

Sugar Weekly Report

July 29 – 2 August 2019



Sugar Prices and Macros as of		2-Aug-19								
	2-Aug-19	26-Jul-19	2-Jul-19	Weekly Var.	Monthly Var.	2-Aug-19	26-Jul-19	2-Jul-19	Weekly Var.	Monthly Var.
NY #11	12.02	12.02	12.35	↑ 0.00	↓ 0.00	USD Index	98.10	97.91	96.74	↑ 0.19
London #5	323.7	321.0	319.7	↑ 2.7	↑ 2.7	USDBZL	3.89	3.78	3.85	↑ 0.11
NY#16	26.00	25.65	25.80	↑ 0.35	↑ 0.35	USDINR	69.69	68.87	68.88	↑ 0.82
Front White Premium	58.7	56.0	47.4	↑ 2.7	↑ 2.7	EURUSD	1.11	1.11	1.13	↓ -0.00

Market Situation at a Glance

International Prices	2-Aug-19	26-Jul-19	Weekly Var.
Sugar			
NY #11	12.02	12.02	↑ 0.00 cts/lb
Front Spread	-1.01	-1.00	↓ -0.01 cts/lb
London #5	323.70	321.00	↑ 2.70 \$/mt
Front Spread	-8.50	-10.70	↑ 2.20 \$/mt
White Premium	58.70	56.00	↑ 2.70 \$/mt
USD Index	98.10	97.91	↑ 0.19
USDBZL	3.89	3.78	↑ 0.11 R\$/
USDINR	69.69	68.87	↑ 0.82 RUP/\$
RUBUSD	65.16	62.92	↑ 2.24 RUB/\$
EURUSD	1.11	1.11	↓ -0.00 \$/EUR
S&P500	2932	3026	↓ -93.81
DI Industrial Avg	26583	27141	↓ -557.56
Light Crude Oil	55.19	56.16	↓ -0.97 \$/Barrel
Corn	399.75	414.00	↓ -14.25 cts/Bushel
Wheat	491.00	496.00	↓ -5.00 cts/Bushel
Coffee (Arabic)	98.40	99.75	↓ -1.35 cts/lb

Domestic Markets

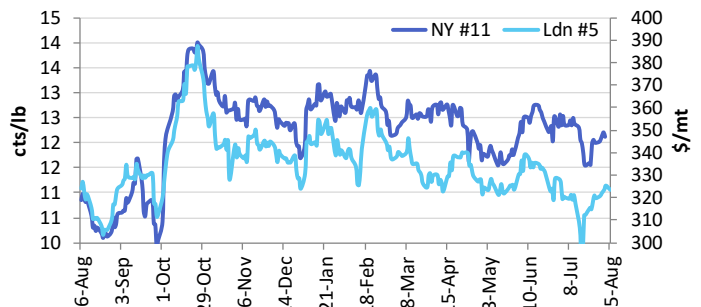
	2-Aug-19	26-Jul-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	46.72	45.38	↑ 1.34	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	58.51	58.35	↑ 0.16	R\$/50kg
Esalq Sugar (US\$)	15.05	15.46	↓ -0.40	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.82	14.15	↓ -0.32	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.49	14.70	↓ -0.22	cts/lb

Ethanol/Gasoline in S. Paolo	2-Aug-19	26-Jul-19	Weekly Var.	Unit
Ethanol	2,586	2,544	↑ 42	R\$/l
Gasoline	4,083	4,113	↓ -30	R\$/l
Ethanol/Gasoline Parity	63.3%	61.9%	↑ 1%	
Anhydrous from US Parity	-12.66	-6.45	↓ -6.21	USD/M3
Anhydrous to US Parity	-182.27	-190.16	↑ 7.89	USD/M3

