

Sugar Weekly Report

August 12 - 16 2019



Market Situation at a Glance

International Prices	16-Aug-19	9-Aug-19	Weekly Var.
Sugar			
NY #11	11.64	11.86 ↓	-0.22 cts/lb
Front Spread	-1.05	-1.09 ↑	0.04 cts/lb
London #5	314.10	318.60 ↓	-4.50 \$/mt
Front Spread	-9.40	-9.90 ↑	0.50 \$/mt
White Premium	57.48	57.13 ↑	0.35 \$/mt
USD Index	98.20	97.03 ↑	1.17
USDBZL	4.01	3.94 ↑	0.06 R\$/
USDINR	71.15	70.91 ↑	0.24 RUP/\$
RUBUSD	66.48	65.24 ↑	1.24 RUB/\$
EURUSD	1.11	1.12 ↓	-0.01 \$/EUR
S&P500	2889	2919 ↓	-29.97
DJ Industrial Avg	25579	26378 ↓	-798.80
Light Crude Oil	54.94	54.27 ↑	0.67 \$/Barrel
Corn	371.25	409.75 ↓	-38.50 cts/Bushel
Wheat	470.25	500.00 ↓	-29.75 cts/Bushel
Coffee (Arabic)	92.70	97.45 ↓	-4.75 cts/lb

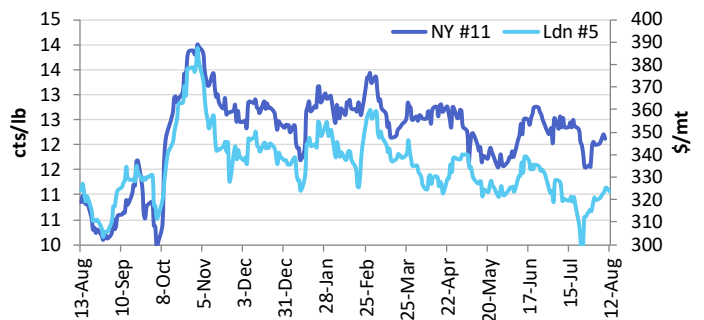
Domestic Markets

	16-Aug-19	9-Aug-19	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	46.62	46.77 ↓	-0.15	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	59.87	59.50 ↑	0.37	R\$/50kg
Esalq Sugar (US\$)	14.95	15.09 ↓	-0.14	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.57	13.76 ↓	-0.20	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	14.38	14.59 ↓	-0.21	cts/lb
Ethanol/Gasoline in S. Paolo	16-Aug-19	9-Aug-19	Weekly Var.	Unit
Ethanol	2,624	2,591 ↑	33	R\$/l
Gasoline	4,083	4,078 ↑	5	R\$/l
Ethanol/Gasoline Parity	64.3%	63.5%	↑ 1%	
Anhydrous from US Parity	23.46	2.51 ↑	20.95	USD/M3
Anhydrous to US Parity	-216.51	-196.74 ↓	-19.77	USD/M3

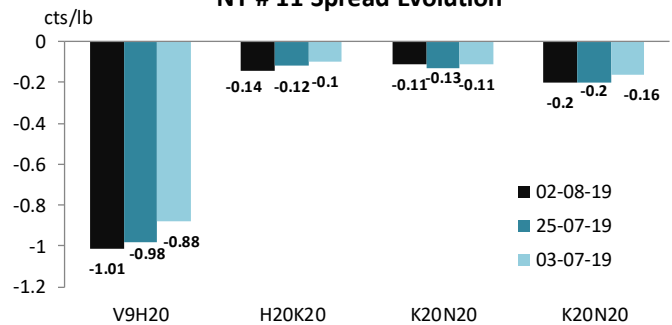
	16-Aug-19	9-Aug-19	Weekly Var.	Unit
India				
NCDEX	31,600	31,600 ↑	0	RUP/mt
S-Grade (Kolhapur)*	31,719	31,445 ↑	274	RUP/mt
M-Grade (Kolkatta)*	35,096	34,905 ↑	191	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China	16-Aug-19	09-Aug	Weekly Var.	Unit
ZCE Front Month	5,536	5,351 ↑	185	RMB/mt
ZCE Front Spread	-24	33 ↓	-57	RMB/mt
Northern Spot Cash	Rizhao 5,970	5,850 ↑	120	RMB/mt
Southern Spot Cash	Liuzhou 5,700	5,510 ↑	190	RMB/mt

USA	16-Aug-19	9-Aug-19	Weekly Var.	Unit
No #16	25.81	25.88 ↓	-0.07	cts/lb
#16/11 Spread	14.17	14.02 ↑	0.15	cts/lb

