

QSL Market Update

Current as of 3 September 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	336.86	6.00%
2019	368.35	3.87%
2020	387.91	2.97%

*These figures are indicative of available ICE 11 prices as at **3 September 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 had a modest rally last week, moving off 10c/lb lows to gradually increase its position by 60 points during the reporting period. The Oct18 ICE 11 contract closed the week at 10.60 c/lb.
- The Indian Sugar Mills Association (ISMA) has proposed to its government an increase in the minimum selling price of sugar internally and also sought to replace export subsidies with a compulsory export quota of up to 7 million tonnes. This would go a long way in showing the World Trade Organisation (WTO) that the Indian government is listening and are working towards fixing the subsidy problems.
- Rainfall in the European Union has given the region some hope that sugar beets will gain some weight before the season commences.
- The Commitment of Traders report as at 28 August was virtually unchanged week-on-week, closing 2000 lots higher at 177,000 – quite a small movement considering the market fell over that amount the previous week.



CURRENCY

- The Aussie Dollar struggled over the week, finally breaking the 0.72 barrier and hitting a session low of 0.7166 today. We haven't traded to these levels since December 2016. Declining emerging-market sentiment, poor domestic data and an increase in trade war tensions are weighing down the AUD.
- Canada and the US closed the week unable to reach a deal on the North American Free Trade Agreement (NAFTA), setting President Trump off on a tirade of tweets. Negotiations broke down after Trump refused to provide any concessions and Canada won't yield to Trump's pressure. Talks will recommence on Wednesday.
- US trade and tariffs are in the spotlight once again as the consultation period on US tariffs on Chinese imports ends this Thursday. A potential 25% on an additional \$200 billion could be put into place this week, increasing tensions and volatility, and creating an environment that continues to support the USD.
- The RBA will meet tomorrow (Tuesday). No change in policy is expected but it will be interesting to hear Governor Lowe's perspective on the upturn in the mining and resources sector.

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 3.09.18

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