

# Sugar Weekly Report

January 6 - 10 2020



Sugar Prices and Macros as of		10-Jan-20												
	10-Jan-20	3-Jan-20	10-Dec-19	Weekly Var.	Monthly Var.		10-Jan-20	3-Jan-20	10-Dec-19	Weekly Var.	Monthly Var.			
NY #11	14.07	13.31	13.46	⬆	0.76	⬆	USD Index	97.35	96.90	97.52	⬆	0.45	⬆	-0.17
London #5	377.2	357.2	353.0	⬆	20.0	⬆	USDBZL	4.09	4.06	4.15	⬆	0.04	⬆	-0.05
NY#16	25.85	25.88	26.36	⬆	-0.03	⬆	USDINR	70.95	71.76	70.80	⬆	-0.81	⬆	0.15
Front White Premium	67.0	63.8	56.3	⬆	3.2	⬆	EURUSD	1.11	1.12	1.11	⬆	-0.00	⬆	0.00

## Market Situation at a Glance

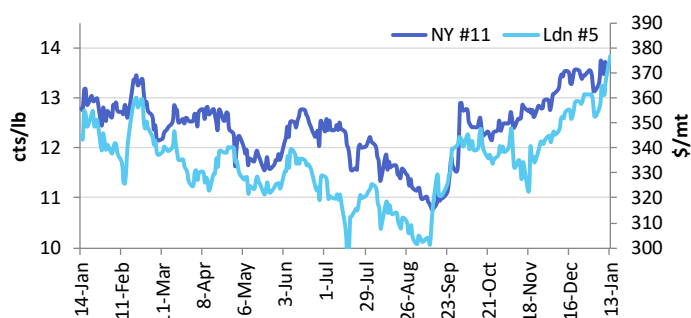
International Prices			
	10-Jan-20	3-Jan-20	Weekly Var.
<b>Sugar</b>			
NY #11	14.07	13.31	↑ 0.76 cts/lb
Front Spread	0.00	-0.08	↑ 0.08 cts/lb
London #5	377.20	357.20	↑ 20.00 \$/mt
Front Spread	-2.90	-5.50	↑ 2.60 \$/mt
White Premium	67.01	63.77	↑ 3.24 \$/mt
<b>USD Index</b>	97.35	96.90	↑ 0.45
USDBZL	4.09	4.06	↑ 0.04 R\$/
USDINR	70.95	71.76	↓ -0.81 RUP/\$
RUBUSD	61.00	62.01	↓ -1.01 RUB/\$
EURUSD	1.11	1.12	↓ -0.00 \$/EUR
<b>S&amp;P500</b>	3,265	3,235	↑ 30.50
<b>DJ Industrial Avg</b>	28,957	28,869	↑ 88.10
<b>Light Crude Oil</b>	59.1	63.0	↓ -3.92 \$/Barrel
<b>Corn</b>	386.5	385.8	↑ 0.75 cts/Bushel
<b>Wheat</b>	564.0	555.3	↑ 8.75 cts/Bushel
<b>Coffee (Arabic)</b>	118.6	126.9	↓ -8.30 cts/lb

## Domestic Markets

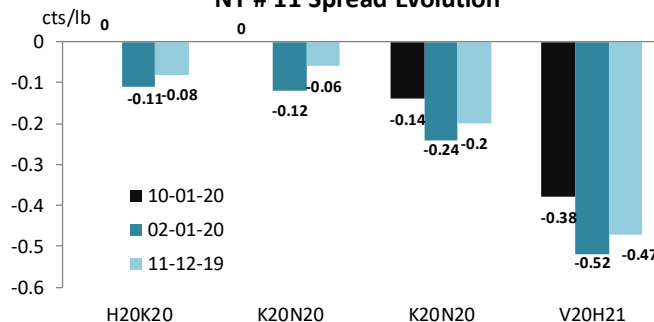
	10-Jan-20	3-Jan-20	Weekly Var.	Unit
<b>Brazil</b>				
NY Front Month in BZL	57.58	54.00	↑ 3.58	R\$ cts/lb
<b>Domestic:</b>				
Esalq Sugar (R\$)	72.17	73.54	↓ -1.37	R\$/50kg
Esalq Sugar (US\$)	17.63	18.13	↓ -0.49	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	15.43	15.41	↑ 0.02	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	16.06	15.97	↑ 0.09	cts/lb
<b>Ethanol/Gasoline in S. Paolo</b>	10-Jan-20	3-Jan-20	Weekly Var.	Unit
Ethanol	3,006	2,977	↑ 29	R\$/l
Gasoline	4,348	4,343	↑ 5	R\$/l
Ethanol/Gasoline Parity	69.1%	68.5%	↑ 1%	
Anhydrous from US Parity	98.11	69.87	↑ 28.25	USD/M3
Anhydrous to US Parity	-291.67	-263.94	↓ -27.73	USD/M3
<b>India</b>	10-Jan-20	3-Jan-20	Weekly Var.	Unit
S-Grade (Kolhapur)*	31,025	31,025	0	RUP/mt
M-Grade (Kolkatta)*	35,191	35,191	0	RUP/mt

