

# QSL Market Update

Current as of 23 July, 2018

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	338.19	1.22%
2019	368.52	1.22%
2020	392.72	1.16%

*\*These figures are indicative of available ICE 11 prices as at 23 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 traded a well-trodden range, hitting the week's high and low for the Oct18 ICE 11 contract of 11.39c/lb and 10.86c/lb respectively on Monday night. The remainder of the week saw a very dull and uneventful market, with most nights trading in a 20-point range of low volumes. The Oct18 ICE 11 contract closed the week mid-range at 11.12c/lb.
- The Indian Sugar Mills Association released its crop estimate for the 2018/19 Season of 35.0-35.5 million tonnes of cane. This shocked the market at first, but it is far too early to predict what the crop will eventually be.
- Wheat prices have been rising in the European Union, which may influence farmers to plant less beets in the coming season.
- The Commitment of Traders report as at 17 July shows the net-short position grew with the fall in the market by approximately 33,000 lots, closing the week at 92,000.



## CURRENCY

- The Aussie Dollar traded over familiar territory, closing the week at 0.7416.
- Oil prices fell to three-month lows, driven by US talk to use its strategic oil reserves to suppress global prices.
- The US dollar strengthened on Wednesday, after Federal Reserve Chairman Jerome Powell delivered a moderately hawkish message at the semi-annual testimony to the Senate. The Fed remains on course to hike rates gradually over the months ahead. On a cautionary note, he maintained the trade wars would not derail the hiking plans for now, but ultimately it could have a negative impact on wages and capex numbers. The AUD fell to yearly lows of 0.7318.
- USD came under pressure Friday following President's Trump tirade on the Federal Reserve for hiking rates quickly, undoing all his hard work to keep their USD low. He continued to attack China, the European Union and others for manipulating their currencies and interest rates lower, which pushes the USD higher, taking away the US competitive advantage in Trump's mind.
- British PM May narrowly avoided being forced to overhaul her entire Brexit strategy. That would have forced her to seek on-going membership of the European Union's customs union, but Parliament failed to approve the amendment in a tight margin of 307 to 301 votes.
- Key events this week include the Australian Q2 CPI due on Wednesday, with mild upside risk. Strong US Q2 GDP data is due at the end of the week. The focus will also remain on the European Union meeting with Trump mid-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](http://www.qsl.com.au) as at 23.7.18

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

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