



Green Pool Daily Sugar Market Report

Friday, 30 June 2023

Raw Sugar #11

Contract	Settle	Change	%	Open	High	Low	Volume	O.I.	+/- O.I.
July 23	22.89	+0.82	+3.72%	22.30	22.96	22.28	2,254	8,939	-10,989
Oct 23	22.79	+0.71	+3.22%	22.18	23.09	22.17	81,854	395,321	-4,175
Mar 24	22.89	+0.66	+2.97%	22.26	23.15	22.26	34,691	199,800	+2,463
May 24	21.64	+0.47	+2.22%	21.14	21.87	21.14	15,987	85,794	+2,248
July 24	21.10	+0.41	+1.98%	20.71	21.30	20.71	9,195	94,350	-262
Oct 24	20.85	+0.37	+1.81%	20.54	21.03	20.54	2,531	41,265	-38
Mar 25	20.81	+0.33	+1.61%	20.51	21.00	20.51	1,308	23,821	-184
May 25	19.87	+0.32	+1.64%	19.65	20.01	19.65	443	6,500	-187
July 25	19.42	+0.37	+1.94%	19.17	19.52	19.17	299	6,332	-36
Oct 25	19.37	+0.45	+2.38%	19.03	19.41	19.03	233	4,639	+8
Mar 26	19.50	+0.52	+2.74%	19.06	19.50	19.06	194	2,414	+2
May 26	18.95	+0.48	+2.60%	18.56	18.91	18.56	32	901	+75
Total							149,021	870,076	-11,075

#11 Options	O.I.	Δ	Month	Straddle	Price	Imp Vol	#11 Spreads	Last	Change
Calls	355,430	+8,018	Oct23	22.75	242	29.33%	July/Oct	0.10	+0.11
Puts	330,233	+2,704	Mar24	23.00	357	25.39%	Oct/March	-0.10	+0.05
Total	685,663		May24	21.75	349	23.64%	March/May	1.25	+0.19
					Volume	30,104	May/July	0.54	+0.06

White Sugar #5

Contract	Settle	Change	%	Open	High	Low	Volume	O.I.	+/- O.I.
Aug 23	633.40	+12.80	+2.40%	626.50	639.40	620.50	5,942	19,433	-532
Oct 23	628.20	+12.40	+2.42%	622.00	635.80	620.00	7,777	30,804	+250
Dec 23	627.30	+14.10	+2.50%	619.20	631.20	617.00	2,709	18,843	+39
Mar 24	623.80	+14.90	+2.59%	614.70	626.40	613.20	1,109	10,205	+172
May 24	616.50	+13.40	+2.59%	608.30	619.10	607.00	809	6,211	+163
Aug 24	603.00	+11.10	+1.89%	595.00	605.30	595.00	160	2,201	-43
Oct 24	589.80	+10.30	+1.64%	585.60	589.00	585.60	5	1,516	-43
Dec 24	578.30	+9.40	+0.90%	574.00	574.00	574.00	1	1,283	-4
Total							18,512	91,696	+2

White Premiums	Last	Change	#5 Spreads	Last	Change
Aug/July	130.86	-3.18	Aug/Oct	5.20	+0.40
Oct/Oct	128.27	-0.75	Oct/Dec	0.90	-1.70
Dec/March	123.86	+0.75	Dec/March	3.50	-0.80
March/March	120.06	+1.25	March/May	7.30	+1.50

Sugar Cash Values

FOBs

Bulk Raws	Shipment	Basis	Bid / Offer
Santos VHP	July	V23	+9 value
Santos VHP	Aug	V23	-5 / +5
Santos VHP	Sept	V23	+5 offer
Santos VHP	Q4 23	V23	flat value
Thai Hi-Pol	July/Sep	V23	+140 / +180
Thai Hi-Pol	Q1 24	H24	+125 / +135
Thai Hi-Pol	Q2 24	H24	+130 traded
WCI 45s toll	July	#5 Q23	+\$25 offer
Cnt Whites	Shipment	Basis	Bid / Offer
Thai 45s	July	#5 Q23	+\$37 offer
Santos 45s	July	#5 Q23	+\$25 offer
Santos 150s	July	#11 V23	+\$80 / +\$83
Dubai 45s	July	#5 Q23	+\$50 offer

Key Outside Markets

	Last	% Chg.
WTI Crude	70.45	+0.84%
RBOB	2.540	+1.44%
BBC index	101.48	+1.23%
S&P 500	4,450.4	+1.23%
Gold	1,926	+0.42%
Coffee	159.00	-1.61%
Corn	495.00	-6.34%
Soybeans	1,342.5	+6.06%
Wheat	664.5	-2.92%

