

QSL Market Update

Current as of 9 July, 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	349.02	-6.40%
2019	376.08	-4.97%
2020	396.76	-3.69%

**These figures are indicative of available ICE 11 prices as at 9 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

- Sugar prices have been put on the back foot again, trading 100 points lower over the week in the 12.20c/lb to 11.20c/lb range. This has been led by a weaker Brazilian currency, declining ethanol prices and some indications of a more aggressive export policy from India.
- India's election promises continue. Prime Minister Modi's ambitious scheme to buy all agricultural products at a price 50% above cost seems unrealistic, with limited storage space and too much complexity for government agencies to uphold. Even if it does work, the sugar cane price is still more attractive over other products.
- We will have to wait until the end of October to learn how much sugar the European Union (EU) will produce. It will ultimately be dependent on the sugar price compared to that of wheat and rapeseed, which are currently on the rise due to the lack of rain in other producing countries.



CURRENCY

- The Aussie Dollar remained range-bound last week, trading either side of 0.7400.
- Sentiment was weak early in the week as trade tensions between the EU and US escalated, pushing the AUD lower. Positive Purchasing Managers Index (PMI) and ISM Manufacturing Index numbers out of the US drove the Aussie dollar to 18-month lows of 0.7311.
- The RBA kept rates on hold, with very little change to their statement. It was a little more upbeat on wage numbers and noted the USD/AUD is now trading within their expected range.
- As the final deadline for US tariffs against China drew near, the AUD pushed higher towards 0.7400. After three months of trade war talks, on 6 July President Trump finally implemented a 25% levy on US\$34 billion of Chinese goods. China immediately responded with its own tariffs on the US.
- US employment number printed higher, putting the US Dollar on the back foot and prompting the Aussie to close the week at 0.7444.

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 9.7.18

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