\* price does not include GST of 5%

## Sugar Market



## NY # 11 Spread Evolution



China	10-Jan-20	03-Jan	Weekly Var.	Unit
ZCE Front Month	5,752	5,577	↑ 175	RMB/mt
ZCE Front Spread	31	3	↑ 28	RMB/mt
Northern Spot Cash	6,130	5,980	↑ 150	RMB/mt
Southern Spot Cash	6,000	5,800	↑ 200	RMB/mt

USA	10-Jan-20	3-Jan-20	Weekly Var.	Unit
No #16	25.85	25.88	↓ -0.03	cts/lb
#16/11 Spread	11.78	12.57	↓ -0.79	cts/lb

EU				
EU 45s containers	50	50	↑ 0.0	\$/mt ov Ldn

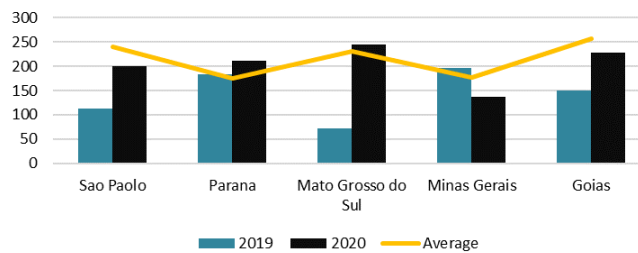
Russia				
Price in Krasnodar	334	332	↑ 2.1	\$/m3