Domestic Sugar Prices

(in USD/mt)	Last	% Chg.
USA #16 c/lb	39.00	-1.29%
China - ZCE	932.96	+0.92%
India - Kolhapur	416.31	-0.44%
Russia - ISCO	761.12	0.00%
Brazil - ESALQ	580.27	-1.41%

Ethanol

CS Brazil	R\$/cu m	NY11 eq.
Hydrous ex-mill	R\$ 2,960	17.82
Anhydrous ex-mill	R\$ 3,080	19.33
Chicago	US\$/gal	% Chg
Platts swap	2.5200	-0.20%

Arbs & Parities

Indian Export Parity	FOB WC w/o subsidy
Raws - c/lb	18.65
LQW - USD/mt	\$427
China Import Arb vs ZCE	margin/mt
CS Brazil VHPs	- \$134
Thailand Hi Pol	- \$145

Currencies	Last	% Chg.
Yuan	7.251	-0.01%
Baht	35.29	-0.51%
Euro	1.092	+0.40%
BRL	4.790	-1.37%
Rupee	82.03	-0.02%
USD index	102.94	-0.39%

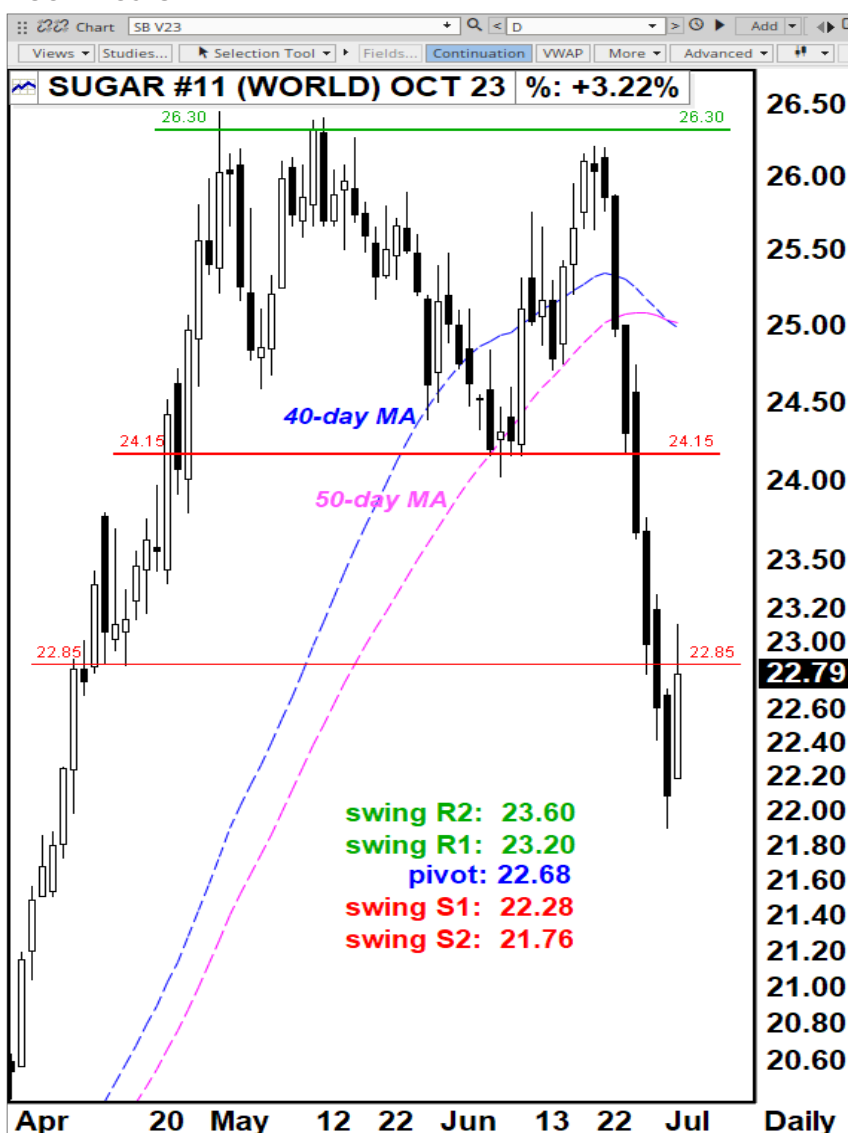
Sources: Futuresource; NCDEX; ZCE; CEPEA; ICE; et.al.

