

# Sugar Weekly Report

June 8 - 12 2020



	12-Jun-20						12-Jun-20				
	12-Jun-20	5-Jun-20	12-May-20	Weekly Var.	Monthly Var.		12-Jun-20	5-Jun-20	12-May-20	Weekly Var.	Monthly Var.
NY #11	11.87	12.02	10.25	↓ -0.15	↑	USD Index	97.09	96.95	100.01	↑ 0.14	↓ -2.92
London #5	383.4	392.9	344.2	↓ -9.5	↑	USDBZL	5.05	4.96	5.89	↑ 0.09	↓ -0.83
NY#16	25.96	26.15	25.76	↓ -0.19	↑	USDINR	75.78	75.58	75.30	↑ 0.20	0.48
Front White Premium	121.7	127.9	118.2	↓ -6.2	↑	EURUSD	1.13	1.13	1.08	↓ -0.00	0.04

## Market Situation at a Glance

International Prices			
	12-Jun-20	5-Jun-20	Weekly Var.
<b>Sugar</b>			
NY #11	11.87	12.02	↓ -0.15 cts/lb
Front Spread	-0.17	-0.07	↓ -0.10 cts/lb
London #5	383.40	392.90	↓ -9.50 \$/mt
Front Spread	15.40	19.90	↓ -4.50 \$/mt
White Premium	121.71	127.90	↓ -6.19 \$/mt
<b>USD Index</b>	97.09	96.95	↑ 0.14
USDBZL	5.05	4.96	↑ 0.09 R\$/
USDINR	75.78	75.58	↑ 0.20 RUP/\$
RUBUSD	69.66	68.58	↑ 1.09 RUB/\$
EURUSD	1.13	1.13	↓ -0.00 \$/EUR
<b>S&amp;P500</b>	3,041	3,194	↓ -152.62
<b>DJ Industrial Avg</b>	25,128	26,282	↓ -1,153.65
<b>Light Crude Oil</b>	36.6	39.0	↓ -2.41 \$/Barrel
<b>Corn</b>	330.3	332.5	↓ -2.25 cts/Bushel
<b>Wheat</b>	501.3	515.3	↓ -14.00 cts/Bushel
<b>Coffee (Arabic)</b>	95.0	99.1	↓ -4.10 cts/lb

## Domestic Markets

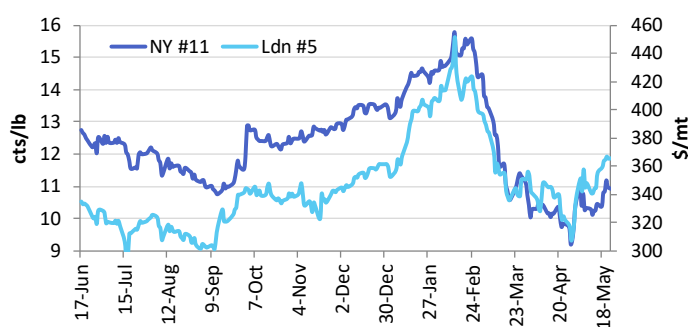
	12-Jun-20	5-Jun-20	Weekly Var.	Unit
<b>Brazil</b>				
NY Front Month in BZL	59.96	59.63	↑ 0.33	R\$ cts/lb
<b>Domestic:</b>				
Esalq Sugar (R\$)	76.32	77.33	↓ -1.01	R\$/50kg
Esalq Sugar (US\$)	15.11	15.59	↓ -0.48	cts/lb
Hydrous Ethanol (NY#11 equiv.)	10.49	10.39	↑ 0.11	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	11.08	10.98	↑ 0.10	cts/lb

Ethanol/Gasoline in S. Paolo				
	12-Jun-20	5-Jun-20	Weekly Var.	Unit
Ethanol	2,385	2,385	↑ 0	R\$/l
Gasoline	3,736	3,736	↑ 0	R\$/l
Ethanol/Gasoline Parity	63.8%	63.8%	0%	
Anhydrous from US Parity	-57.63	-64.41	↑ 6.79	USD/M3
Anhydrous to US Parity	-121.96	-115.80	↓ -6.16	USD/M3