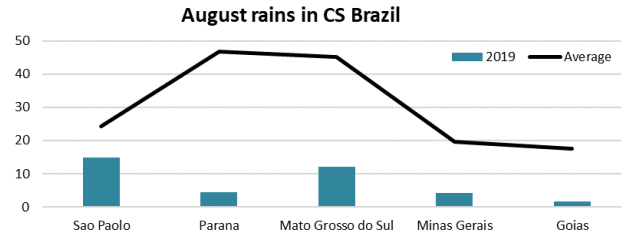
EU	16-Aug-19	9-Aug-19	Weekly Var.	Unit
EU 45s containers	40	40 ↑	0.0	\$/mt ov Ldn

Russia	16-Aug-19	9-Aug-19	Weekly Var.	Unit
Price in Krasnodar	357	371 ↓	-14.3	\$/m3

Sugar Weekly Report



CS Brazil August Rainfall

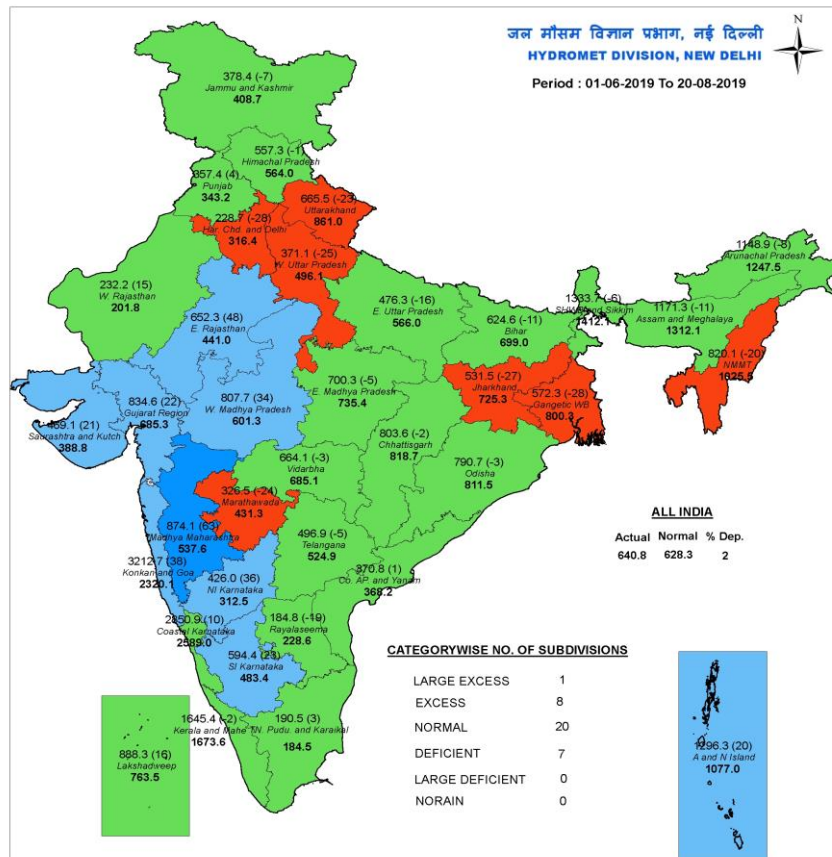


Indian: Monsoon Rains



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 [-99% 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.

Sugar Weekly Report



- **NY Flat price:** Prices continue to trade in the same range, currently close to the lower end of it.
- **NY Spreads:** October/March spread traded below 100 points carry, closing the week at 105 points carry, slightly stronger than a week earlier.
- **London market:** Oct/Dec spread in London closed at \$9.40/mt last week, slightly stronger than a week earlier. White Premium remained around \$57-\$58/mt
- **COT report:** specs were net-short of 153k lots, 3.6k lots higher than a week earlier. Commercials net-short positions were at 59.4k lots, a decrease of 4.7k lots week on week. Index funds held 212.4k lots of net-longs, barely changed compared to a week before.



BULL

- ▶ Mills in CS Brazil continue to keep the sugar mix below last season, with estimates predicting production could finish below last year. This is due to Ethanol prices still being much above sugar.
- ▶ Australian production remains well below last season.



BEAR

- ▶ As monsoon rains in India finally arrive, there are predictions that the 2020/21 crop will be above 30 million mt. The export subsidy announcement is expected soon.
- ▶ CS Brazil lineup continues to be the lowest in years and the demand is weak.
- ▶ CIS imports are expected to be lower than last season due to the bumper crop in Russia.

