

Sugar Weekly Report

August 5 - 9 2019



Sugar Prices and Macros as of		9-Aug-19					9-Aug-19					
		9-Aug-19	2-Aug-19	9-Jul-19	Weekly Var.	Monthly Var.	9-Aug-19	2-Aug-19	9-Jul-19	Weekly Var.	Monthly Var.	
NY #11		11.86	12.02	12.38	↓ -0.16	↓	USD Index	97.03	98.10	97.50	↓ -1.06	↓ -0.46
London #5		318.6	323.7	319.3	↓ -5.1	↓	USDBZL	3.94	3.89	3.80	↑ 0.06	↑ 0.14
NY#16		25.88	26.00	25.84	↓ -0.12	↑	USDINR	70.91	69.69	68.55	↑ 1.22	↑ 2.36
Front White Premium		57.1	58.7	46.4	↓ -1.6	↑	EURUSD	1.12	1.11	1.12	↑ 0.01	↓ -0.00

Market Situation at a Glance

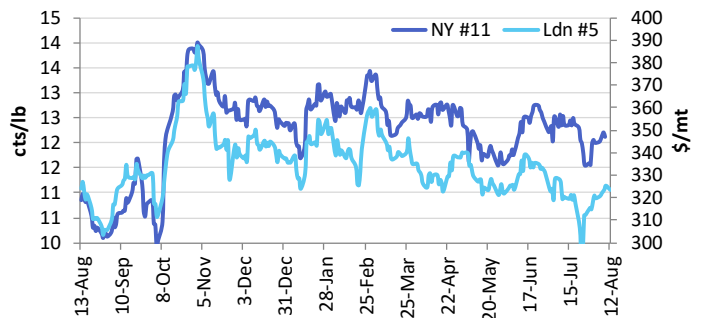
International Prices			
	9-Aug-19	2-Aug-19	Weekly Var.
Sugar			
NY #11	11.86	12.02	↓ -0.16 cts/lb
Front Spread	-1.09	-1.01	↓ -0.08 cts/lb
London #5	318.60	323.70	↓ -5.10 \$/mt
Front Spread	-9.90	-8.50	↓ -1.40 \$/mt
White Premium	57.13	58.70	↓ -1.57 \$/mt
USD Index	97.03	98.10	↓ -1.06
USDBZL	3.94	3.89	↑ 0.06 R\$/
USDINR	70.91	69.69	↑ 1.22 RUP/\$
RUBUSD	65.24	65.16	↑ 0.08 RUB/\$
EURUSD	1.12	1.11	↑ 0.01 \$/EUR
S&P500	2919	2932	↓ -13.40
DJ Industrial Avg	26378	26583	↓ -205.23
Light Crude Oil	54.27	55.19	↓ -0.92 \$/Barrel
Corn	409.75	399.75	↑ 10.00 cts/Bushel
Wheat	500.00	491.00	↑ 9.00 cts/Bushel
Coffee (Arabic)	97.45	98.40	↓ -0.95 cts/lb

Domestic Markets

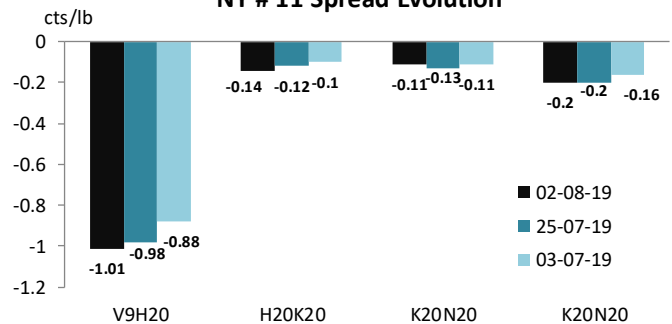
	9-Aug-19	2-Aug-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	46.77	46.72	↑ 0.05	R\$/cts/lb
Domestic:				
Esalq Sugar (R\$)	59.50	58.51	↑ 0.99	R\$/50kg
Esalq Sugar (US\$)	15.09	15.05	↑ 0.03	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.76	13.82	↓ -0.06	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.59	14.49	↑ 0.11	cts/lb
Ethanol/Gasoline in S. Paolo	9-Aug-19	2-Aug-19	Weekly Var.	Unit
Ethanol	2,591	2,586	↑ 5	R\$/l
Gasoline	4,078	4,083	↓ -5	R\$/l
Ethanol/Gasoline Parity	63.5%	63.3%	↑ 0%	
Anhydrous from US Parity	2.51	-12.66	↑ 15.16	USD/M3
Anhydrous to US Parity	-196.74	-182.27	↓ -14.47	USD/M3
India	9-Aug-19	2-Aug-19	Weekly Var.	Unit
NCDEX	31,600	31,600	0	RUP/mt
S-Grade (Kolhapur)*	31,445	31,454	↓ -9	RUP/mt
M-Grade (Kolkatta)*	34,905	34,810	↑ 96	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	9-Aug-19	02-Aug	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	5,850	5,750	↑ 100	RMB/mt
Southern Spot Cash Liuzhou	5,510	5,500	↑ 10	RMB/mt