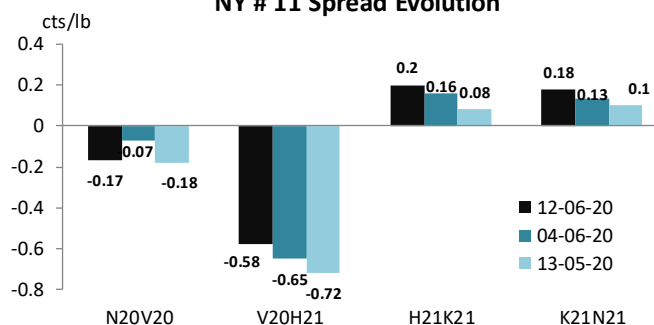
India				
	12-Jun-20	5-Jun-20	Weekly Var.	Unit
S-Grade (Kolhapur)*	31,267	31,000	↑ 267	RUP/mt
M-Grade (Kolkatta)*	34,572	33,800	↑ 772	RUP/mt

\* price does not include GST of 5%

## Sugar Market



## NY # 11 Spread Evolution



China				
	12-Jun-20	05-Jun	Weekly Var.	Unit
ZCE Front Month	5,168	5,264	↓ -96	RMB/mt
ZCE Front Spread	-129	-174	↑ 45	RMB/mt
Northern Spot Cash	Rizhao 5,600	5,550	↑ 50	RMB/mt
Southern Spot Cash	Liuzhou 5,420	5,440	↓ -20	RMB/mt

USA				
	12-Jun-20	5-Jun-20	Weekly Var.	Unit
No #16	25.96	26.15	↓ -0.19	cts/lb
#16/11 Spread	14.09	14.13	↓ -0.04	cts/lb

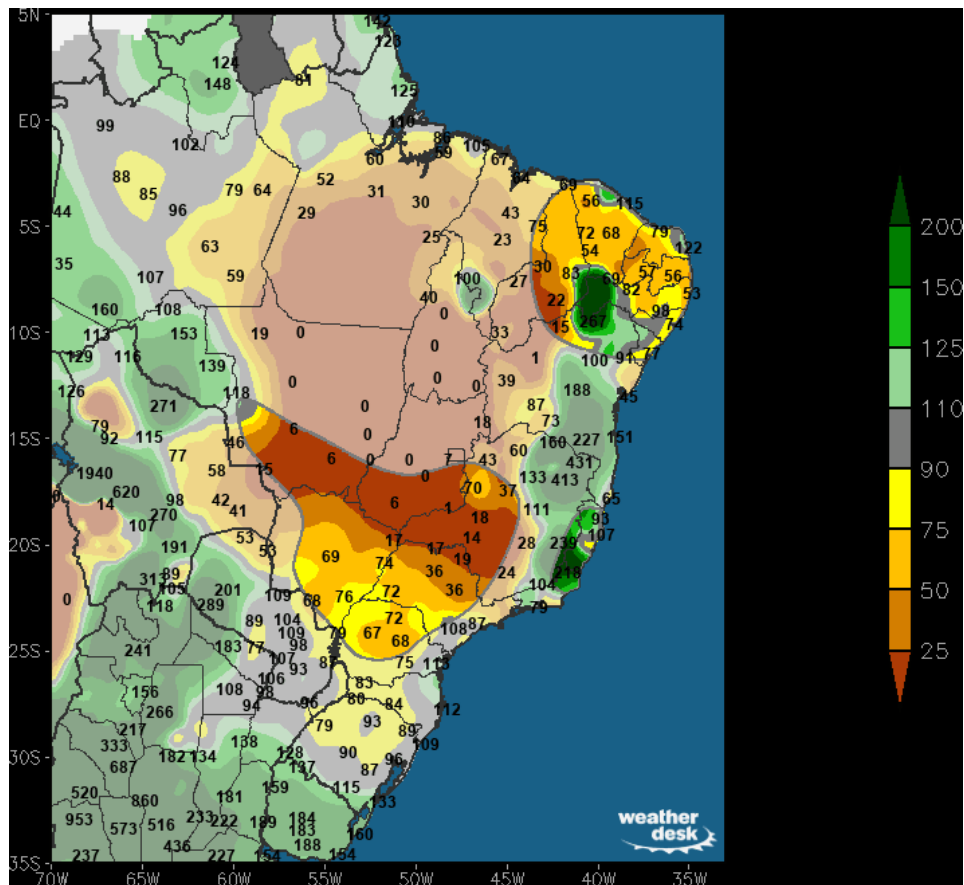
EU				
EU 45s containers	40	40	↑ 0.0	\$/mt ov Ldn

