

QSL Market Update

Current as of 17 September 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	356.71	12.25%
2019	389.57	9.86%
2020	405.70	7.69%

**These figures are indicative of available ICE 11 prices as at 17 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 Trading Analyst Barbara Roberts

SUGAR

- Sugar prices enjoyed a brief recovery last week, accelerating from Monday to Thursday to gain 103 points and reach an OCT18 high of 11.81 c/lb. But come Friday they collapsed, dropping sharply to a low of 11c/lb, which saw OCT18 fall by 52 points on close. The decline was triggered by Indian rumours of an increase to export subsidy policy designed to encourage mills to start exporting. Nothing has been confirmed, but in reaction, Brazil officially launched a complaint to the World Trade Organization (WTO), arguing that there are no reasons for the Indian government to provide any kind of subsidy. This volatility is adding more turmoil to the sugar market, pushing it back towards a bearish situation.
- Weather wise, European beet, the Brazilian cane crop and Central America have been hit by recent dry weather. Over the next few weeks we will get to know the full extent of this damage.
- The Commitment of Traders (COT) report as at 11 September showed net spec shorts at 163,835, reducing their position compared to last week's 188,738. This week's COT report doesn't cover the end of the week's rally, so it will be interesting to see the numbers next week.

CURRENCY

- The Aussie Dollar started the week on the lows at 0.7112, before gradually increasing over the week to break the 0.7195 barrier. Emerging-Market sentiment, a strong US economy and trade wars are all still impacting the AUD.
- The US continues to hold a robust economic position, contributing to the maintenance and stability of decent economic data, while the equities and commodities have had a mixed performance. The main focus now remains on President Trump's trade agenda. Overheated negotiations can possibly influence investors' minds, as he is intending to proceed with \$200 billion of tariffs on Chinese imports.
- In the Emerging Markets, Turkey has hiked interest rates, sending their lira up. Brazil's political situation is also keeping their currency instable.

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 17.09.18

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