

Sugar Weekly Report

June 22 - 26 2020



26-Jun-20										
	26-Jun-20	19-Jun-20	26-May-20	Weekly Var.	Monthly Var.	26-Jun-20	19-Jun-20	26-May-20	Weekly Var.	Monthly Var.
NY #11	11.55	12.05	11.05	↓ -0.50	↑	USD Index	97.50	97.66	99.01	↓ -0.16
London #5	351.2	368.3	376.4	↓ -17.1	↓	USDBZL	5.48	5.31	5.35	↑ 0.17
NY#16	26.00	25.96	25.85	↑ 0.04	↑	USDINR	75.61	76.18	75.66	↓ -0.58
Front White Premium	96.6	102.6	132.8	↓ -6.1	↓	EURUSD	1.12	1.12	1.10	↑ 0.00

Market Situation at a Glance

International Prices			
	26-Jun-20	19-Jun-20	Weekly Var.
Sugar			
NY #11	11.55	12.05	↓ -0.50 cts/lb
Front Spread	-0.07	-0.13	↑ 0.06 cts/lb
London #5	351.20	368.30	↓ -17.10 \$/mt
Front Spread	2.70	8.50	↓ -5.80 \$/mt
White Premium	96.57	102.64	↓ -6.08 \$/mt
USD Index	97.50	97.66	↓ -0.16
USDBZL	5.48	5.31	↑ 0.17 R\$/
USDINR	75.61	76.18	↓ -0.58 RUP/\$
RUBUSD	69.78	69.42	↑ 0.36 RUB/\$
EURUSD	1.12	1.12	↑ 0.00 \$/EUR
S&P500	3,009	3,098	↓ -88.69
DJ Industrial Avg	25,746	26,080	↓ -334.50
Light Crude Oil	38.2	39.4	↓ -1.27 \$/Barrel
Corn	316.3	332.8	↓ -16.50 cts/Bushel
Wheat	473.8	481.5	↓ -7.75 cts/Bushel
Coffee (Arabic)	95.7	94.1	↑ 1.55 cts/lb

Domestic Markets

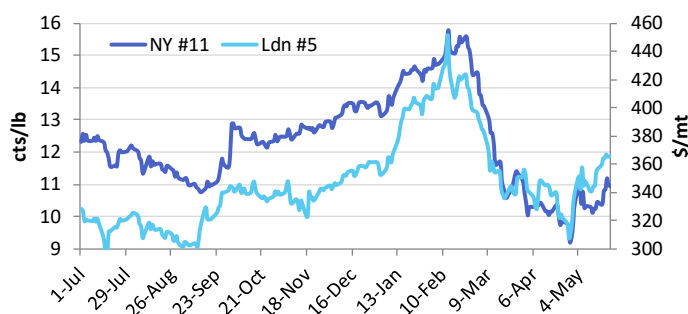
	26-Jun-20	19-Jun-20	Weekly Var.	Unit
Brazil				
NY Front Month in BZL	63.34	63.99	↓ -0.65	R\$ cts/lb
Domestic:				
Esalq Sugar (R\$)	76.03	76.37	↓ -0.34	R\$/50kg
Esalq Sugar (US\$)	13.86	14.38	↓ -0.52	cts/lb
Hydrous Ethanol (NY#11 equiv.)	9.42	9.94	↓ -0.52	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	10.30	10.64	↓ -0.34	cts/lb

Ethanol/Gasoline in S. Paolo				
	26-Jun-20	19-Jun-20	Weekly Var.	Unit
Ethanol	2,523	2,493	↑ 30	R\$/l
Gasoline	3,848	3,807	↑ 41	R\$/l
Ethanol/Gasoline Parity	65.6%	65.5%	↑ 0%	
Anhydrous from US Parity	-91.75	-84.98	↓ -6.78	USD/M3
Anhydrous to US Parity	-84.11	-92.41	↑ 8.30	USD/M3

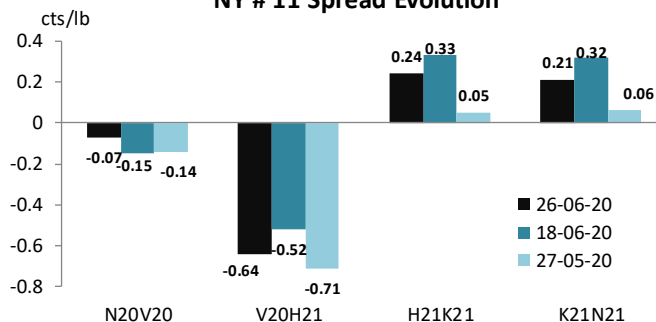
India				
	26-Jun-20	19-Jun-20	Weekly Var.	Unit
S-Grade (Kolhapur)*	31,809	31,688	↑ 122	RUP/mt
M-Grade (Kolkatta)*	34,572	35,524	↓ -953	RUP/mt