Russia				
Price in Krasnodar	386	380	↑ 6.0	\$/m3

# Sugar Weekly Report



**Brazil 15 day rain forecast - % of normal rains**



# Sugar Weekly Report



- **NY Flat price:** July contract closed Friday 11.87 cts/lb, down from 12.02 a week earlier. The pattern on the chart is looking like a bullish flag again – downside trading channel.
- **NY spreads:** July/October weakened to 17 points carry, down from 7 points carry a week earlier.
- **London market:** July-August White Premium traded on average similar to last week at \$15.4/mt, down from \$20/mt a week earlier.
- **COT report:** Specs increased net-longs to 31k lots, up 22.3k lots week on week. Commercials increased net-shorts to 255k lots up 25.7k lots higher week on week, finally index funds added 3.4k lots of net-longs and now hold 223.8k lots of net-longs.



**BULL**

- ▶ The weather has been drier than normal in CS Brazil, generating some talk about lower cane availability this season.
- ▶ Indonesian licenses for the industrial market could be issued in July, which is earlier than the expected date in Q4.
- ▶ The lineup in CS Brazil continues to be high, with over 3 million mt waiting to be loaded.



**BEAR**

- ▶ In India, additional reallocation of export quotas should be issued in July, adding more sugar to the supply side.
- ▶ Whites demand is calmer during the past 3 weeks, partly due to the rally in prices.
- ▶ Sugar production in CS Brazil is 3 million mt higher year on year.



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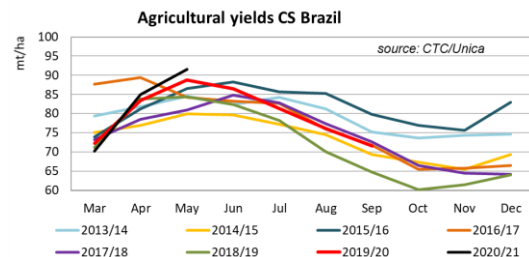


## CS Brazil: UNICA Production Update

Cane (1000 mt) Fortnight	2018/19	2019/20	2020/21 *	Variation Y-o-Y
Cane (1000 mt)	32,634	44,273	42,208	↓ -2,065
<b>Sugar (1000 mt)</b>	<b>1,346</b>	<b>1,871</b>	<b>2,548</b>	<b>↑ 677</b>
Ethanol (1000 M3)	1,758	2,154	1,808	↓ -346
ATR (kg/mt)	133.4	125.6	133.8	↑ 8.2
Sugar mix (%)	32.45%	35.28%	47.35%	↑ 12.1%

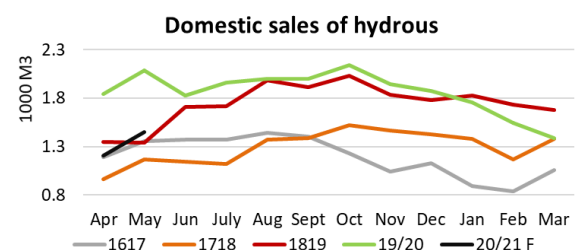
Cumulative	2018/19	2019/20	2020/21	Variation Y-o-Y
Cane (1000 mt)	135,588	128,873	144,819	↑ 15,946
<b>Sugar (1000 mt)</b>	<b>5,503</b>	<b>4,857</b>	<b>8,020</b>	<b>↑ 3,162</b>
Ethanol (1000 M3)	6,596	6,185	6,197	↑ 12
ATR (kg/mt)	123.6	118.7	126.6	↑ 8
Sugar mix (%)	34.45%	33.31%	45.92%	↑ 12.6%

- ▶ During 2H of May mills in CS Brazil crushed 42.2 million mt of cane, down 2 million mt year on year due to more rains in this period of time.
- ▶ Sugar mix stood at 47.35%, up from 35.3% last year, with mills maxing out sugar production as ethanol pays less than sugar.
- ▶ ATR reached 133.8 kg/mt, up from 125.6 kg/mt last season.
- ▶ Sugar production reached 2.55 million mt, which is in line with market expectations.
- ▶ On a cumulative basis, Brazil crushed 145 million mt of cane, which is 16 million mt more than last season. 8 million mt of sugar has been produced, which is 3.16 million mt more than last season.
- ▶ UNICA did not mention CTC yields but from the data we have, average yields in May were around 91 mt/ha, up from 89 mt/ha last year.
- ▶ Some market reports suggest that dry weather since the start of harvesting would contribute to reduced cane availability in CS Brazil. So far production has resulted in 605 million mt cane, which is up from 590 million mt last season.