# Sugar Weekly Report



## CS Brazil Rainfall

January rains in CS Brazil



## Indian: Post-Monsoon Rains

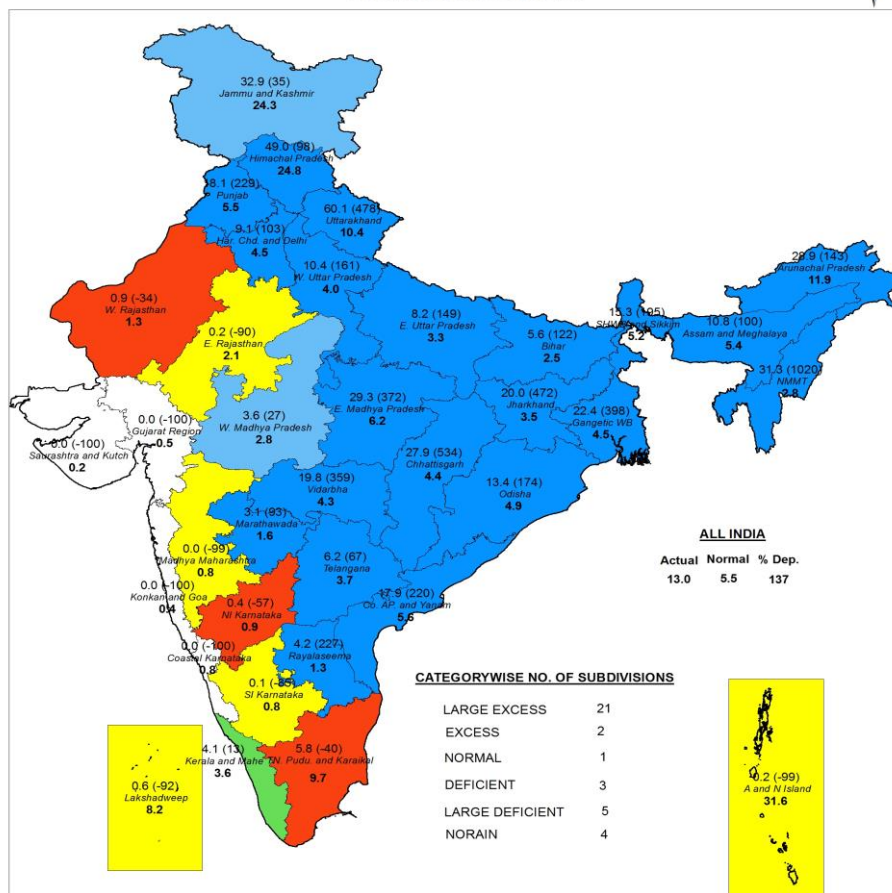


भारत मौसम विज्ञान विभाग  
INDIA METEOROLOGICAL DEPARTMENT

जल मौसम विज्ञान प्रभाग, नई दिल्ली  
HYDROMET DIVISION, NEW DELHI

### SUBDIVISION RAINFALL MAP

Period : 01-01-2020 To 12-01-2020



# Sugar Weekly Report



- **NY Flat price:** prices rallied, with March contract closing above 14 cts/lb Friday at 14.07 cts/lb.
- **NY Spreads:** March/May spread turned into an inverse, closing the week at 0 points, up from 8 points carry a week earlier.
- **London market:** March/March White Premium increased to \$67/mt, \$3/mt up year on year. May/May White Premium reached \$70/mt. Front month spread traded to \$2.9/mt carry, up from \$5/mt carry a week before.
- **COT report:** COT report from January 7 showed that specs reduced their net-short positions week on week by 7.4 k lots to 23.2k lots, which was surprising given the price increase during the reporting week. Index funds were buying – they increase their positions by 3.3k lots, and commercials as well were net buyers, reducing their net-shorts by 4.1k lots to 256k lots

**NY #11 March contract**



**BULL**

- ▶ USDA lowered US crop estimates by 100k mt, meaning there will be more imports needed.
- ▶ Ethanol prices in CS Brazil continue to increase, with demand strong.



**BEAR**

- ▶ The carry-over stocks from Thailand for 2020 should be much higher than last year.
- ▶ CS Brazil stocks are above last season and due to increased storage space, mills might carry more supply forward.



# Sugar Weekly Report



## China: Production update

- ▶ China production during December totaled 2.5 million mt, up 900k mt year on year.
- ▶ Cumulative production since the start of the season reached 3.8 million mt, which is 1.4 million mt higher year on year.
- ▶ The production is much higher year on year due to the fact that mills are fighting to purchase as much cane as possible as farmers can sell their cane to the mill of their choice. This is the policy in effect from 2019/20 crushing season, so mills maximize crushing pace not to let farmers switch to supplying other mills



## NNE Brazil: Production Update

2H DEC	2018/19	2019/20	Var.
Cane(kmt)	37,805	40,217	↑ 2,412
Sugar (kmt)	1,953	2,038	↑ 86
Total Ethanol	1,780	1,824	↑ 44
ATR (kg/t of cane)	134.37	130.63	↓ 4
Sugar mix (%)	40.34%	40.72%	↑ 0.4%

- ▶ By end-December mills in NNE Brazil crushing 40.2 million mt of cane, up 2.4 million mt year on year.
- ▶ Sugar mix was at 40.7%, slightly up year on year.
- ▶ ATR was still below last season at 130.6 kg/mt.
- ▶ Sugar production reached 2 million mt, 86k mt higher year on year due to faster crushing pace.

- ▶ Total production is expected to be similar to last season at 2.5 million mt.

## US: USDA Release

US Balance Sheet (rv mt)	2017/18	2018/19	2019/20
Beginning Stocks	1,702	1,822	1,618
<b>Production 2/</b>	<b>8,430</b>	<b>8,164</b>	<b>7,401</b>
Beet Sugar	4,789	4,481	4,032
Cane Sugar	3,641	3,683	3,368
<b>Imports</b>	<b>2,973</b>	<b>2,785</b>	<b>3,521</b>
TRQ 3/	1,509	1,398	1,455
<b>Mexico</b>	<b>1,109</b>	<b>907</b>	<b>1,657</b>
Total Supply	13,104	12,770	12,538
Total Use	11,284	11,153	11,127
Ending Stocks	1,822	1,618	1,412
<b>Stocks to Use Ratio</b>	<b>16.1%</b>	<b>14.5%</b>	<b>12.7%</b>

- ▶ USDA released new estimated for the US balance sheet, lowering production from 7.5 million mt to 7.4 million mt due to lower crop in Louisiana.
- ▶ This would bring ending stocks to use ratio to 12.7%, down from 14.5% last season.
- ▶ The imports estimate did not change from the previous month, but such a low stock to use ratio would mean US would need to import around 100k mt to have target stock to use ratio of 13.5%.
- ▶ The sugar is likely to come from Mexico or from additional increase in TRQs.