Market News & Fundamentals

The raws July 2023 contract expired today at a final settlement of 22.89 c/lb (\$504.64/mt), with the July/Oct spread going off at a moderate inverse of +10 over. Preliminary indications are that a total of 412,394 mt of Brazilian VHPs were tendered into the tape, as follows. Deliverers: Sucden 238k mt, and Viterro 174k mt. Receivers: Wilmar 223k mt, Alvean 101k mt, and ED&F Man 89k mt. In sum, it was a relatively small volume delivery, equalling less than one week of export loadings for CS Brazil at the current export pace, and thus having little impact on the current trade flows estimates. Our reading of this delivery is that weakness in the July/Oct spread preceded and foreshadowed the collapse in the flat price of July futures. That collapse took some 4½ cents off the flat price from roughly 26.50 to 22.00 cents in the final two weeks before expiry, which basically hollowed out the major part of receiver interest. Significantly, the much lower flat price provided an attractive opportunity for potential receivers to substitute cash purchases for sugar off the tape. For the deliverers, it's likely they were content to cover a large part of their short positions as the spread moved into contango, along with the possibility to make cash sales and avoid logistical problems and demurrage risk associated with a large futures delivery. Today's positive futures and spreads performances suggest that the delivery will be viewed as supportive for the raws sugar market.

Today's COT data for the week ending June 27th (page 3) shows significant position shedding in response to a sharp 305-point break lower in price. Outright building was minimal and vastly overwhelmed by liquidation, as evidenced by the huge 82.6k reduction in combined futures and options open interest. Commercials were on a liquidation spree, covering a massive 73.5k lots of shorts, and liquidating 12.7k lots of longs (some portion of both attributed to the expiring July contract). Non-index funds and specs ditched 60.6k lots of longs and added 6k lots of new shorts, a 10:1 ratio. Index traders took a contrarian stance by adding 4.2k lots of longs and covering 1.6k lots of shorts, and that leaves the net long of the index traders about 20k lots *greater* than that of the funds and specs. In the three sessions following the reporting week we suspect that funds and specs have shifted their onus towards a greater outright short campaign and that likely creates some vulnerability for an upside correction.

Technical



Friday... the break in sugar finally ended today with the first positive close in 9 sessions and neither raws nor whites ever trading in negative territory this Friday. A few factors helped put some brakes on this downtrend. Week/month-end and quarter-end probably instigated profit-taking from bears following weekly and monthly losses in value of 5.76% and 7.88%, respectively (basis Oct). Macro sentiment improved markedly as easing inflation numbers out of the U.S. offered relief to investors worried about further rate hikes, and we saw a generalized rally in global equities and a softer USD trade. Soybeans got a boost from lower planting numbers, and a big rally there seemed to drag along many other commodity assets, with energies and metals all posting gains, as well.

Specific to sugar, the final days before the July expiry saw expectations make an about-face from a large to a small delivery against that contract, and that was fully realized this afternoon. The limited volume of sugar placed in the tape today would seem to confirm that the flat price and cash premiums have fallen low enough to revive physical demand that had been lagging over the past six weeks or so.

For next week, we still expect all rally attempts to be met with selling. However, price is also likely to find accommodation in a range from 22 to 23 cents in the short-term, with commercial support emboldened somewhat.



ICE Sugar #11 -- as of June 27th			
Disaggregated COT			
Managed Money & Reportables "The Funds"			△
Funds Shorts	80,494	2,020	
Funds Longs	263,452	-45,451	
net: LONG	182,958	-47,471	
Commercials "The Trade"			△
Trade Shorts	466,085	-54,978	
Trade Longs	314,609	-22,304	
net: SHORT	151,476	-32,674	
Non-Reportables			△
Small Spec Shorts	49,813	3,426	
Small Spec Longs	78,389	-17,857	
net: LONG	28,576	-21,283	

CFTC reporting week: June 21 thru 27				
Trading range	3.40	hi	26.18	lo 22.79
Avg closing price	24.35	↓	-1.23	-4.81%
Flat price last	22.98	↓	-3.05	-11.72%
Avg daily volume	209,796	↓	-6.7%	
Annualized volatility	28.7%	↑	previous week	23.7%
Futures open interest	891,033	↓	-76,080	-7.87%
Futures + options O.I.	1,091,655	↓	-82,675	-7.04%

Supplemental Sugar #11 COT nets	Lots	△
Non-Index Spec net: LONG	141,526	-66,591
Index Trader net: LONG	160,998	5,802
Commercials net: SHORT	302,524	-60,789

London Sugar #5 -- as of June 27th			
Disaggregated COT			
Managed Money & Reportables "The Funds"			△
Funds Shorts	8,135	+1,975	
Funds Longs	23,165	-230	
net: LONG	15,030	-2,205	
Commercials "The Trade"			△
Trade Shorts	61,898	-733	
Trade Longs	47,672	+4,684	
net: SHORT	14,226	-5,417	
Non-Reportables			△
Small Spec Shorts	4,577	+553	
Small Spec Longs	5,195	-32	
net: LONG	618	-585	

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