

QSL Market Update

Current as of 29 October 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	426.08	-0.51%
2019	437.47	-0.04%
2020	439.64	-0.20%

*These figures are indicative of available ICE 11 prices as at **29 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 Treasury Manager *Ginette Barrett*

SUGAR

- Sugar prices stalled for most of last week, trading inside the 14.00-13.70c/lb range. A mid-week rally saw the MAR19 contract finally break the 14.00c/lb barrier, hitting a 6-month high of 14.24c/lb before closing the week at 13.84c/lb.
- The sugar market has advanced over 300 points in less than a month without much correction along the way. The speculative market is now near flat, therefore the market may stall here as we wait for some new fundamental news to drive the market one direction or the other.
- Bullish UNICA data drove the price up momentarily, (see table following), confirming their harvest is expected to finish early with less tonnage.
- Brazilian elections were finalised over the weekend with right-wing candidate Bolsonaro taking victory. This has generally been priced into the Brazilian Real and sugar price in the advance so far. Only time will tell if the Real continues to stabilise as Bolsonaro confirms his policies and tries to implement them.



Brazilian Production Figures

Brazil Results	Accumulated as at 1 October 2018	Accumulated as at 1 October 2017
Cane Crushed (mln tonnes)	457	468
Sugar (mln tonnes)	22.273	29.338
Sugar Mix (% of cane)	36.37%	48.25%

CURRENCY

- The Aussie Dollar closed the week at 0.7096, after testing the lows of 0.7021 on Friday. Unable to break the barrier, the market popped back up to trade inside the week range of 0.7100 to 0.7060.
- Improving risk sentiment has helped prevent the AUD from pushing through the big psychological 70-cent barrier.
- There was further pullback in USD strength following President Trump's optimism around trade negotiations with China. That said, any further escalation of tariffs in December will likely start to flow into US inflationary pressure.

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 22.10.18.

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