

QSL Market Update

Current as of 11 February 2019

Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	391.50	1.68%
2019	415.76	3.00%
2020	437.67	4.13%

**These figures are indicative of available ICE 11 prices as at 11 February 2019 and reflect the weighted average gross 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 remain in a tight 12c/lb trading range. The MAR19 contract traded to a low of 12.51c/lb on Monday, and a high of 12.93c/lb on Tuesday, before closing the week at 12.71c/lb on Friday. Ethanol parity is the major driver of price movements, while sugar prices are still lacking fundamental news.
- The All India Sugar Trade Association (AISTA) has already revised down their estimated sugar production to 30.7 million tonnes (from 31.5 million tonnes), indicating a crop reduction. Maharashtra has been suffering from severe drought that may impact their cane plantations even more, as they rely mostly on irrigation.
- Domestically, we have watched the floods in North Queensland, with many areas damaged by the intense rain. While it's not ideal for the cane to be under water for too long, current indications are that it is unlikely that there will be a serious decline in production.
- The Commitments of Traders report (COT) as of 8 January 2019 is showing a net-short spec position of 85,000 lots. It's believed that the market is net long at moment.

QSL Market Update



CURRENCY

- The Aussie Dollar closed the week at 0.7090c on Friday, after starting the week at a high of 0.7284c and slowly declining to as low as 0.7074c by the end of the week. Bearish sentiment is weighing on global economic growth, with reports predicting a slowdown for Australia, Europe and UK.
- After the OPEC meeting the decision was made to extend supply cuts until later this year, waiting on oil prices to move higher and stabilise. The expected Brazilian fiscal reform after the elections is no longer set to impact the economy as expected and we may see the Brazilian Real weakening, putting more pressure on the sugar market.
- Domestically, the RBA statement on monetary policy weighed down the Aussie dollar, as the interest rate remained at 1.5%. Iron ore made its two-year high due to supply issues (Vale incident in Brazil).

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 11.02.19

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