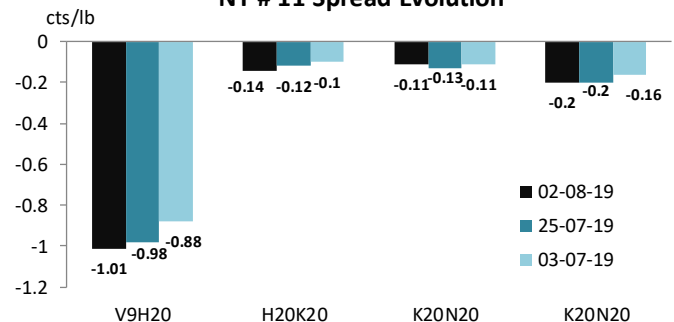
India	2-Aug-19	26-Jul-19	Weekly Var.	Unit
NCDEX	31,600	31,600	↑ 0	RUP/mt
S-Grade (Kolhapur)*	31,454	31,000	↑ 454	RUP/mt
M-Grade (Kolkatta)*	34,810	33,857	↑ 953	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	2-Aug-19	26-Jul-19	Weekly Var.	Unit
ZCE Front Month	5,287	5,277	↑ 10	RMB/mt
ZCE Front Spread	0	-7	↑ 7	RMB/mt
Northern Spot Cash Rizhao	5,750	5,750	↑ 0	RMB/mt
Southern Spot Cash Liuzhou	5,500	5,430	↑ 70	RMB/mt

USA	2-Aug-19	26-Jul-19	Weekly Var.	Unit
No #16	26.00	25.65	↑ 0.35	cts/lb
#16/11 Spread	13.98	13.63	↑ 0.35	cts/lb

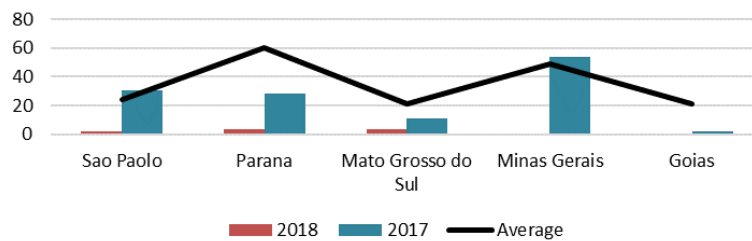
EU	2-Aug-19	26-Jul-19	Weekly Var.	Unit
EU 45s containers	40	40	↑ 0.0	\$/mt ov Ldn

Russia	2-Aug-19	26-Jul-19	Weekly Var.	Unit
Price in Krasnodar	427	392	↑ 35.8	\$/m3



CS Brazil July Rainfall

July rains in CS Brazil

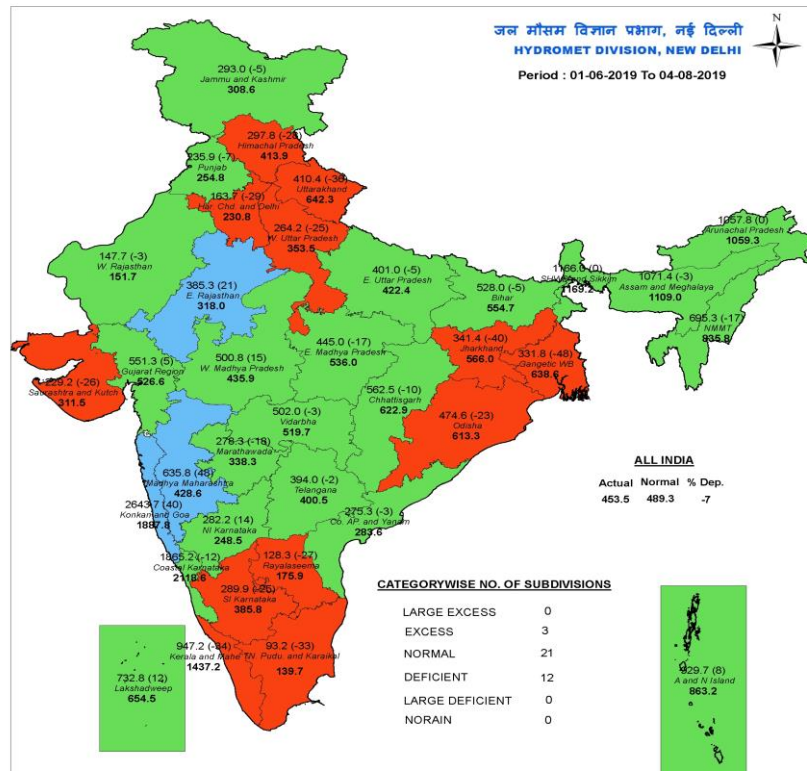


Indian: Monsoon Rains



भारत मौसम विज्ञान विभाग
INDIA METEOROLOGICAL DEPARTMENT

SUBDIVISION RAINFALL MAP



Legend

Large Excess [60% or more] Excess [20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-89% to -60%] No Data [-100%] No Rain

NOTES :

- a) Rainfall figures are based on operation data.
- b) Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- c) Percentage Departures of rainfall are shown in brackets.



