

QSL Market Update

Current as of 30 July, 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	335.90	-0.68%
2019	372.81	1.16%
2020	393.97	0.32%

**These figures are indicative of available ICE 11 prices as at 30 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 generally an extremely quiet week for sugar, trading in a 30-point sideways range on low volume for most days. The Oct18 ICE 11 contract traded to life-of-contract lows on Friday night of 10.83c/lb and closed the week at 10.88c/lb.
- Dryness in Brazil's main producing area remains the main concern for their crop, while India and Thailand are experiencing very good conditions and are shaping up for another year of bumper crops.
- Key downside risks for the market remain; India will be exporting whether the market needs the sugar or not, cane in Centre South Brazil is still providing decent yield despite its ageing status, and evidence is growing that consumption in important markets may be falling.
- Thankfully the Brazilian Real has stabilised over the past couple of weeks as risk appetite has returned to markets, backing off from the 3.95 level seen earlier this month to 3.73. That said, with political influences set to ramp up ahead of elections in March this could just be the calm before the storm.
- The Commitment of Traders report as at 24 July grew as expected by approximately 7000 lots on light trading volume, closing the week at 99,000.



CURRENCY

- The Aussie Dollar traded inside the well-trodden range of 0.7470-0.7360, closing the week at 0.7399.
- Save for what looks and smells like relatively frequent government attempts to defend it, the Chinese Yuan remains on the back foot vs the USD and as such continues to weigh on Aussie by association.
- Trade tensions between US and the EU eased after positive talks between President Trump and European Commission chief Jean-Claude Juncker, however the stalemate between China and the US remains a cloud over markets.
- We're heading into a quiet week for Aussie data. The focus will be on the US, as the Federal Open Market Committee is expected to keep rates on hold towards the end of the week and Non-Farm Payroll is expected to be lower.

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 30.7.18

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