

Sugar Weekly Report

March 23 - 27 2020



27-Mar-20										
	27-Mar-20	20-Mar-20	25-Feb-20	Weekly Var.	Monthly Var.	27-Mar-20	20-Mar-20	25-Feb-20	Weekly Var.	Monthly Var.
NY #11	11.10	10.91	15.15	↑ 0.19	↓ 0.19	USD Index	98.31	101.95	99.00	↓ -3.64
London #5	350.7	344.4	412.7	↑ 6.3	↓ 6.3	USDBZL	5.10	5.06	4.39	↑ 0.04
NY#16	26.50	26.80	26.95	↓ -0.30	↓ -0.30	USDINR	75.12	75.39	71.87	↑ -0.27
Front White Premium	106.0	103.9	78.7	↑ 2.1	↑ 2.1	EURUSD	1.11	1.07	1.09	↑ 0.04

Market Situation at a Glance

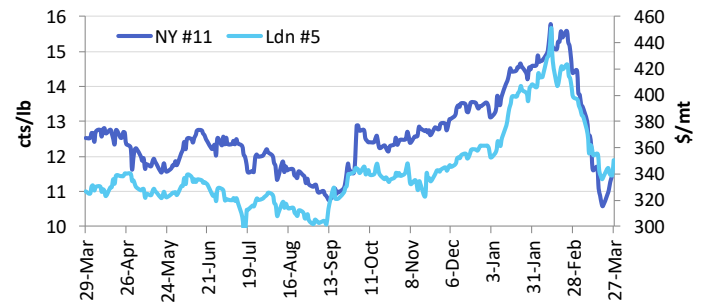
International Prices			
	27-Mar-20	20-Mar-20	Weekly Var.
Sugar			
NY #11	11.10	10.91	↑ 0.19 cts/lb
Front Spread	0.05	0.08	↓ -0.03 cts/lb
London #5	350.70	344.40	↑ 6.30 \$/mt
Front Spread	11.70	9.70	↑ 2.00 \$/mt
White Premium	105.99	103.88	↑ 2.11 \$/mt
USD Index			
USD Index	98.31	101.95	↓ -3.64
USDBZL	5.10	5.06	↑ 0.04 R\$/
USDINR	75.12	75.39	↓ -0.27 RUP/\$
RUBUSD	78.83	80.01	↓ -1.19 RUB/\$
EURUSD	1.11	1.07	↑ 0.04 \$/EUR
S&P500			
S&P500	2,541	2,305	↑ 236.55
DJ Industrial Avg	22,552	20,087	↑ 2,464.98
Light Crude Oil			
Light Crude Oil	21.8	22.4	↓ -0.59 \$/Barrel
Corn			
Corn	346.0	342.8	↑ 3.25 cts/Bushel
Wheat			
Wheat	572.8	540.0	↑ 32.75 cts/Bushel
Coffee (Arabic)			
Coffee (Arabic)	115.9	119.7	↓ -3.85 cts/lb

Domestic Markets

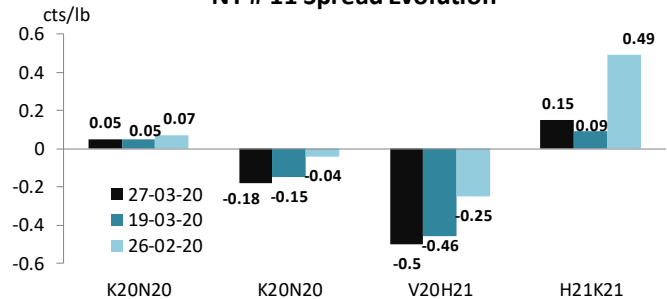
	27-Mar-20	20-Mar-20	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	56.61	55.23	↑ 1.38	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	76.35	77.45	↓ -1.10	R\$/50kg
Esalq Sugar (US\$)	14.97	15.30	↓ -0.33	cts/lb
Hydrous Ethanol (NY#11 equiv.)	9.54	10.46	↓ -0.92	cts/lb
Anhydrous Ethanol(NY#11 equiv.)	11.05	11.88	↓ -0.84	cts/lb
Ethanol/Gasoline in S. Paolo				
Ethanol	2,924	3,035	↓ -111	R\$/l
Gasoline	4,214	4,326	↓ -112	R\$/l
Ethanol/Gasoline Parity	69.4%	70.2%	↓ -1%	
Anhydrous from US Parity	-16.32	12.66	↓ -28.98	USD/M3
Anhydrous to US Parity	-162.56	-192.64	↑ 30.08	USD/M3
India				
S-Grade (Kolhapur)*	31,000	31,000	↑ 0	RUP/mt
M-Grade (Kolkatta)*	33,715	33,715	↑ 0	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



