

# QSL Market Update

Current as of 8 October 2018

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	390.40	22.85%
2019	408.59	15.22%
2020	423.34	12.34%

\*These figures are indicative of available ICE 11 prices as at **08 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

- Sugar prices increased markedly during the past week, with the MAR19 contract price finishing at its high for the week of 12.70c/lb on Friday, after posting its weekly low of 12.07c/lb on Tuesday. Bullish sentiment was present throughout the period, mostly driven by the rally in crude spec-short covering and strength in the Brazilian Real.
- The Brazilian Real strengthened over the past week and this, combined with sharply reduced time pressures, allowed Brazilian producers to be more patient. Brazilian polls took place yesterday, with a second run-off to be held on 28 October. Far-right candidate Bolsonaro is expected to win.
- The Indian subsidy package announcement didn't impact prices over the past week, as a lot of doubts have been raised in regards to India being able to export more than 3 million tonnes. Recent sugar price rallies are likely a result of spec-short covering (buying back sold positions). We are also approaching ethanol parity (\$13.20) which should help provide a ceiling to the market.
- The Commitment of Traders (COT) report as at 2 October provided a surprise increase in the net spec-short position, up from 131,000 to 142,817. This was despite MAR19 trading 92 points higher over the reporting period. It's expected that we should see some significant trimming of the net-short position on the next report.

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## CURRENCY

- The Aussie Dollar started at a high of 0.7224 and gradually decreased over the week to finish the period at a low of 0.7071. Mixed domestic data, ongoing RBA benignness and trade-war tensions continue to weigh on the AUD.
- Last Thursday USA Vice President Mike Pence gave a scathing speech towards China, allegedly accusing them of interfering in American politics, as well as stating that the USA is not going to stand down in any confrontation. The speech just added more wood to the trade-tensions fire.
- Strong US data continues to keep currencies around the globe on the back foot. Higher commodity prices have helped prevent the AUD from completely falling out of bed.

## 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](http://www.qsl.com.au) as at 08.10.18*

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