* price does not include GST of 5%

Sugar Market



NY # 11 Spread Evolution



China					
	26-Jun-20	19-Jun	Weekly Var.	Unit	
ZCE Front Month	5,236	5,219	↑ 17	RMB/mt	
ZCE Front Spread	-94	-126	↑ 32	RMB/mt	
Northern Spot Cash	Rizhao 5,570	5,570	↑ 0	RMB/mt	
Southern Spot Cash	Liuzhou 5,430	5,420	↑ 10	RMB/mt	

USA				
	26-Jun-20	19-Jun-20	Weekly Var.	Unit
No #16	26.00	25.96	↑ 0.04	cts/lb
#16/11 Spread	14.45	13.91	↑ 0.54	cts/lb

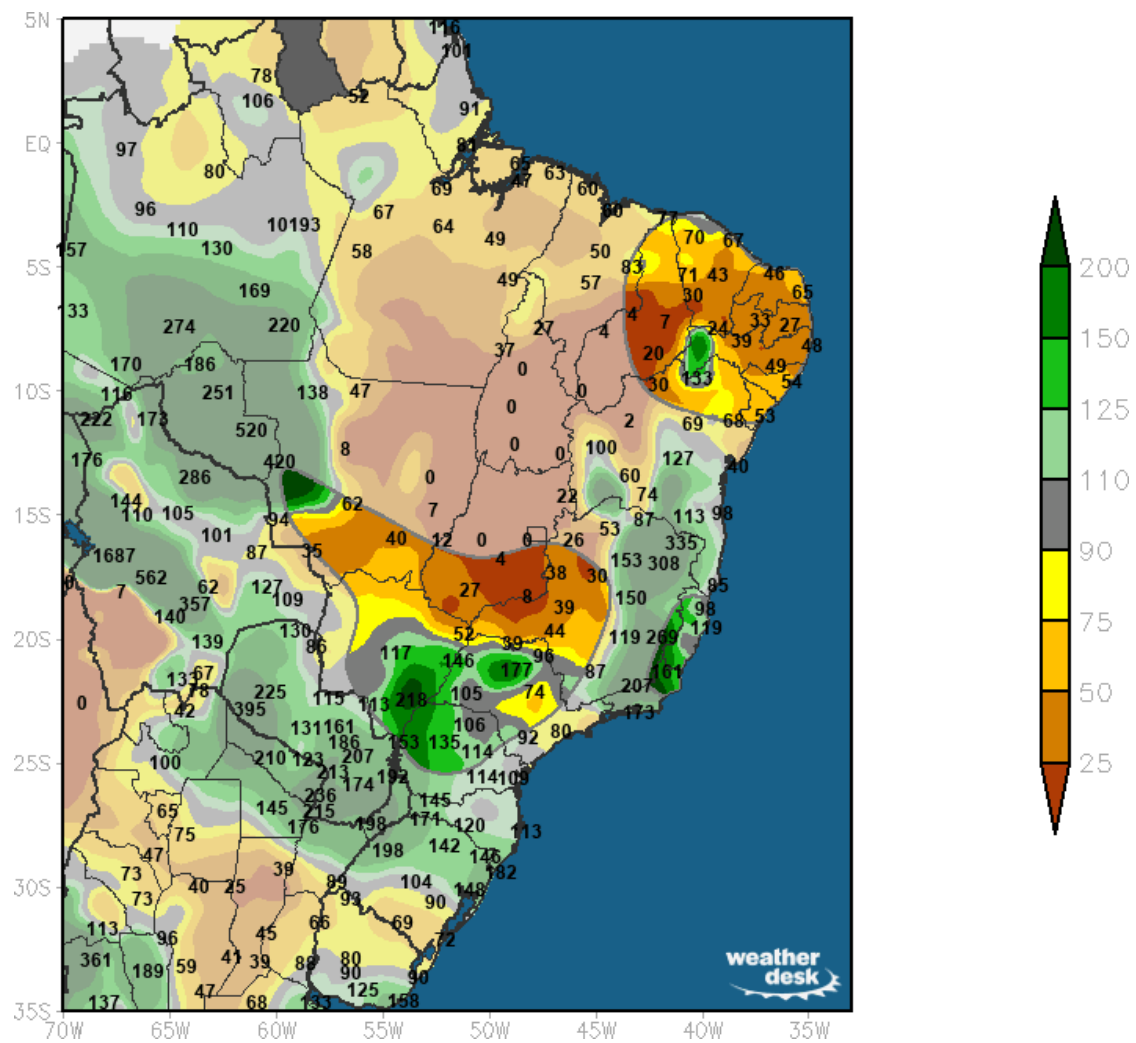
EU				
EU 45s containers	45	40	↑ 5.0	\$/mt ov Ldn