		27-Mar-20	20-Mar-20	Weekly Var.	Unit
China					
ZCE Front Month		5,511	5,514	↓ -3	RMB/mt
ZCE Front Spread		-47	-55	↑ 8	RMB/mt
Northern Spot Cash	Rizhao	6,000	5,900	↑ 100	RMB/mt
Southern Spot Cash	Luzhou	5,800	5,800	↑ 0	RMB/mt

		27-Mar-20	20-Mar-20	Weekly Var.	Unit
USA					
No #16		26.50	26.80	↓ -0.30	cts/lb
#16/11 Spread		15.40	15.89	↓ -0.49	cts/lb

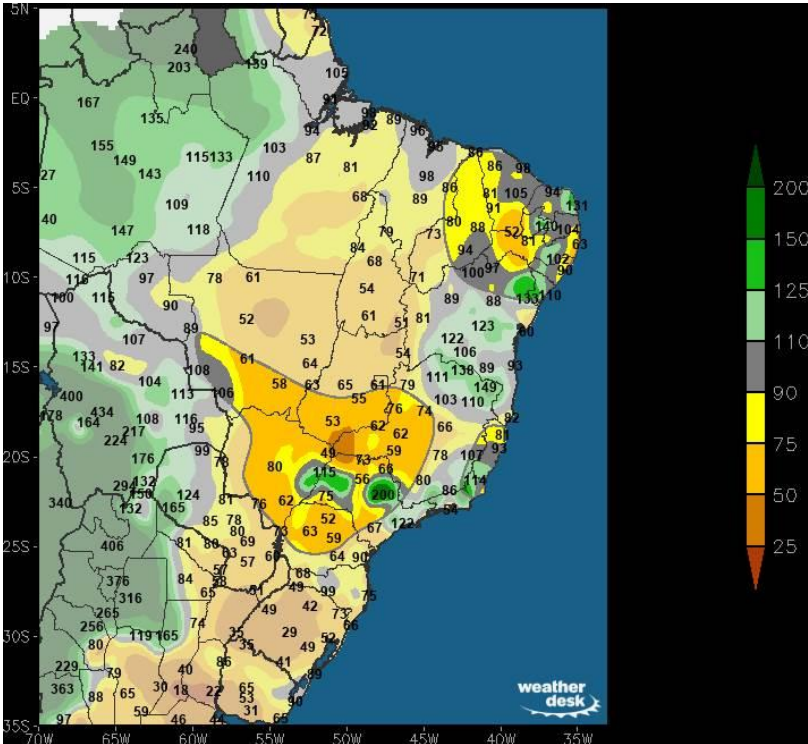
		27-Mar-20	20-Mar-20	Weekly Var.	Unit
EU					
EU 45s containers		50	50	↑ 0.0	\$/mt ov Ldn

		27-Mar-20	20-Mar-20	Weekly Var.	Unit
Russia					
Price in Krasnodar		328	331	↓ -2.9	\$/m3