## Ethanol in CS Brazil: Sales Update

- ▶ Sales of ethanol during May were not as bad as expected, with 2 million m<sup>3</sup> produced, down 30% year on year.
- ▶ Anhydrous sales were at 588 mm<sup>3</sup>, down 27% year on year; hydrous sales were at 1.45 million mt, 30% down year on year.
- ▶ This could mean that the Otto cycle decreases in May could be around 30%, and not the predicted 50% due to covid 19.
- ▶ Also, the share of hydrous in fuel consumption is high due to low parity at the pump – in May on average it was at 63.7% in San Paulo.



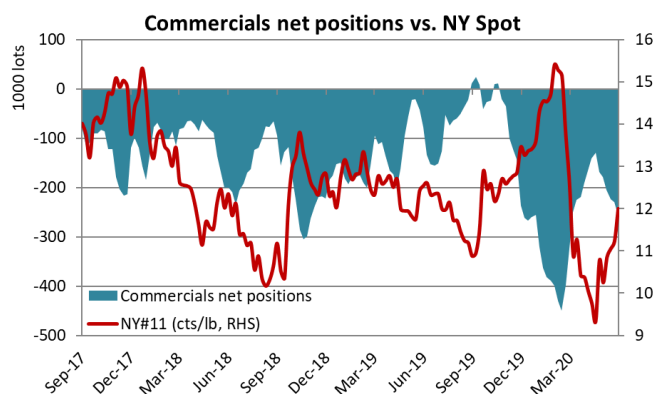
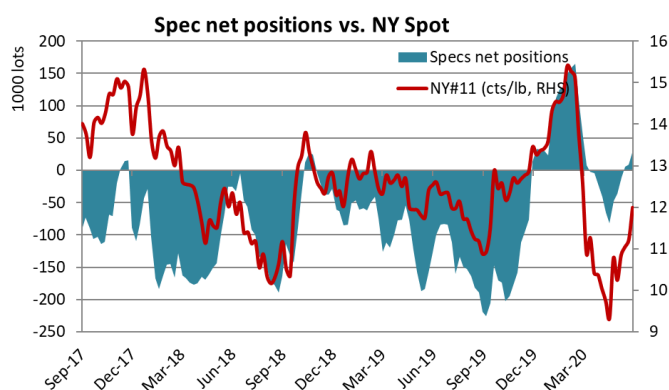
- ▶ Judging by apple mobility tracking data, the driving activities in June picked up further, so the drop in Otto cycle could be barely 20% year on year.
- ▶ Overall, ethanol demand in CS Brazil is not as disappointing and they would still need around 29 million m<sup>3</sup> of ethanol (including corn ethanol) to satisfy domestic demand.

# Sugar Weekly Report



## 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
21-04-20	9.75	-65,138	145,340	210,478	206,851	-141,713	533,934	675,647	1,165,392
28-04-20	9.34	-82,326	142,162	224,488	212,336	-130,010	529,287	659,297	1,160,280
05-05-20	10.78	-47,844	148,024	195,868	216,218	-168,373	503,019	671,392	1,128,325
12-05-20	10.25	-36,860	153,219	190,079	215,127	-178,269	510,216	688,485	1,161,585
19-05-20	10.85	-10,506	174,448	184,954	215,247	-204,740	514,177	718,917	1,170,536
26-05-20	11.05	5,612	185,332	179,720	217,554	-223,166	516,723	739,889	1,182,708
02-06-20	11.22	8,682	185,423	176,741	220,375	-229,056	519,579	748,635	1,197,601
09-06-20	12	31,019	185,837	154,818	223,778	-254,797	516,253	771,050	1,194,992
Lastet Change	0.78	22,337	414	-21,923	3,403	-25,741	-3,326	22,415	-2,609



## Wilmar Grower Marketing Team

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