Russia			
Price in Krasnodar	308	381	↓ -73.0 \$/m3

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Brazil rains 15 days forecast - % of normal rains



Sugar Weekly Report



- **NY Flat price:** prices collapsed last week; October contract closed at 11.55 cts/lb, down from 12.05 cts/lb a week ago.
- **NY spreads:** July/October spread closed the week at 7 points carry, stronger than last week 13 points carry. October/March contract closed the week at 64 points carry, down from 53 points carry a week earlier.
- **London market:** July-August White Premium weakened to \$96/mt, down from 103 cts/lb last Friday. Oct/Oct closed the week barely changed from a week ago at \$92/mt.
- **COT report:** Specs increased net-longs to 58.3k lots, up 11.2k lots week on week. Commercials increased net-shorts to 292.4 lots, which is 15.4k lots higher week on week, finally index funds added 4.2k lots of net-longs and now hold 234.1k lots of net-longs.

NY #11 October contract



BULL

- ▶ Line-up in Brazil is still long with around 30-40 days waiting time in Rumo.
- ▶ Agricultural yields during May were slightly lower than last season due to dry weather.
- ▶ Brazil is the only origin for raws left to supply the world until November at least and any disruptions with logistics could cause problems.



BEAR

- ▶ Argentina could have a sugar surplus this season due to lower ethanol production.
- ▶ The demand for whites has been sluggish during the past 2 weeks.
- ▶ Indonesian licenses for the wet market quota have not been given as expected and may not be offered at all.

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CS Brazil: Production Update

Cane (1000 mt) Fortnight	2018/19 1H Jun	2019/20	2020/21 *	Variation Y-o-Y
Cane (1000 mt)	42,523	42,527	41,740	↓ -787
Sugar (1000 mt)	1,985	1,870	2,549	↑ 679
Ethanol (1000 M3)	2,158	2,119	1,834	↓ -285
ATR (kg/mt)	134.5	129.2	136.0	↑ 6.8
Sugar mix (%)	36.44%	35.69%	47.11%	↑ 11.4%

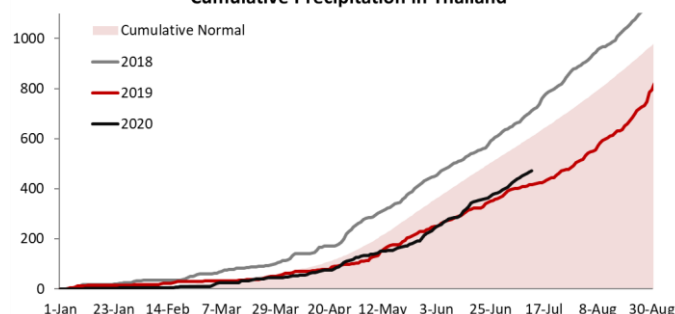
Cumulative	2018/19 1H Jun	2019/20	2020/21	Variation Y-o-Y
Cane (1000 mt)	178,111	171,400	186,579	↑ 15,179
Sugar (1000 mt)	7,489	6,728	10,569	↑ 3,841
Ethanol (1000 M3)	8,754	8,304	8,040	↓ -264
ATR (kg/mt)	126.2	121.3	128.8	↑ 7
Sugar mix (%)	34.96%	33.94%	46.17%	↑ 12.2%

- ▶ Sugar mills in CS Brazil crushed 41.7 million mt of cane during 1H of June, down 800k mt year on year.
- ▶ Sucrose in the cane was high – 136 kg/mt, 6.8 kg/mt higher than last season. Sugar mix was at 47% vs 35.7% last year.
- ▶ Sugar production reached 2.5 million mt, 680k mt higher year on year.
- ▶ Cumulative production of sugar is now at 10.6 million mt, up from 6.7 million mt last season.
- ▶ Sugar mix is at 46%, up from 33.9% last season and ATR is also well above last year at 128.8 kg/mt.
- ▶ On the ethanol side, hydrous sales during 1H of June stood at 730k m³, similar to May.

