

Current as of 21 August, 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	313.96	-5.39%
2019	356.73	-4.46%
2020	383.44	-3.40%

**These figures are indicative of available ICE 11 prices as at 21 August 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 Trading Manager Matt Page

SUGAR

- Sugar endured another week to forget making a series of life-of-contract lows and settling lower week on week. Last night saw it break the 10 cent level on the October prompt contract (currently trading 10.09). This record global surplus weighs heavy and sees us at the lowest level in ten years.
- Strong risk-off sentiment in the macro environment has seen the Brazilian Real drift higher, lifting over the week to 3.97 level. Ethanol parity remains around the 11.50 sugar equivalent level, providing some support for a market under pressure.
- October expiry looms and it looks like it may potentially be a big one, with Thais and Central Americans likely to be delivered to the tape in large volumes. A classic signal of a market with too much sugar and not enough homes.
- The Commitment of Traders report as at 14 August showed another increase in the net short position. Currently sitting at 154k net short with the market continuing to shift lower since Tuesday, they may be knocking on the door of their record net short position in the not too distant future.



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CURRENCY

- Last week's Turkish Lira inspired sell off continued in the early part of this week, AUD posting levels not seen since the end of 2016 around 72 cents.
- The past couple of sessions have seen the Aussie bounce back towards 0.7350 amid returning risk appetite and USD yield normalisation. This was inevitable following a 250 point rout that looked overdone against the contagion risk of what is a minor currency.
- Trump continues to tread the path previous presidents dare not, again voicing his disapproval toward the Fed raising rates and slowing the USD economic recovery. This providing further relief for a USD running red hot of late.
- Local employment data showed a 1 point drop in the unemployment rate last week (5.3%), green shoots or a statistical anomaly? Take your pick, but it will provide the RBA with some much needed optimism.

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 21.8.18

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