

QSL Market Update

Current as of 2 July, 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	372.89	0.18%
2019	395.75	0.29%
2020	411.95	0.04%

**These figures are indicative of available ICE 11 prices as at 2 July 2018 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE #11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.*

Weekly Market Overview

By QSL Treasury Manager Ginette Barrett

SUGAR

- The JUL18 ICE 11 contract expired, with 326,000 tonnes (6,519 lots) delivered.
- Ethanol parity dropped to below 13 cents, as global sugar supply vs demand pushed down sugar prices and propelled most Brazilian cane towards ethanol production, taking the ethanol mix to close to 65%.
- UNICA (Brazilian Sugarcane Industry Association) numbers for the first half of June showed 152 million tonnes of cane crushed and 7.47 million tonnes of sugar produced for 2018 compared to 177 million tonnes of cane and 8.104 million tonnes of sugar for the 2017 Season. As flagged above, the sugar vs ethanol ratio from the Brazilian cane crop sees sugar low at 35.02% compared to 43.66% in 2017.
- The Indian election campaign is now under way, with promises to farmers that the cane price will remain at 150% of production costs, encouraging Indian farmers to continue to plant cane.
- Green Pool increased their global sugar surplus estimates for 2017-18 by 1.2 million tonnes, with production estimates increased to 33.2 million tonnes. They are yet to adjust their Thai production forecast but indicated it could match last year.



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CURRENCY

- The Aussie dollar spent the majority of the week below 74 US cents on the back of the recent tariff tension between the US and China. Political games weigh down on trade-reliant currencies such as ours, with pressure remaining to the downside for the AUD.
- We look to commodities and the US Dollar index for further signs of direction.
- Locally, RBA rates are expected to be kept on hold this week

2018-Season Historical ICE 11 Price Chart



This is a whole-of-season ICE 11 price chart for the 2018 Season, based on the current 3:2:1 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg. Published at www.qsl.com.au as at 02.07.18

For more sugar market information, please read the latest QSL Market Snapshot, available by [clicking here](#).