Thailand: Weather Update

- ▶ Monsoon rains picked up in Thailand and in June most of the cane regions received good to average rains.
- ▶ The drought from January to May should have influenced agricultural yields already, and production is not expected to recover above 8 million mt of sugar.

Cumulative Precipitation in Thailand



Mexico: Production Update

Mexican crush update			
	2018/19	2019/20	y-o-y
Harvest (Ha)	802	779	↓ -23
Cane yield (Mt/Ha)	71.1	63.0	↓ -8
Crushing cane (Mt)	57,023	49,045	↓ -7,978
Sugar (Mt)	6,422	5,250	↓ -1,172
Sugar extraction (%)	11.26%	10.70%	↓ -0.6%

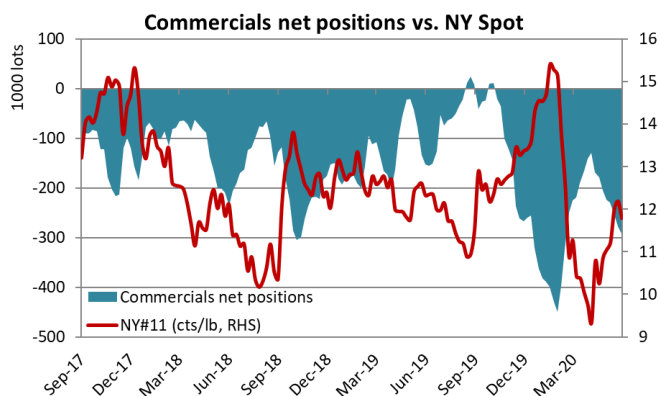
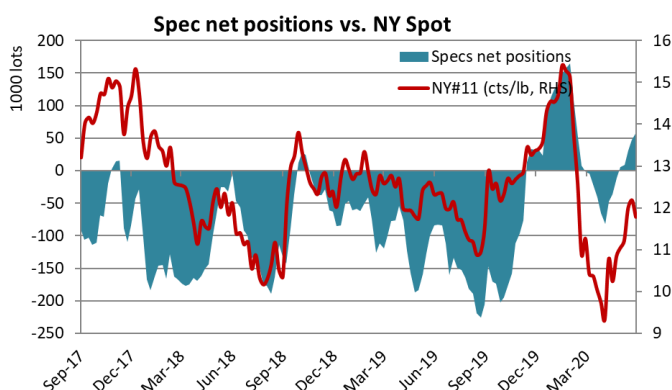
- ▶ By June 20, Mexican mills harvested 779k ha, down 23k ha year on year.
- ▶ Agricultural yields stood at 63 mt/ha down from 71.1 mt/ha last season. Cane crushing stood at 49 million mt, down 8 million mt year on year.
- ▶ Sugar production reached 5.25 million mt, down 1.2 million mt year on year. Extraction rate is also lower than last season at 10.7%.
- ▶ Mexico published domestic sales data for May, and it appeared to be below last season: 300k mt vs 440k mt last year.
- ▶ Cumulative sales however are still ahead of last season: 2.97 million mt vs 2.9 million mt last year.
- ▶ Mexican government forecast domestic sales to be slightly below 4 million mt, around 100k mt lower year on year.
- ▶ Sugar use for exported produces should drop to 240k mt from 400k mt last year.

Sugar Weekly Report



COT RECAP

Date	Spot Price	Specs net positions	Specs gross longs	Specs gross shorts	Index traders net positions	Commercials net positions	Commercials gross longs	Commercial gross shorts	OI
		(i)-(ii)	(i)	(ii)		(iii)-(iiii)	(iii)	(iiii)	
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
16-06-20	12.19	47,118	184,781	137,663	229,872	-276,990	485,886	762,876	1,119,741
23-06-20	11.79	58,272	189,118	130,846	234,091	-292,363	479,725	772,088	1,114,976
Lastet Change	-0.40	11,154	4,337	-6,817	4,219	-15,373	-6,161	9,212	-4,765



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