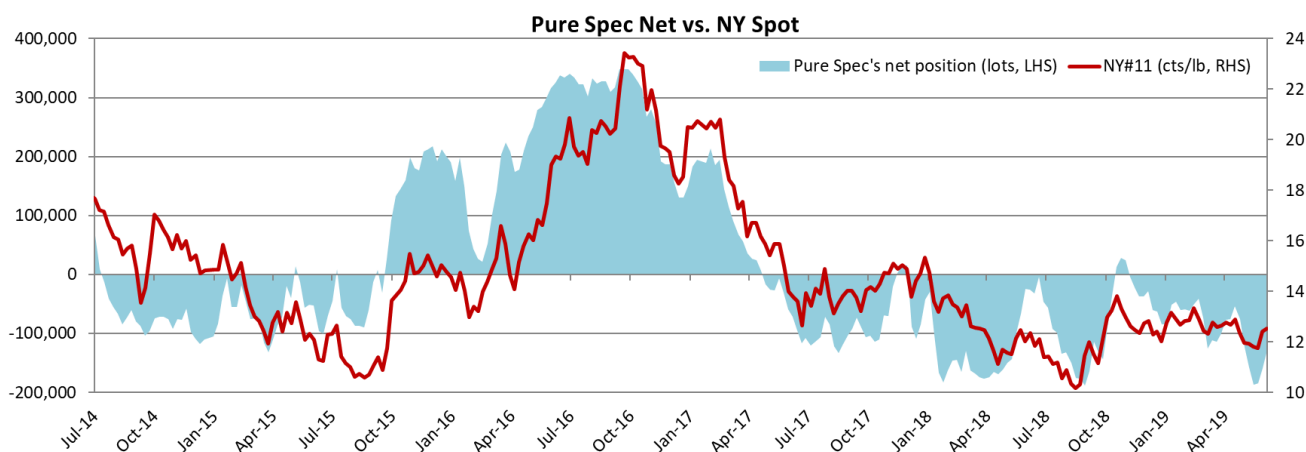
Australian crushing update	2018	2018	Δ	
Week 3				
Cane crushed (000 Mt)	1,009	205	↓	- 804
CCS(%)	9%	8%	↓	- 0.0
Sugar (000 Mt)	87	16	↓	- 70

- ▶ Wet weather in Australia at the crop start meant many mills delayed the start of operations.
- ▶ By June 19 only 205k mt of cane was crushed, compared with 1 million mt last season. Sugar production reached 16k mt as opposed to 87k mt last year.
- ▶ Total cane crush is expected to be around 31.5 million mt, 1 million mt lower than last season, while sugar production would be around 4.2/4.3 million mt.



COT RECAP

Date	Spot Price	Specs net positions (i)-(ii)	Specs gross longs (i)	Specs gross shorts (ii)	Index traders net positions	Commercials net positions (iii)-(iiii)	Commercials gross longs (iii)	Commercials gross shorts (iiii)	OI
23-04-19	12.9	-54,189	205,333	259,522	253,933	-199,743	315,480	515,223	988,898
30-04-19	12.34	-76,054	196,107	272,161	238,730	-162,677	317,380	480,057	981,157
07-05-19	11.95	-122,891	190,032	312,923	217,249	-94,358	385,520	479,878	1,085,076
14-05-19	11.94	-157,539	183,113	340,652	212,430	-54,891	410,945	465,836	1,142,594
21-05-19	11.81	-186,733	187,652	374,385	208,573	-21,840	437,876	459,716	1,167,140
28-05-19	11.75	-183,962	198,949	382,911	204,143	-20,181	441,991	462,172	1,184,772
04-06-19	12.42	-158,899	198,091	356,990	201,915	-43,016	460,343	503,359	1,176,147
11-06-19	12.54	-127,558	187,925	315,483	205,226	-77,668	466,458	544,126	1,146,015
Lastet Change	0.12	31,341	-10,166	-41,507	3,311	-34,652	6,115	40,767	-30,132



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