USA	9-Aug-19	2-Aug-19		
No #16	25.88	26.00	↓ -0.12	cts/lb
#16/11 Spread	14.02	13.98	↑ 0.04	cts/lb

EU				
EU 45s containers	40	40	↑ 0.0	\$/mt ov Ldn

Russia			
Price in Krasnodar	371	392	↓ -20.7 \$/m3

Sugar Weekly Report



- NY Flat price:** October contract posted new lows last week at 11.27 cts/lb but recovered by the end of the week closing at 11.86 cts/lb, down from 12.02 cts/lb a week earlier. Prices are still in the same downtrend.

- NY Spreads:** October/March spread traded to the lows of 117 points carry, closing at 109 cts/lb Friday, slightly lower week on week.

- London market:** Oct/Dec spread in London traded to \$11.20/mt carry, finishing at the end of the week at \$10/mt. Oct/Oct White Premium traded around \$58/mt

- COT report:** specs were net-short of 149.4k lots, 15.4k lots higher than a week earlier. Commercials net-short positions were at 64.2k lots, a decrease of 9.7k lots week on week. Index funds held 213.6k lots of net-longs, 5.7k lots higher than the week before.



BULL

- CS Brazil sugar mix remains below last season which could mean the final production is going to be below last year.

- India is yet to make any decisions regarding its export policy for the coming crop.

- Drier than normal weather continues to prevail across Thai sugar cane regions.



BEAR

- Agricultural yields in CS Brazil were 4% up year on year in July.

- Monsoons in India have picked up and rainfall is now considered good.

- China buying has been absent despite prices hitting new lows last week.

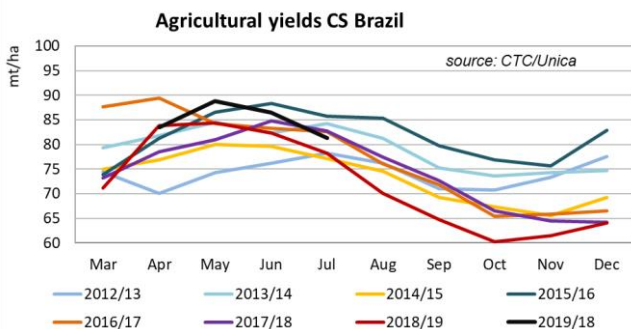


CS Brazil: Production Update

Fortnight	2018/19 2H Jul	2019/20 2H Jul	Variation Y-o-Y	
Cane (1000 mt)	47,666	49,693	↑	2,027
Sugar (1000 mt)	2,592	2,478	↓	-114
Ethanol (1000 M3)	2,625	2,650	↑	25
ATR (kg/mt)	150.53	141.30	↓	9.2
Sugar mix (%)	38.4%	37.0%	↓	-1.3%

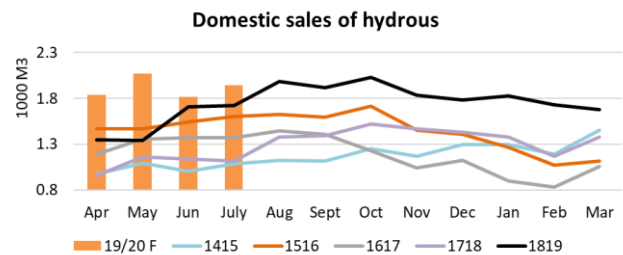
Cumulative	2018/19 2H Jul	2019/20 2H Jul	Variation Y-o-Y	
Cane (1000 mt)	316,528	307,810	↓	8,717
Sugar (1000 mt)	14,763	13,334	↓	1,430
Ethanol (1000 M3)	16,144	15,478	↓	665
ATR (kg/mt)	134.6	128.7	↓	6
Sugar mix (%)	36.5%	35.3%	↓	-1.2%

- ▶ During 2H of July mills in CS Brazil crushed 49.7 million mt of cane, 2 million mt higher year on year.
- ▶ ATR was lower by 9.2 kg/mt at 141.3 kg/mt, possibly due to the impact of the frost.
- ▶ Sugar mix reached 37%, which is still below last seasons mix of 38.4%. This has resulted in sugar production of 2.5 million mt, 114k mt below last year.
- ▶ The cumulative cane crush is almost 9 million mt below last year, sugar mix is 1.2 percentage points down year on year, while sugar production is 1.4 million mt behind last season.
- ▶ Agricultural yields in July were almost 4% up year on year, which would result in higher cane availability this year.



