

**Weekly Sugar Editorial: Now or Never**

At last we have seen some big volumes traded as index funds rolling getting into its 2<sup>nd</sup> day, with VH moved in a wide range between -58 and -71, rumours of no receivers at the Oct16 expiry are well absorbed by the trades.

CFTC has also shown some reductions in funds' long position, 17,000 lots has been reduced and still a staggering 310,000 lots remain at buyers' end – equivalent to more than 15 MMT in raw sugar value.

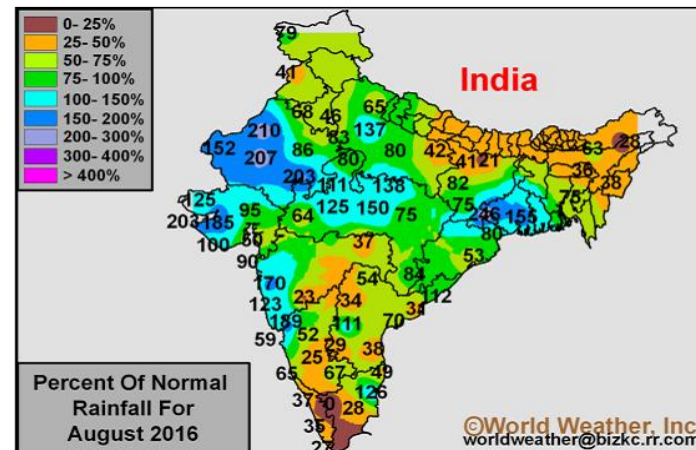
**Fundamentals**

The vessel line up at the Brazilian ports increased to 33 in a week ending as on 6<sup>th</sup> September i.e. up from 28 the previous week. The ships are estimated to load 1.06MMT of raw sugar, 72% will be loaded out of Santos.

The sugarcane area in India stood at 4.58 million HA as of September 2, lower than 4.96 million HA compared to last year as per Indian Ministry of Agriculture. Though, credit agency CARE has given a stable outlook for the Indian sugar industry in the medium term as lower production in 2016/17 estimated at 23.3MMT.

Last week the Indian government authority imposed stock limit that requires each mill to hold no more than 37% of their total production end of September as a result Maharashtra mills are going to release 3.2MMT to comply with the latest policy.

After a very dry first half of the crop, rains have returned to Brazil in the second half and we concluded August with a total of 60mm of precipitation versus 24mm average. For first half of September though the forecast is changing quite frequently we expect a total 29mm of rainfall of which 28mm has been already realised.



In the month of August rainfall in the state of Maharashtra, India was 23-70% of normal level. In September we are seeing drier areas in the east are getting rain and rain is expected in the southern and eastern portions of the country over the next two weeks but overall the trend seems of a declining rainfall.

The rains have improved in Thailand to a normal or slightly above level, however some of the Thai agronomist are adamant that these rains were too

little too late to save crops from a severe dryness experienced during mid part of the year. We will publish some estimated numbers of on Thais crops.

**Macro**

Crude oil has jumped more than 10 per cent since early August 2016 due to the growing speculations that global producers will be able to reach an agreement to cap production.

However, the producers are facing criticism from Iran as it desires to boost supplies to 4Million barrel/day a level which it was having before international sanctions. Previously, in April also the price rallied as the OPEC producers were proposing for production freeze however nothing came out of the meeting.





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Meanwhile, OPEC is also producing unprecedented amounts of crude, with total output reaching 33.69 barrels a day

Most of the industry experts claim that a freeze in output by the OPEC would do nothing to oil prices but a cut in production will be necessary to change prices.

**Market Data**

NY Sugar No. 11				
Symbol	Settle	Weekly Variance	Low/High	Open Interest
Oct'16	19.99	-0.94%	19.94/20.40	309,600
Mar'17	20.69	-0.38%	20.65/21.03	338,848
May'17	20.29	+0.19%	20.25/20.58	101,479
Jul'17	19.80	+0.35%	19.75/20.05	62,457
Oct'17	19.53	+0.30%	19.48/19.75	7,993
Mar'18	19.34	-	19.31/19.55	845
May'18	18.79	-	18.82/19.00	238
Jul'18	18.31	-0.21%	18.37/18.54	93
Oct'18	18.05	-0.38%	18.05/18.32	5

Sugar No. 11 Spreads			
Symbol	Settle	Weekly Variance	Low/High
Oct'16/Mar'17	-0.70	-18.64%	-0.58/-0.71
Mar'17/May'17	0.40	-23.07%	0.39/0.46
May'17/Jul'17	0.49	-5.76%	0.48/0.53

London No.5				
Symbol	Settle	Weekly Variance	Low/High	Open Interest
Oct'16	541.20	-0.14%	539.30/553.10	19,617
Dec'16	544.20	-0.31%	543.20/554.20	25,757
Mar'17	552.10	+0.49%	550.70/558.90	20,300
May'17	544.40	+0.36%	542.90/549.20	10,846

Soft Commodities			
	Last	Weekly Variance	Low/High
Cocoa	2778	-4.96%	2778/2810
Soybean	972'6	+2.31%	970'2/979'4
Corn	328'4	+4.79%	328'4/329'4
Wheat	400'6	+7.52%	400'0/400'4

FOREX				
	Ask	Weekly Variance	Low/High	TimeUAE
EUR/USD	1.12516	+0.82%	1.12290/1.12525	10:23:10
BRL/USD	3.2735	+0.80%	3.2690/3.2730	10:23:54
MYR/USD	4.1063	+0.57%	4.0800/4.1100	10:24:10
CNY/USD	6.6773	-0.29%	6.6640/6.6860	10:25:01

Metals			
	Last	Weekly Variance	Low/High
COMEX Gold	1331.9	+0.67%	1328.4/1333.6
COMEX Silver	19.020	+1.55%	18,845/19.220
COMEX Cooper	2.0780	-0.14%	2.0705/2.0920
COMEX Platinum	1058.9	-0.009%	1054.6/1060.3

Energy	Last	Weekly Variance	Low/High
WTI Oil	44.99	+1.30%	44.94/45.66
Brent Oil	47.12	-0.65%	47.07/47.84
Gasoil	407.50	-0.30%	405.25/408.50

**Highlights for this week: -**

- Thailand approves the construction of 25 new sugar mills.
- SRA estimates that Philippines should produce 2.25MMT sugar in 2016/17 slight higher than the 2.23MT produced in 2015/16.
- Societe Generale forecast world raw sugar prices will hold above 21c/lb on average for the next three quarters on prospects of global deficit in 2016/17 and a stronger real.
- USDA is forecasting a record sugar production of 9.208MMT for 2016/17 out of which 5.32MMT is from beet sugar and 3.89MMT from sugarcane.
- Ukraine: Sugar exports in 2016/17 shall be much higher than expected. The country is estimated to produce 1.85MMT in 2016/17 against 1.23MMT in 2015/16.

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