



## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	366.42	-3.54%
2020	405.43	-3.26%
2021	423.71	-1.84%
2022	426.42	-1.85%

\*These figures are indicative of available ICE 11 prices as at **09 September 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.

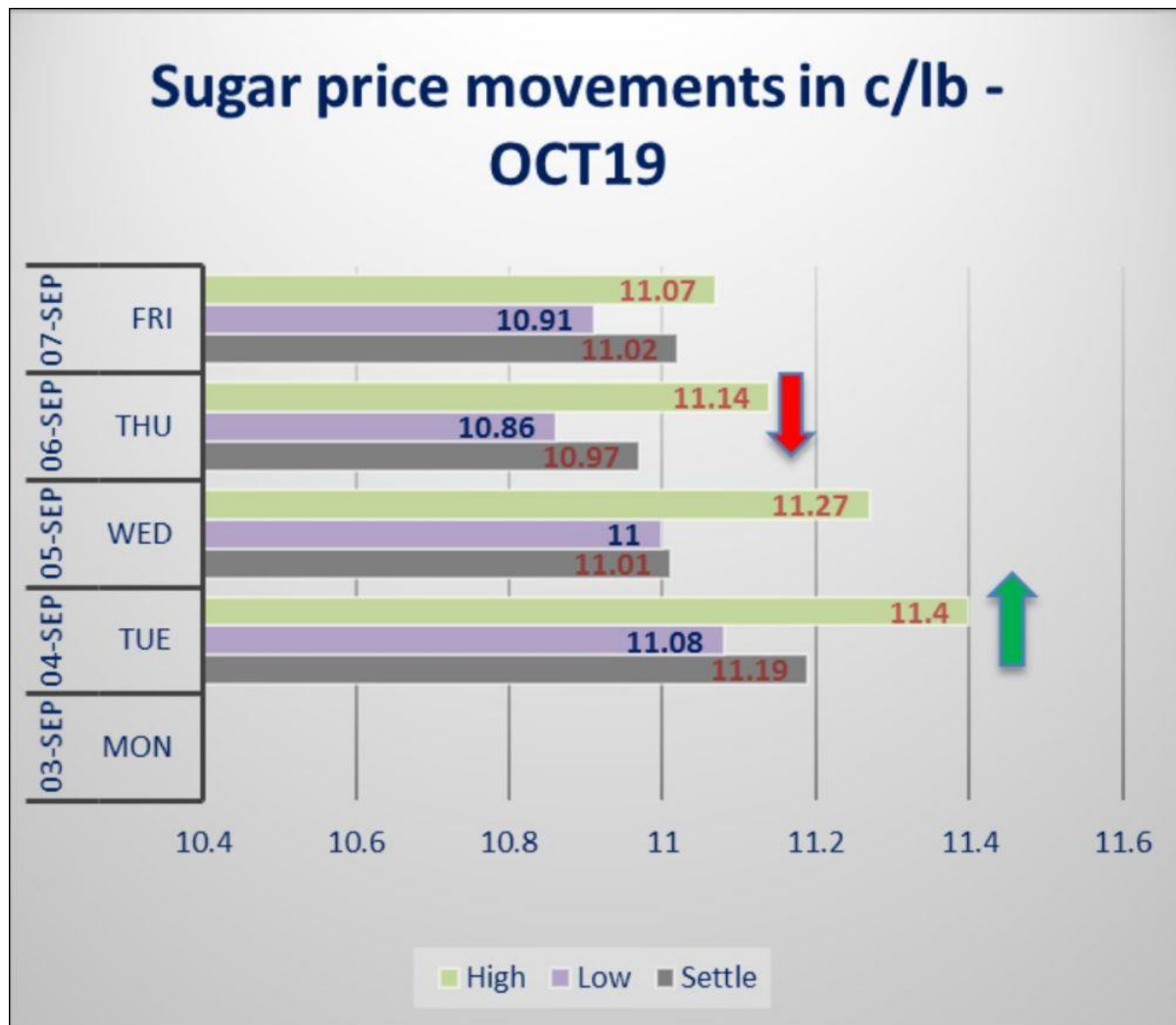
## Weekly Market Overview

By QSL Trading Manager Matt Page

### SUGAR

Still searching for some form of support, ICE11 forged new life of contract lows in the first five futures contracts on Thursday. Prices steadied on Friday just

above the 11c/lb on a prompt basis.