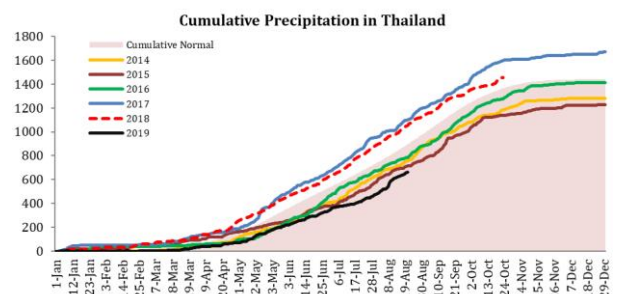
▶ Ethanol sales during July were at 2.7 million m³, up from 2.44 million m³ last year.

▶ Hydrous sales were at 1.94 million m³, up from 1.72 million m³ last year. With total sales of hydrous since April at 7.7 million m³ vs 6.1 million m³ last year, stocks are lower year on year and there is no reason for prices to collapse (unless domestic gasoline prices are reduced).



Thailand: Weather Update

- ▶ Thailand has been suffering with drier than normal weather since the beginning of 2019.
- ▶ Cumulative rains until mid-August were well below previous years and average; similar to 2015 when there was EL-Nino impact on the climate.
- ▶ The biggest cane region of Thailand, the North East region has received 30% below normal rain in the period January to end of July. The Central region on average received 44% lower than normal.
- ▶ Currently the estimates for the cane crush in the 2019/20 season vary from 115-122 million mt, down from 131 this year, due to acreage reduction, lower prices resulting in lower inputs in the fields and finally less than perfect rainfall this year.

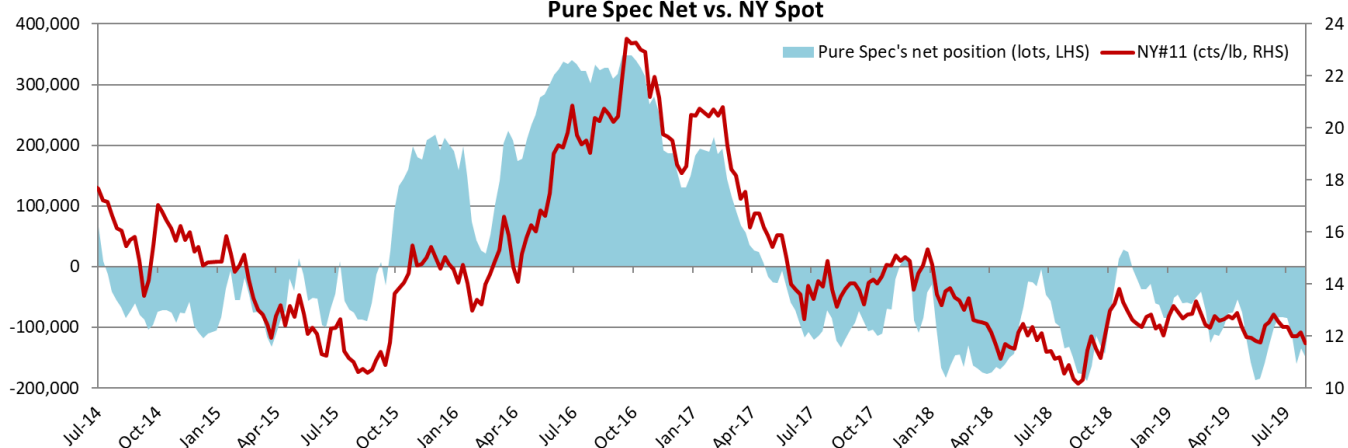




COT RECAP

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
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
06-08-19	11.73	-149,433	194,164	343,597	213,585	-64,151	388,699	452,850	1,120,379
Lastet Change	-0.42	-15,365	-8,991	6,374	5,659	9,707	15,675	5,968	34,154

Pure Spec Net vs. NY Spot



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