

Current as of 10 December 2018

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	391.66	2.82%
2019	409.03	2.80%
2020	417.15	2.34%

These figures are indicative of available ICE 11 prices as at **10 December 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

- The raw sugar market remained fairly neutral mainly trading sideways over the past week, in a 60 point range. Initial talks around easing of trade tensions and OPEC productions cuts triggered bounces across commodities early in the week, with sugar holding at the 13 cent level. However, confusion around the tariff terms & conditions and OPEC cuts not going to plan erased any rally. On extremely low volume the MAR19 contract traded to a low of 12.49. Friday the tables turned as an agreement was reached at the OPEC meetings, sugar rallied to 13.07c/lb on Friday night before closing at 12.87c/lb.
- OPEC meetings took sugar on a roller-coaster ride, initial headlines suggested Saudi Arabia wanting production cuts of only 1 million barrels/day triggered a sell-off in crude oil and trading to the week's lows. Negotiations concluding on Friday, agreed upon cuts of 1.2 million barrels/day surged sugar to the weekly highs and crude oil up nearly \$3.00 a barrel.
- India's harvest pace has recovered, with the dry weather, hinting at a better than expected crop. While any signs of an El Nino could mean trouble for Indian output. Excellent rain in Brazil should allow for good crop growth for next year's crop.
- Without any near term fundamental news to drive the market sugar seems to be following outside macro influences such as Crude Oil. It is the closest commodity to sugar and ethanol production. Sugar will remain trading in a tight range until we are given some new developments.

QSL Market Update



CURRENCY

- After last week's big news of a possible suspended tariff agreement between Trump and Xi, the AUD rallied to 0.7394. Once the dust settled, scepticism grows surrounding the agreement, given the divide between the interpretations of what was agreed. US and Yen grew as the safe haven currencies once again, and AUD retraced its position over the week, closing at 0.7201.
- Softer than expected Q3 GDP figures pushing AUD sub 0.7300 prompted RBA Deputy Governor Guy Debelle to express the view that the next move in interest rates is more likely to be up, but they are not in any rush. Markets are now factoring no rates hikes possibly until early 2020.
- The key question is what the Federal Reserve will do at the December FOMC meeting. Another rate hike is expected but recent speeches show members are more cautious after the recent global market volatility. The Federal Reserve is becoming more data dependant as we approach estimated neutral ranges for the US.
- A critical week for the UK and GDP, the House of Commons was due to vote on the Brexit deal (EU Withdrawal Agreement) on Tuesday 11th December, Prime Minister May has now delayed the vote until further notice. It is expected the vote will fail and an early general election will be called. There is also the possibility of a leadership contest called against Prime Minister May after defeat on the 'vote' and the probability Brexit will not go ahead. With a lot of pushing and shoving of parties around this deal anything is possible!

2018-Season Historical ICE 11 Price Chart

AUD PER TONNE
ACTUAL



- *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 10.12.18*
- [For more sugar market information, please read the latest QSL Market Snapshot, available by clicking here](#)