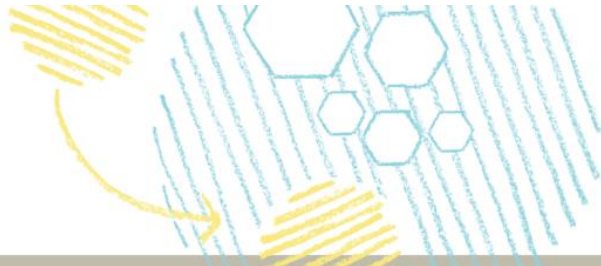


18 June 2016

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## QSL Market Update

### Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	422.39	3.49%
2020	447.02	2.51%
2021	454.28	2.18%

\*These figures are indicative of available ICE 11 prices as at **17 June 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 Marketors of Growers' Economic Interest in Sugar*. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.

### Weekly Market Overview

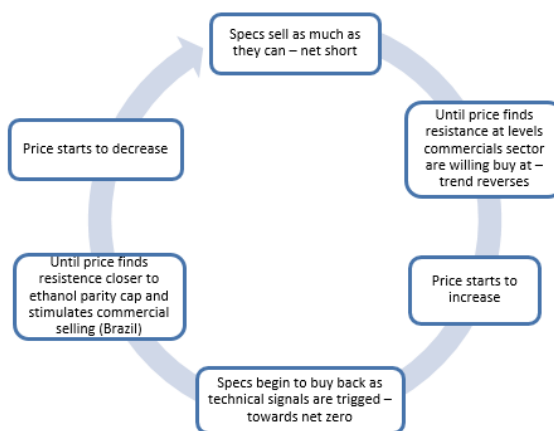
By QSL Trading Analyst Barbara Roberts

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## SUGAR

- Strong and steady week for sugar prices: The Jul19 contract made its low on Monday at 12.40 c/lb and its high on Friday at 12.75 c/lb, closing the week at the same level. While prices crept higher, it was mainly technical pricing signals stimulating spec short covering as opposed to any significant fundamental change.
- The Indian monsoon has finally arrived. It's hard to know at this stage how much the delayed monsoon season has impacted the crop in the ground. The Indian Sugar Mills Association (ISMA) has met the government to discuss the possible surplus situation, as it is expecting around 7 million tonnes of sugar will have to be channelled for exports in 2019/20. With the previous government reelected it's likely that the measures to deal with the surplus will remain similar to last year.

- Commitment of Traders: Despite expiry being just around the corner spec movements for this reporting period were slightly smaller than expected, down from 159,000 to 127,000 lots. Funds remain in short covering mode, however with an anticipated 100,000 net short still in place there is still plenty of gun powder to lift prices higher. We currently find ourselves on the following cycle.



## CURRENCY

- The Aussie dollar lost steam on the back of USD strengthening, trading between 0.7004 to 0.6861 and, closing Monday at 0.6869. Poor Chinese industrial output data and flagging global growth were among the reasons for the AUD to trade below the 0.69c handle.



US retail data was much stronger than expected, lifting US Treasury yields and strengthening USD.

*Consumer retail holding strongly.*

Impacts:

-The Fed's easing expectation on cash rate cut. FOMC\* meeting tomorrow, probability of a cut at 29%.

\* Federal Open Market Committee

China industrial output data was the lowest in 17 years, weakening AUD and other commodity currencies.

*Weak production.*

Impacts:

-Asian central banks had put their guards up by selling aggressively USD in order to defend their domestic currency.



- Domestically, NAB and CBA have announced changes in their views on the cash rate. The next rate cut is forecasted and priced in by August with a further cut also priced in for November, moving the cash rate to 0.75% by the end of the year. NAB justifies their forecast change to reflect their judgment that “the economy is losing momentum and is weaker than reflected in the Reserve Bank’s recently downgraded near-term growth outlook”.

## 2019-Season Historical ICE 11 Price Chart



This is a whole-of-season ICE 11 price chart for the 2019 Season, based on the current 1:2:2:1 pricing ratio applicable to QSL Target Price Contract growers. Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 17.06.19.

**[For more sugar market information, please read the latest QSL](#)**

[Market Snapshot, available by clicking here.](#)

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