

QSL Market Update

Current as of 27 August 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	317.78	-0.12%
2019	354.61	-1.52%
2020	376.73	-2.14%

**These figures are indicative of available ICE 11 prices as at 27 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 Analyst Barbara Roberts

SUGAR

- Week-on-week sugar prices barely moved during the past week, seemingly trapped between bearish Indian/Thai and bullish Brazil/spec factors. The prompt contract made a new 10-year low of 9.91c/lb on Wednesday before recovering to close at 10.23c/lb for the week.
- Last week saw the Brazilian Real in free fall, reaching 4.1307 – its lowest point in 2.5 years. Future election scenarios and the absence of currency protection from Banco Central do Brasil (Brazil's central bank) will continue to weigh heavy as we move through the rest of 2018.
- The Brazilian Sugarcane Industry Association (UNICA) published their Centre South Brazil results for the first half of August on Friday. The numbers were significantly lower than expected – 33.5 million tonnes of cane and 1.7 million tonnes of sugar, compared to 2017 where total sugar accumulated was 4.3 million tonnes higher. This provided a shot in the arm for prices during Friday's session.
- The Commitment of Traders report as at 21 August showed another increase in the net-short position (up 25,000). Currently sat at 175,000 net short, it is almost certain that with the market trading lower since Tuesday it will have reached a new record net-short position.

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CURRENCY

- A return of risk appetite following last week's Turkish contagion event saw the Australian Dollar lift back from its 72-cent lows.
- Trade talks between US and China remain at a stalemate. Despite this having little impact on equity markets or the US Dollar this week, it will remain on the radar and a bearish factor for the Aussie Dollar going forward.
- Meanwhile in the US, commentary out of Jackson Hole from Federal Reserve Chair Powell indicated that, while gradual rises were appropriate, he saw no clear sign of an overheating economy. This saw the US Dollar index print a three-week low on Friday.
- On the home front, Scott Morrison became the new Prime Minister of Australia on Friday following the Liberal Party leadership spill, helping the Aussie Dollar to go back up through 0.73 after a couple days of uncertainty had seen the local unit slip.

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 27.8.18

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