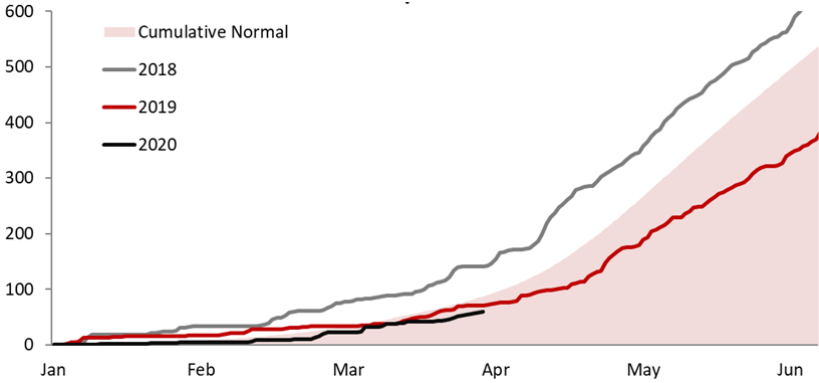
Sugar Weekly Report



Brazil Rain 15 day Forecast



Thailand Cumulative Rain



Sugar Weekly Report



- **NY Flat price:** Sugar prices slightly recovered last week, following a little recovery in the macro situation. May contract closed at 11.1 cts/lb, up from 10.91 cts/lb a week earlier.

- **NY Spreads:** May/July spread closed the week at 5 points inverse, while during the week it traded to as high as 16 points inverse.

- **London market:** May/May White Premium rallied to \$106/mt last week; May/Aug spread reached the highs of \$11.7/mt.

- **COT report:** Specs turned 2.2k lots of net-shorts, reduction of 9.7k lots week on week; the move came only from long liquidation – they cut gross longs by 9.9k lots, while gross shorts did not change. Index funds positions reduced to 226.7k lots on net-longs, down 14.9k lots week on week. Commercials net-shorts reduced to 224.5k lots, down by 24.6k lots week on week.



BULL

- ▶ Pakistan could be required to import white sugar in order to fill in the supply and demand shortfall.

- ▶ Lower availability of containers could create a tightness in the supply.

- ▶ Demand for white sugar remains robust in East African region; The Indonesian government could announce an import quota for 50k mt of white sugar.



BEAR

- ▶ Fuel demand around the globe reduced; in CS Brazil this could mean a reduction in ethanol consumption as well and a further reduction in ethanol mix in 2020/21 season.

- ▶ Spot ethanol prices in CS Brazil dropped to 9.5 cts/lb last week.

- ▶ Weather has been drier than normal and more mills should start crushing in CS Brazil than last year.



CS Brazil: UNICA Production Update

Cumulative	2018/19	2019/20	Variation Y-o-Y
	1H Mar		
Cane (1000 mt)	563,912	582,922	↑ 19,010
Sugar (1000 mt)	26,363	26,532	↑ 169
Ethanol (1000 M3)	30,568	32,799	↑ 2,230
ATR (kg/mt)	138.4	138.9	↑ 1
Sugar mix (%)	35.34%	34.38%	↓ -1.0%

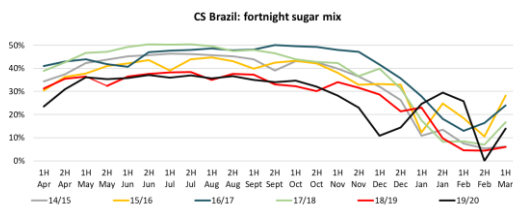
► CS Brazil crushing during 1H of March stood at 3 million mt, which is above a year's 1.6 million mt, as the weather was drier.

► The cumulative crushing this season reached 583 million mt, up from 564 million mt last season.

► Sugar production was at 26.5 million mt, up from 26.36 million mt.

► ATR stood at 139 kg/mt, slightly up year on year.

► Sugar mix was at 34.4% vs 35.3% last year.



CS Brazil: Ethanol Update

► Domestic ethanol sales during 1H of March in CS Brazil dropped to 1.07 million m³, down from 1.18 mln m³ last year

► The drop was on hydrous ethanol: sales stood at 690k m³ vs 820k m³ last year.

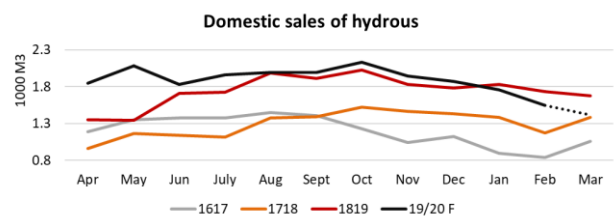
► The drop is a response to higher parity at the pump: in Sao Paulo average parity during 1H of March was at 70%.

► On top of the higher parity at the pump, ethanol and total fuel consumption during 2H of March would drop largely in CS Brazil due to coronavirus.

► For the week starting March 23, sales at some regions dropped already by more than 50%, as people minimize travelling.

