

# QSL Market Update

Current as of 19 February, 2018

## Today's Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	388.63	-3.33%
2019	411.58	-2.91%
2020	417.38	-2.75%

The figures quoted above are indicative of available ICE 11 prices as at 19 February 2018 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



Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 19.02.18

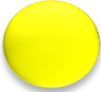







# QSL Market Update



## QSL Market View

Current as of 19 February 2018

- 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 (May 18) A\$/mt	2018 SEASON A\$/mt	COMMENTS
<b>Current Market</b>	<b>\$367.50</b>	<b>\$388.63</b>	
<b>Sugar Fundamentals - Global exc. Brazil</b>			Domestic prices rose in India on the back of an increase in import duty from 50% to 100%, the abolition of the export duty and a cap on each mill to ration the amount they can sell each week. It is not clear how much will be planted for the 2018/19 Indian crop, but it appears the government will do whatever it takes to keep sugar prices high
<b>Sugar Fundamentals - Brazil</b>			As we said last week, there's little news out of Brazil at this quiet intercrop time of year. The rain levels have remained average and are not forecast to change. Hydrous ethanol sold a record 1.36 billion litres during January, which should give rise to an early start to the Brazilian harvest in order to capture the higher ethanol prices over the current ICE 11 prices.
<b>Macro Issues/ Specs</b>			Since last week's Commitment of Traders report, the flat price has reduced 10 points on a Tuesday-to-Tuesday reporting period basis. The speculators' net-short position has only reduced 18k to 145k lots, despite a higher flat price, which lends us to believe they can liquidate their position without too much movement in the market price.
<b>AUD/USD</b>			After the previous tumultuous week, global equities have rallied, particularly in the US. But the USD continues to weaken, adding to AUD strength. The AUD traded over a 200-point range in the week, finishing once again above 0.7900. Positive CPI numbers out of the US drove the market dramatically down, with the AUD hitting 0.7773 before negative retail sales data and risk-on assets tempered the rally, sending the AUD back towards 0.7900.
<b>Overall Comments</b>	Sugar continued to retreat, trading in the 13-14 c/lb range and closing at the lower end of this territory, while the AUD stayed resilient to market data and trading higher, resulting in AUD/mt values dropping over \$10/mt. The market is still very guarded as we head into the last seven days of expiry for the MAR18 contract, which is still trading at a premium to MAY18 with plenty of producer pricing to be completed. The market is sitting on the top of the mountain trying to decide which way to swing – it's all a waiting game.		

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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