- **NY Flat price:** prices remain in the same range: last week October contract managed to close above 12 cts/lb, unchanged week on week.

- **NY Spreads:** October/March spread traded sideways, closing at 101 points carry, similar to a week earlier.

- **London market:** Oct/Oct White Premium traded around \$56-58/mt, similar range since August contract expiry.

- **COT report:** specs were net-short of 134.1k lots, 26.4k lots lower week on week. Commercials net-short positions were at 73.9k lots, an increase of 20.7k lots week on week and finally index funds decreased their net-longs by 6k lots to 207.9k lots.

NY #11 Weekly continuation chart



BULL

- ▶ The Philippines issued import licenses for 250k mt of white premium.

- ▶ CS Brazil production remains below last season, with preliminary results for 2H of July indicating a lower sugar mix than last season.

- ▶ Australian production is lagging behind last year and is expected to finish around 4.2 million mt.



BEAR

- ▶ Demand for CS Brazil sugar remains low and exports are currently 1 million mt lagging behind last season.

- ▶ Current crop predictions forecast that Mexico will continue to export in 2020.

- ▶ Monsoon rains in India have finally arrived meaning there is no longer a deficit of rains in Maharashtra and Karnataka.



India: Monsoon Update

31-07-19

Region (mm)	Weekly rains	Normal	%	Cumul. Rains	Normal	VS normal %
West UP	52.4	62.5 ↓	-16%	243.7	319.9 ↓	-24%
East UP	58.0	65.4 ↓	-11%	394.9	389.4 ↑	1%
North MH	190.4	72.0 ↑	164%	429.6	477.7 ↓	-10%
Central/South MH & North Karnataka	85.1	46.2 ↑	84%	333.9	315.2 ↑	6%
Tamil Nadu	14.8	18.4 ↓	-20%	218.7	270.6 ↓	-19%
Main cane areas	81.2	54.6 ↑	49%	332.9	345.6 ↓	-4%

► By end of July monsoon rainfall recovered, reducing the Indian rainfall deficiency.

► In the main rain dependent cane areas the situation improved: Maharashtra rains are now above average, while Tamil Nadu still is drier than usual.

► During 1 days of August, it rained a lot across Maharashtra and Karnataka, while Tamil Nadu remained dry.

► 15 days forecast shows wet weather across most of the regions.

Australia: Production Update

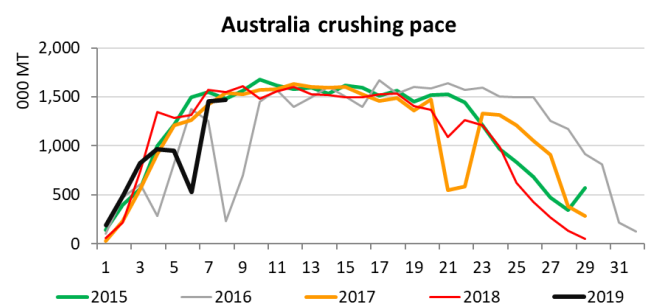
Australian crushing update			
Week 8	2018	2018	Δ
Cane crushed (000 Mt)	8,212	6,863	↓ -1,349
CCS(%)	12.4%	12.3%	↓ - 0.0
Sugar (000 Mt)	1,019	843	↓ - 176
Full crop			
	2018/19	2019/20 F	
Cane crushed (000 Mt)	32,482	31,580	↓ - 902
CCS(%)	13.8%	13.3%	↓ -0.5
Sugar (000 Mt)	4,480	4,200	↓ - 280

► By July 28, Australian mills crushed 6.9 million mt of cane, down from 8.2 last season; weekly crushing rate increased to above 1 million mt during the past 2 weeks.

► Sugar extraction rate was similar to last season despite the wet start of the crop – 12.3%.

► Sugar production is 180k mt behind last year at 840k mt.

► Overall cane crush is expected to be 1 million mt below last season, with sugar production around 280k mt below last season.