► We expect March hydrous consumption to be around 1.4 million m³ during March, similar to 2018.

► Stocks are no longer tight, and producers would start crushing focusing on sugar production.



Guatemala: Production Update

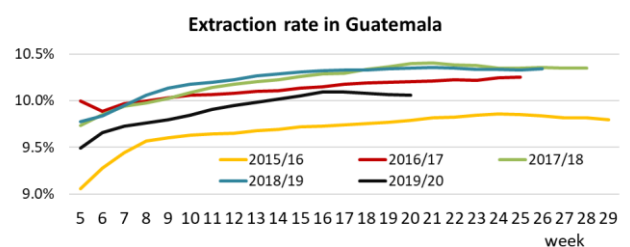
	2018/19	2019/20	Var.
Cane(mt)	21,033,430	20,707,938	↓ 325,492
Sugar(mt)	2,177,169	2,082,788	↓ 94,381
Raw	720,461	623,648	↓ 96,813
White	1,456,708	1,459,140	↑ 2,432
Extraction rate	10.35%	10.06%	↓ -0.3%
Raws share	33%	30%	

► Guatemalan mills crushed 20.7 million mt of cane by March 22, 325k mt down year on year.

► Sugar production reached 2.08 million mt, down from 2.18 million mt last season.

► The drop is only on raw production, - 100k mt lower than last season.

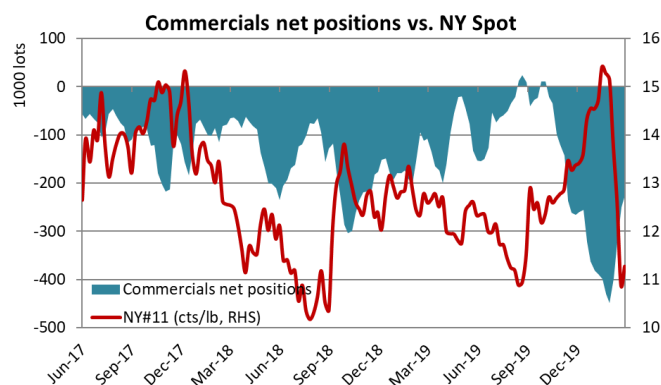
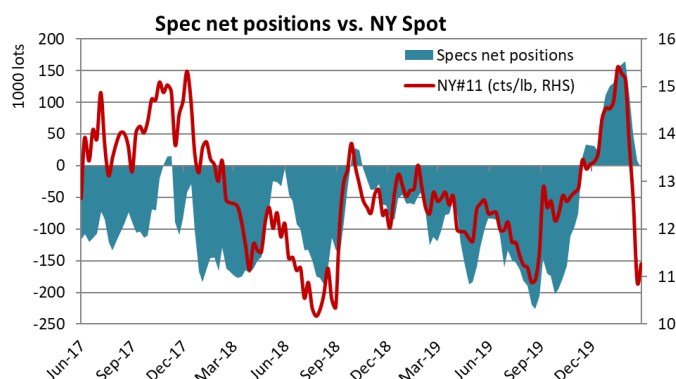
► Extraction rate is the lowest since 2015/16 at 10%.





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
04-02-20	14.71	129,984	292,781	162,797	258,788	-388,770	479,284	868,054	1,462,484
11-02-20	15.41	149,089	305,970	156,881	249,990	-399,078	527,712	926,790	1,551,567
18-02-20	15.28	158,765	316,815	158,050	270,924	-429,689	463,863	893,552	1,418,058
25-02-20	15.15	165,132	318,525	153,393	284,125	-449,257	418,006	867,263	1,383,663
03-03-20	13.76	108,607	277,791	169,184	288,517	-397,126	419,495	816,621	1,311,716
10-03-20	12.59	51,153	222,882	171,729	272,388	-323,540	483,248	806,788	1,316,288
17-03-20	10.89	7,558	162,936	155,378	241,541	-249,099	528,537	777,636	1,272,515
24-03-20	11.27	-2,168	152,995	155,163	226,657	-224,490	547,987	772,477	1,255,442
Lastet Change	0.38	-9,726	-9,941	-215	-14,884	24,609	19,450	-5,159	-17,073



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