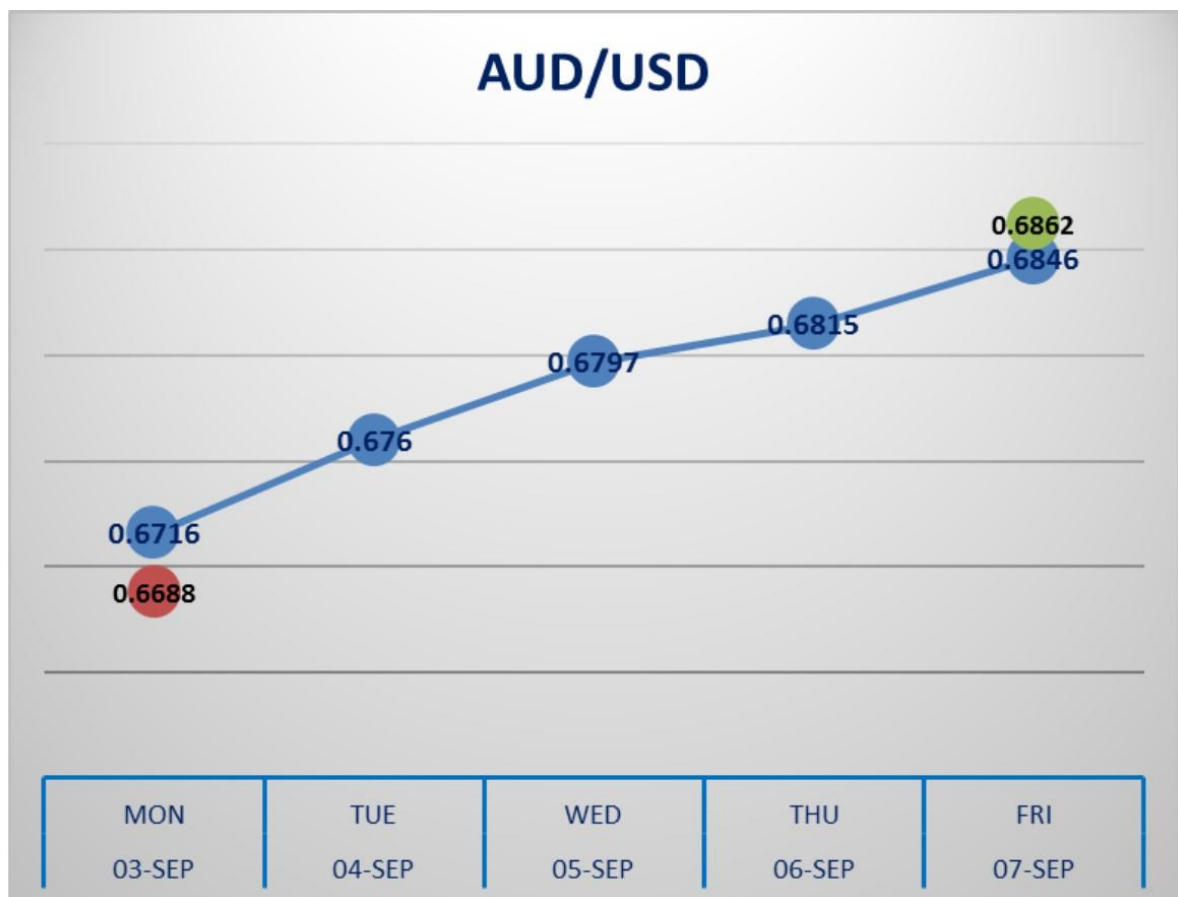
- **Fundamentals:** The October contract expiry is coming into view and if rumours are to be believed it could contain a substantial quantity of low quality Thai and Central American sugars. This will certainly be one of the main short term factors weighing on current prices.
- Movement in the October/March spread suggests the rolling of the large spec net short position (details below) has begun in earnest. Expect to see this spread narrow further as this progresses over the next couple of weeks.
- **Commitments of Traders:** The net short position is now at an all-time record of 189,000 lots, an increase of 8,000 lots and subsequent price

action since the Tuesday to Tuesday reporting period suggests this will have been pushed closer to 200,000 lots on a live basis.

- With such a large spec position as well as ethanol parity and Indian export viability some 200 points above current prices there is plenty in the tank to fuel a rally, but with short term trade flows gridlocked with low quality sugars we may have to wait until after October expiry.

## **CURRENCY**

Finally some calm has returned to markets and risk appetite has rebounded. How long that will last will depend on China and the US keeping the pin in the grenades they have been throwing at each other recently.



- Much market focus has centered on the UK this week with Parliament passing legislation to prevent a no-deal Brexit as well as rejecting the proposal for a snap general election before the 31 October deadline.

Both outcomes were more generally welcomed by the Sterling and markets.

- The RBA left rates on hold as expected and the accompanying commentary suggested they were in no rush to move again with a watch and wait remit key in AUD legging higher last week.
  - The AUD is certainly not out of the woods yet, but moves below 67 cents will now be viewed as prime buying opportunities and as such should provide strong support.
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