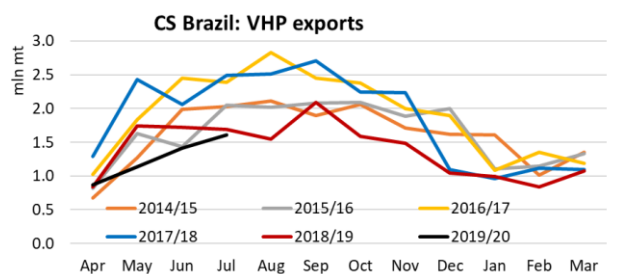


CS Brazil: Export Update

► CS Brazil exported 1.6 million mt in July, 200k mt higher than in June, but 100k mt lower than last year.

► The biggest destinations for July exports were: Iran (212k mt), Dubai (210k mt), China (160k mt), Algeria (150k mt) and Nigeria/Bangladesh with 130k mt each.

► Cumulative exports from the start of the crop are at 5 million mt, 1 million mt lower year on year.



Mexico: Export Update

► According to official data, Mexico exported 117k mt of sugar in July to usual destinations: Morocco, Canada and CIS (Uzbekistan).

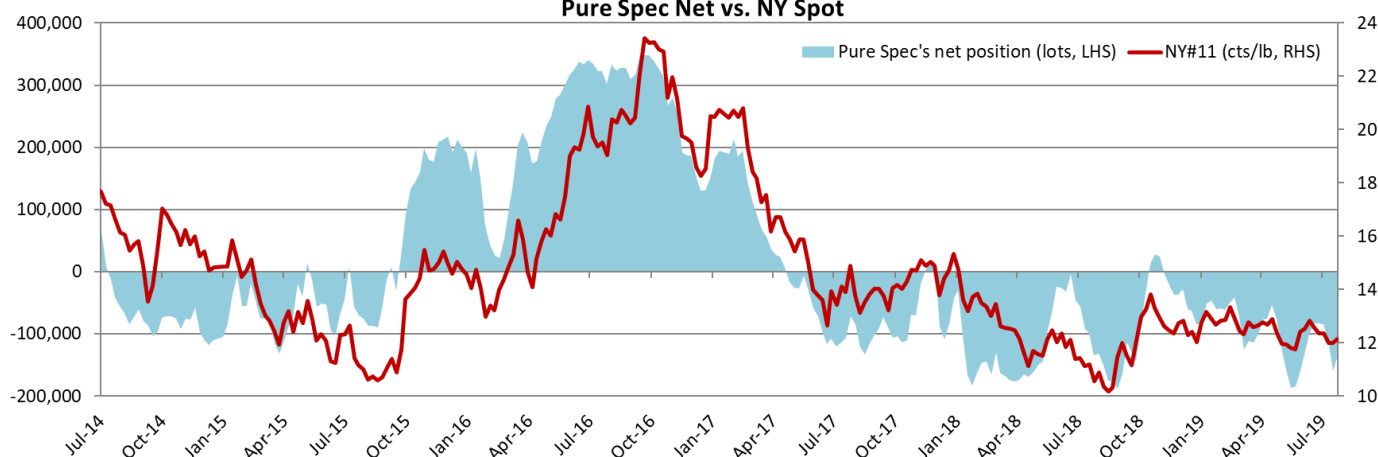
► Since the start of the crop, Mexico exported 914k mt to the world market, and 130k mt to the US re-export program.



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
11-06-19	12.54	-127,558	187,925	315,483	205,226	-77,668	466,458	544,126	1,146,015
18-06-19	12.83	-99,739	183,674	283,413	232,830	-133,091	436,604	569,695	1,053,088
25-06-19	12.57	-83,877	182,920	266,797	236,487	-152,610	399,677	552,287	1,007,755
02-07-19	12.35	-83,431	188,170	271,601	238,294	-154,863	331,605	486,468	977,770
09-07-19	12.35	-84,339	189,302	273,641	234,831	-150,492	334,390	484,882	993,232
16-07-19	11.99	-111,901	192,709	304,610	238,480	-126,579	343,212	469,791	1,009,347
23-07-19	11.98	-160,497	194,437	354,934	213,679	-53,181	382,194	435,375	1,084,641
30-07-19	12.15	-134,068	203,155	337,223	207,926	-73,858	373,024	446,882	1,086,225
Lastet Change	0.17	26,429	8,718	-17,711	-5,753	-20,677	-9,170	11,507	1,584

Pure Spec Net vs. NY Spot



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