

Current as of 21 January 2019

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	399.39	3.73%
2019	421.50	4.42%
2020	438.07	4.23%

*\*These figures are indicative of available ICE 11 prices as at **21 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

- Last week prices rallied representing a retracement of the previous week's losses. The MAR19 contract reached a low of 12.63c/lb on Monday, before posting its high on Wednesday at 13.27c/lb, closing the week at 12.78c/lb. Crude oil stable, ethanol parity rising to induce Centre South (CS) Brazil sugar production and rumours of less Indian exports are among the reasons for the rally.
- The US Government shutdown continues. While we await the Commitments of Traders report (COT) to be published, the market estimates a net short spec position of around 50,000 lots.
- It is anticipated that prices are likely to be range bound either side of 13c. CS Brazil ethanol parity will provide a cap to the market as we approach 14c, while the net spec short position, and doubts over the Indian export program will provide a cushion to the down side.
- **Weather:** CS Brazil has dodged the dry weather threatening with rainfall over the past 30 days around 80% normal. Meanwhile in India, the possibility of El Niño lingering on into May/June could lead to a poor monsoon season, and will continue to be monitored.

# QSL Market Update



- Brazil UNICA (Brazilian Sugarcane Industry Association) data was released last week for the second half of December, final numbers will be released in March 2019:

UNICA – Brazil Results	Calendar Year 2018	Crop Year 2017/18
Cane Crushed (mln tonnes)	562	583
Sugar (mln tonnes)	26.339	35.829
Sugar Mix (% of cane)	35.47%	46.93%

## CURRENCY

- The Aussie Dollar closed the week at 0.7195, after testing the lows of 0.7170 on Thursday holding up a weekly range of 0.7170 to 0.7215. An unsupportive macro environment has seen AUD trade in one direction all week with stronger US dollar, US/China trade negotiations and poor Chinese data among the highlights.
- US-Chinese trade war: The Federal Reserve has expressed its optimism that the US and China will resolve many of their trade differences before further US tariffs action kicks in on 1 March 2019. The US administration has estimated the impact of the current government shutdown to be -0.6% to its GDP.
- Poor Chinese and EU (European Union) data pulled-back equity markets. European equities closed the week trading in a cautious range following reaction to comments from the President of the United States Donald Trump who said he was 'inclined' to impose tariffs on European cars to win better terms on agriculture.

## 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 21.01.19*

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