



Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	392.80	-2.36%
2020	428.33	-1.77%
2021	442.85	-1.31%
2022	442.85	-1.30%

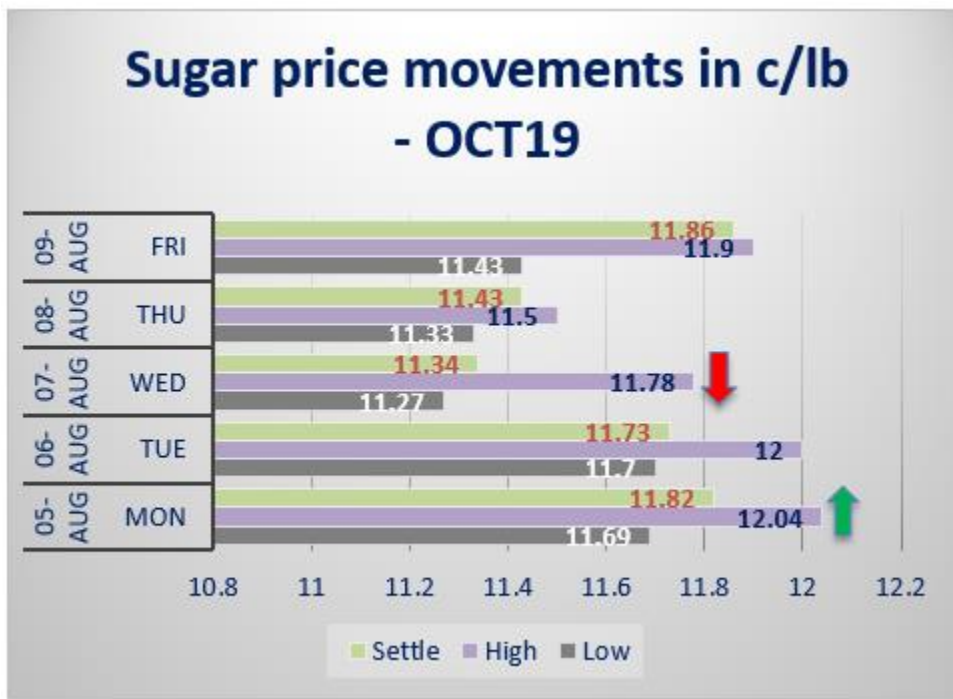
*These figures are indicative of available ICE 11 prices as at **12 August 2019** and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE #11 Exchange and/or 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 Manager Matt Page

SUGAR

Bearish macro themes have dominated the trading landscape this week and sugar has not been immune. An escalation of trade tensions between the U.S. and China has seen all but safe-haven assets sold aggressively as traders and investors look to de-risk. This has seen the OCT19 contract trade back below 12 cents and make new life of contract lows at 12.27 on Wednesday.

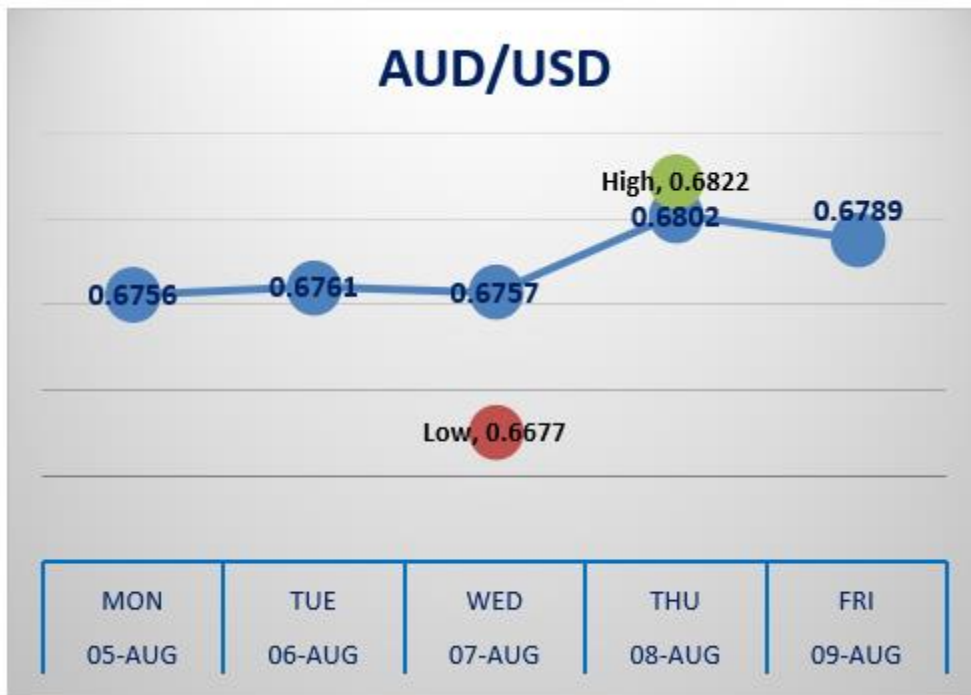


- Fundamentals:** the latest UNICA (Brazilian Sugarcane Industry Association) numbers continue to point towards a Brazilian sugar production number sub 26.5 million tonnes for this season, but this is by and large an accepted fact now, and well-baked into current prices. The Indian monsoon is still recovering and likely to be back to average rainfall by the end of the wet season. Sugar traders are turning attention to next month's expiry of the October contract, and the sizable anticipated delivery of Thai sugar that may weigh on prices.
- Commitments of Traders:** a resumption of spec selling driven by technical indicators and general macro weakness has seen the net short position increase again back to 150k lots. Ensuing price action following the reporting period suggests this may be closer to 170k now and fast approaching record levels (again).

CURRENCY

The Aussie Dollar (AUD) malaise remains, continuing to trade below 68 cents for

the majority of the week. As expected, the Reserve Bank of Australia (RBA) remained on hold at 1.00% on Tuesday, but a surprise 50bps (basis points) cut by the Reserve Bank of New Zealand (RBNZ) on Wednesday saw the Kiwi Dollar sell off aggressively and the Aussie Dollar fall in sympathy posting a 10-year low of 0.6677.



- Local trade balance data was strong, printing an A\$8 billion surplus versus the expected A\$6 billion. Although it didn't help the AUD much in the current environment, it does provide green shoots for a recovery as it filters into the economy over the next 6 months.
- The willingness of the Chinese to allow the Yuan to depreciate above 7 CNY per USD will hang over Asian markets and the AUD over the short term, and until they can return to the negotiation table with the U.S. and begin a constructive dialogue again markets will remain subdued.

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

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