



## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	400.35	-1.91%
2020	431.43	-1.07%
2021	440.99	-0.81%

\*These figures are indicative of available ICE 11 prices as at **08 July 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.

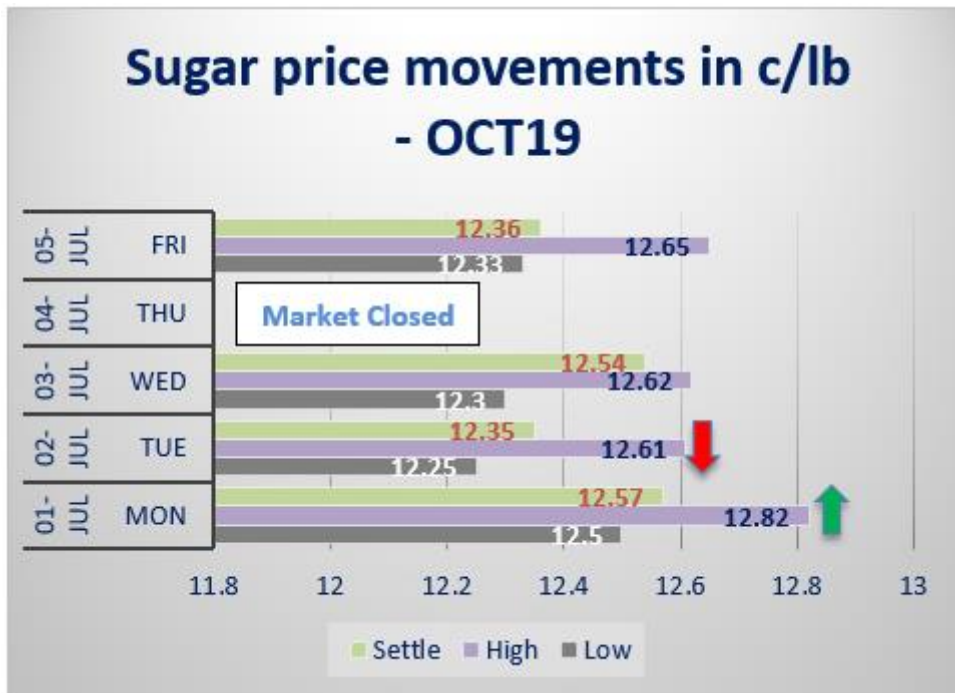
## Weekly Market Overview

By QSL Trading Analyst Barbara Roberts

### SUGAR

Sugar prices for the Oct19 contract traded over familiar ground, ending up lower over the week.

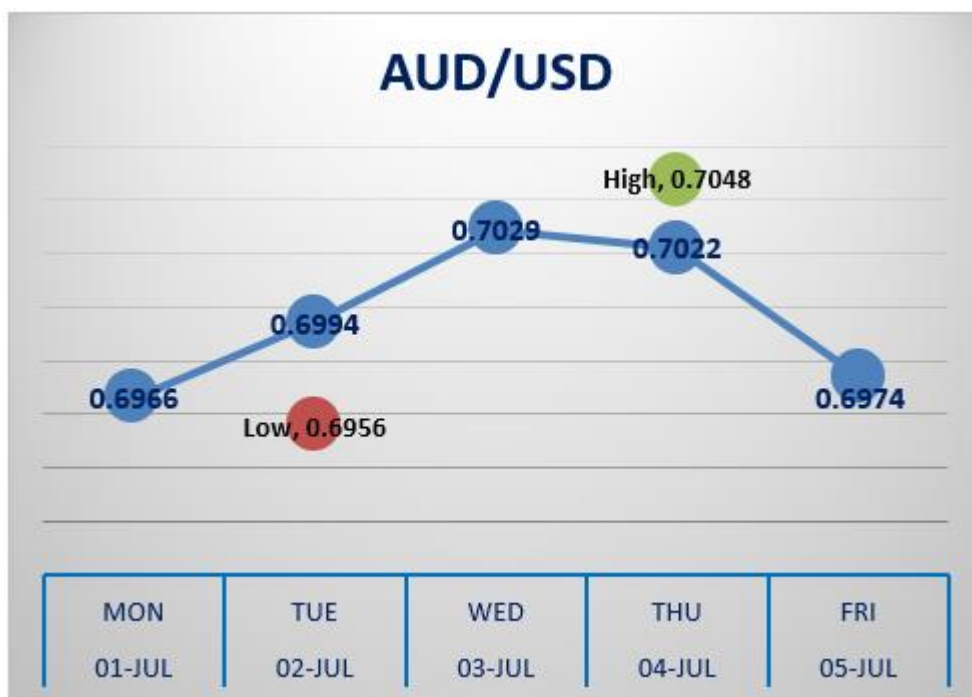
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- **Overall sugar production expectations 2019/20:**
  - **India:** The Indian Millers Association forecast Indian production of 28.2 million tonnes.
  - **Brazil:** Brazil is expected to produce 25.7 million tonnes, if we assume a sugar mix of 34.71%.
  - **Thailand:** This year's production was 14.5 million tonnes, and the next season's forecast is ~13.4 million tonnes.
- **Ethanol:** Oil markets suffered a big hit on Tuesday, down ~5%. Even though many countries are making efforts to cut production, it seems like markets are reacting negatively to the reductions on manufacturing activities.
- **Commitment of Traders:** Due to the USA holiday on the fourth of July, the commitment of traders report was released on Monday, 8th July, showing a spec net short position of 84,000 lots. Subsequent sideways price action will likely see this position little changed when the next report is released on Friday.

## CURRENCY

- The Aussie Dollar (AUD) held steady for most of the week, before losing steam on the back of strong U.S. payroll data on Friday. We can expect to see the AUD continue to trade in the 0.69c-0.70c range in the short term. This can be seen in the chart below.



Some relevant data moved the market last week, the table below gives a summary:

Purchasing Managers Index (PMI) - Measure of the prevailing direction of economic activity in the manufacturing sector. Leading indicator of overall economic activity.		
Country	Performance	Comments
UK		Stockpiling build-up, trading pipelines constricted
US		Down, but better than expected as the survey was downgraded as new tariffs on imports from Mexico were feared
China		Down overall, although positive activity for steel and other sectors

- Domestically, retail sales painted a weak picture and is very likely to impact on Q2 GDP. Government personal income tax cuts and cash rate cuts should filter into the retail sector over the coming months.
  - **It was a busy week for cash rate discussions:**
    - **The Reserve Bank of Australia:** On Tuesday the Fed cut the cash rate and is now at 1%. Market is currently pricing a 75% chance of a cash rate cut by August.
    - **U.S. Federal Reserve:** Strong U.S. Payroll data on Friday is likely to trigger a change to the U.S. Federal Reserve's rate cut view to a more dovish approach. This removes any talk of a 50 basis point cut, moving to a 25 basis point cut or no cut at all.
  - U.S. President Donald Trump rattled markets with his tweet commenting that "China and Europe playing big currency manipulation game and pumping money into their system in order to compete with USA." Markets will be concerned at the possibility of tariffs being used in retaliation.
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