

QSL Market Update

Current as of 28 August, 2017

Today's Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	433.76	3.46%
2019	448.75	2.88%
2020	449.93	2.73%

The figures quoted above are indicative of available ICE 11 prices as at 28 August 2017 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter (OTC) margin fees charged by banking institutions and, therefore, may differ from daily prices quoted by the ICE #11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar (GEI Sugar). Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.

2018 Season Historical Price Chart

AUD PER
TONNE ACTUAL



Source: Bloomberg. Published at www.qsl.com.au as at 28.8.2017

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QSL Market View

Current as of 28 August 2017



Trend is more favourable to positive \$A/mt returns.



Trend is neutral to \$A/mt returns.



Trend is less favourable to \$A/mt returns.

MARKET COST DRIVERS	PROMPT (Oct 17) A\$/mt	2018 SEASON A\$/mt	COMMENTS
Current Market	\$387.39	\$433.76	
Sugar Fundamentals - Global exc. Brazil			With much of the trade now well covered for first half volumes, the focus has been on 2018 shipments. News of increased volumes from the Philippines and South Africa has meant the negative bias continues.
Sugar Fundamentals - Brazil			Continued news of strong sugar production out of Brazil has played its part in softening Asian demand. The question lingers as to what if any volumes will switch back to ethanol. The recent rally of the ICE 11 provides opportunity for exporters to price well.
Macro Issues/ Specs			The speculator net-sold position continued to push wider, hitting a record of 133,000 sold lots. The close out of these positions may support a short-term increase in the ICE 11 on the Oct and March contracts along with potential Brazilian producer buybacks.
AUD/USD			For most the week the AUD/USD traded sideways around the 0.7900 level but with Friday's Jackson Hole Symposium being seen as largely dovish, the Aussie Dollar pushed higher to around 0.7930. Locally, another light data week means the market will be looking to the US for its lead. Of note, however, are the financial markets beginning to re-adjust their 2018 forecasts slightly higher, driven by the timing on the RBA beginning their quantitative tightening cycle ahead of other developed nations.
Overall Comments	It was a good week for sugar, with the market making gains four out of five sessions and breaking through 14c/lb on Thursday morning. The positive move was seen as an opportunity to lock in at a reasonable level as the short-term to medium-term expectations continue to favour the downside, driven by large surplus estimates.		

Please refer to QSL's website for the latest market information via the daily Market Snapshot:

<http://www.qsl.com.au/sugar-prices/daily-indicative-prices>.

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