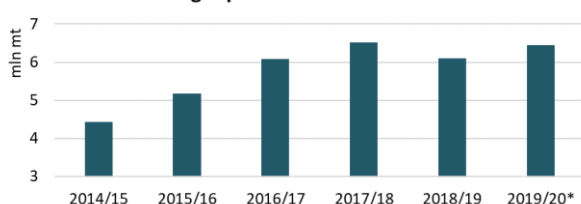


Russia: Production Update

	2018/19	2019/20	Var	
Beet stored up	298	966	↑	668
Beet processed	238	809	↑	571
Beet in stocks	51	147	↑	95
Sugar produced	23	94	↑	71
Extr. rate	9.7	11.6	↑	1.9
Factories	10	16	↑	6

- ▶ Production in Russia started at the beginning of August, by mid-August 16 factories were operating, vs 10 same time last season.
- ▶ Sugar beets processed were at almost 1 million mt, 670k mt higher year on year.
- ▶ Sugar production reached 94k mt, up from 23k mt same time last season.
- ▶ Agricultural yields so far show much better results than last year: 44.5 mt/ha vs 32.2 mt ha last season, industrial yields are also good, so far – 11.6% vs 9.7% last season (although it is just the start).
- ▶ We are using production of 6.5 million mt for the time being, but there is an upside potential if the industrial and agricultural yields remain high.
- ▶ Big Russia crop would mean lower imports in the CIS regions, which would reduce the demand for Mexican/CS Brazilian raws, as they could switch imports to Russian whites instead of raws.
- ▶ Still in CIS, Ukrainian crop unlike Russian is not expected to be a bumper one this season, as there was a lot of floods during planting period. Crop is expected to be around 1.4 million mt.

Sugar production in Russia

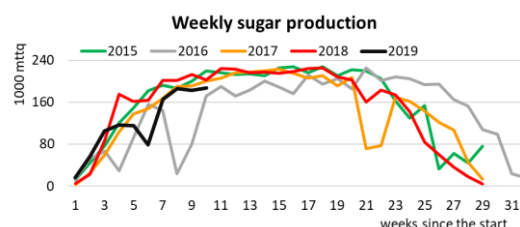


Australian: Crushing Progress

Australian crushing update			
Week 10	2018	2019	Δ
Cane crushed (000 Mt)	11,308	9,711	↓ -1,596
CCS(%)	12.7%	12.5%	↓ - 0.0
Sugar (000 Mt)	1,434	1,213	↓ - 221

Full crop	2018/19	2019/20 F	Δ
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 mid August mills in Australia crushed 9.8 million mt of cane, 1.6 million mt below last season due to a slow start to the season.
- ▶ Industrial yields were slightly lower than last year at 12.5%.
- ▶ Sugar production reached 1.2 million mt, 220k mt below last year.



Indian: Export Parity

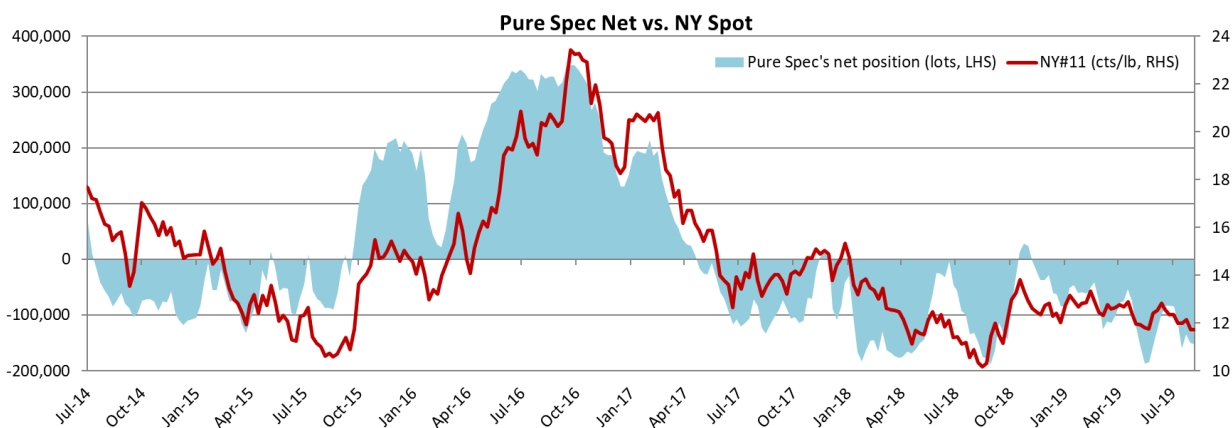
Indian export parity - raws		
ex-mill	31,000	INR/mt
FOB price	293	USD/mt
Raws FOB 96 Pol	12.72	cts/lb
NY price	12.5	cts/lb
Difference	-0.20	cts/lb

- ▶ The subsidy announcement could come at any time: if the Indian local price remains at 31 Rs/kg (fixed by the government), this would result in NY 96 pol price of around 12.7/12.8 cts/lb.
- ▶ Compared with March contract, Indian mills would take advantage from freight differential with CS Brazil and export to similar destinations as this season.



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
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
13-08-19	11.72	-152,984	201,129	354,113	212,411	-59,428	427,808	487,236	1,189,745
Lastet Change	-0.01	-3,551	6,965	10,516	-1,174	4,723	39,109	34,386	69,366



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