

QSL Market Update

Current as of 16 July, 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	334.12	-4.27%
2019	364.08	-3.19%
2020	388.20	-2.16%

**These figures are indicative of available ICE 11 prices as at 16 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

- It was a bearish week for sugar trading, with life-of-contract lows across the board and the Oct18 ICE 11 contract closing the week at 10.96 c/lb.
- In the short term, sugar is likely to remain in a downward trend until the raw surplus out of Thailand is known. The market is unsure of the quantity to be remelted into whites and how much raw sugar is required in Indonesia and Malaysia for the second half of 2018.
- The Commitment of Traders report as at 10 July shows a net-short position of approximately 56,000 lots, adding 10,000 lots from last report.
- UNICA, the Brazilian Sugarcane Industry Association, published its second half of June total accumulation figures for Centre South Brazil as follows: Cane = 223 million tonnes, Sugar = 9.747 million tonnes and the sugar/ethanol ratio mix was at 35.60% for sugar. In comparison, the same measures for the June 2017 period were Cane = 199 million tonnes, Sugar = 11.088 million tonnes and the sugar/ethanol ratio mix had sugar at 47.39%.
- It has been reported that South German farmers will sow approximately 6%-7% less sugar beet than last year, reducing sugar out of the European Union for the 2019 Season.



CURRENCY

- The Aussie Dollar traded inside the 0.7500-0.7300 range over the past week, closing at 0.7420.
- Trade developments remain the key focus for markets, as US President Trump released another \$200 billion list of tariffs on China, pushing the US Dollar higher. China is expected to retaliate in-kind with its own countermeasures.
- Brexit issues continue to dominate wider market news after the recent release of the White Paper. The UK Government remains divided and the rebel hard-Brexit MPs have been looking for allies to topple British PM May and make amendments to the Bill to include a much tighter relationship with the European Union.
- In the US, Federal Reserve Chairman Jerome Powell is due to deliver his semi-annual Senate and House Testimonies this week and the focus will be his views on the trade tensions.
- Meanwhile it's a quiet week ahead for the Aussie calendar, with RBA board minutes to be released tomorrow and important June labour force figures scheduled for the end of the week.

2018-Season Historical ICE 11 Price Chart

AUD PER TONNE
ACTUAL



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 16.7.18

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