

QSL Market Update

Current as of 2 October 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	352.06	10.79%
2019	373.64	5.37%
2020	398.24	5.71%

**These figures are indicative of available ICE 11 prices as at 2 October 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

- Over the past week market focus has turned to the new prompt MAR19 ICE contract, with prices making their high on Monday at 11.70 c/lb and their low on Wednesday at 10.85c/lb, closing on Friday at 11.20c/lb. The OCT18 contract expired on Friday at 10.42c/lb, with 5337 lots delivered (266,850 tonnes), mainly from Centre South Brazil along with some small volumes of Mexican, Central American, and South African origins.
- Bearish sentiment still remains after the Indian Government's US\$760 million Subsidy Package was announced on Wednesday. The package includes assistance aimed at exporting up to 5 million tonnes of subsidised Indian sugar – in breach of World Trade Organisation (WTO) rules. The market sank to a new 10-year low on the news before rebounding over the last couple of sessions it digested the impact. The Global Sugar Alliance is urging all governments to take the complaint to the WTO.
- The Brazilian Sugar Cane Union (UNICA) released their first-half September numbers. Their TCH (Tons Cane per Hectare) was 70.73 t/ha compared to 77.87 t/ha at the same time last year. The current numbers are just confirming market suspicions that the Centre South Brazil harvest will finish earlier than normal. Brazil's total sugar production is expected to reduce to 27-27.5m tonnes for the 2018 Season as per the following table:

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Brazil Results	Accumulated as at 15 th Sept 2018	Accumulated as at 15 th Sept 2017
Cane Crushed (mln tonnes)	430	428
Sugar (mln tonnes)	20.993	26.480
Sugar Mix (% of cane)	36.6%	48.44%

- The Commitment of Traders (COT) report as at 25 September showed a modest rise in the net spec short position from 114,000 to 131,000. This is largely in line with expectations, with prices moving to new life-of-contract lows over the reporting period.

CURRENCY

- The Aussie Dollar started the week on the highs of 0.7252 and gradually decreased over the week to a low of 0.7208, finishing the week at 0.7217.
- The Federal Open Market Committee (FOMC) raised the overnight US cash rate to 2.25% in line with market expectations. The dropping of “accommodative” in terms of US economic growth in the accompanying commentary saw the USD sell off temporarily before regaining its composure and sitting steady just above 72 cents.
- The RBA cash rate remains on hold at 1.50%. Local building approvals and trade balance data will be watched later this week, however general USD themes remain the dominating factor.
- Markets are optimistic after a trade deal was struck between the US and Canada outside of the North American Free Trade Agreement (NAFTA). Focus will now move to British Prime Minister May and the Brexit negotiations around the Irish border.

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 5:1 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg. Published at www.qsl.com.au as at 02.10.18.

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

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