## Mexico: Production Update

Mexican crush update	2017/18	2018/19	y-o-y
Harvest (Ha)	139,287	101,653	↓ -37,634
Cane yield (Mt/Ha)	80.1	79.3	↓ -1
Crushing cane (Mt)	11,154,327	8,060,803	↓ -3,093,524
Sugar (Mt)	1,062,221	744,455	↓ -317,766
Sugar extraction (%)	9.52%	9.24%	↓ 0.00

- ▶ Mexican production is still lagging behind last season: 745k mt produced by beginning of January, down 320k mt year on year.
- ▶ The lower production is a result of lower harvested area due to the rain disruptions.

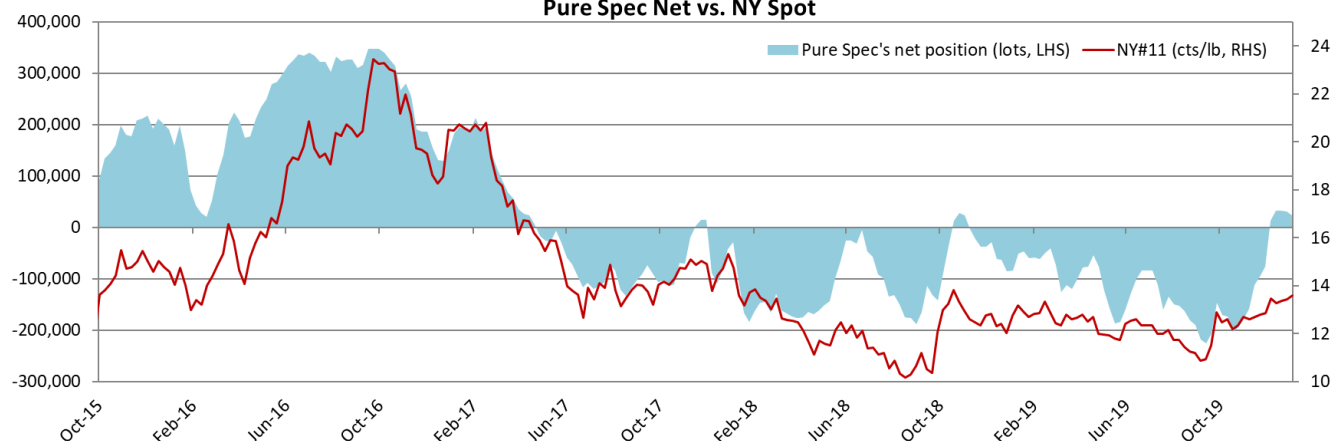
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## COT RECAP

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
19-11-19	12.69	-111,570	205,777	317,347	211,395	-99,825	379,431	479,256	1,094,211
26-11-19	12.78	-95,880	205,179	301,059	217,377	-121,498	396,968	518,466	1,130,610
03-12-19	12.86	-76,158	221,129	297,287	218,887	-142,729	392,204	534,933	1,160,086
10-12-19	13.46	13,556	252,084	238,528	223,599	-237,156	381,080	618,236	1,207,617
17-12-19	13.27	33,079	249,985	216,906	227,906	-260,986	356,750	617,736	1,169,175
24-12-19	13.37	32,553	245,041	212,488	234,030	-266,583	363,803	630,386	1,170,963
31-12-19	13.42	30,673	245,621	214,948	229,433	-260,106	369,153	629,259	1,167,028
07-01-20	13.59	23,241	241,393	218,152	232,729	-255,969	380,881	636,850	1,182,058
Lastet Change	0.17	-7,432	-4,228	3,204	3,296	4,137	11,728	7,591	15,030

Pure Spec Net vs. NY Spot



## Wilmar Grower Marketing Team

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