

QSL Market Update

Current as of 7 January 2019

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	367.02	-4.68%
2019	388.96	-3.64%
2020	410.78	-2.27%

**These figures are indicative of available ICE 11 prices as at 7 January 2019 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

- We started 2019 with sugar prices at the lower end of recent ranges. The MAR19 ICE 11 contract made its high last Monday at 12.41 c/lb, before posting its low of 11.69 c/lb on the Thursday, closing the week at 11.93 c/lb. Sugar prices remain tied to ethanol parity, oil prices and macro themes, whilst the market awaits fresh fundamental news.
- Central India is suffering from severe drought at the moment and Indian exports remain on hold while world sugar prices exceed domestic prices. Irregular rains in Centre South Brazil may have an effect on sugar cane yields for the upcoming season. Due to President Trump's shutdown of government services in the USA, we are still waiting on the Commitments of Traders report (COT) to be published, but estimates place the net-short spec position around approximately 100,000 lots.
- Some long-term fundamental questions still overhang sugar in 2019 and we are going to need to pay close attention to ethanol parity, Indian exports and consumption as we move through the first quarter.

QSL Market Update



CURRENCY

- The second trading day of 2019 saw extreme volatility as the Aussie dollar and other currencies suffered what is being dubbed as a “flash crash”. Revised revenue data from Apple appeared to trigger algorithm systems to sell risk currencies and due to thin holiday liquidity we saw the AUD trade from just below 0.70 to 0.6715 in a matter of seconds.
- The AUD has since recovered all of its losses and has gone on to 0.7115 of the back of Fed dovishness and continued speculation that the USA and China are nearing an agreement on trade.
- This week local and, in particular, US trade data will provide the market valuable insight into how the recent trade impasse and USD strength has affected trade flows. Also, building and housing data will be closely monitored.

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 07.01.2019

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

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