

Current as of 3 September 2019

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## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	379.86	-2.81%
2020	419.09	-1.77%
2021	431.66	-2.56%
2022	434.46	-2.30%

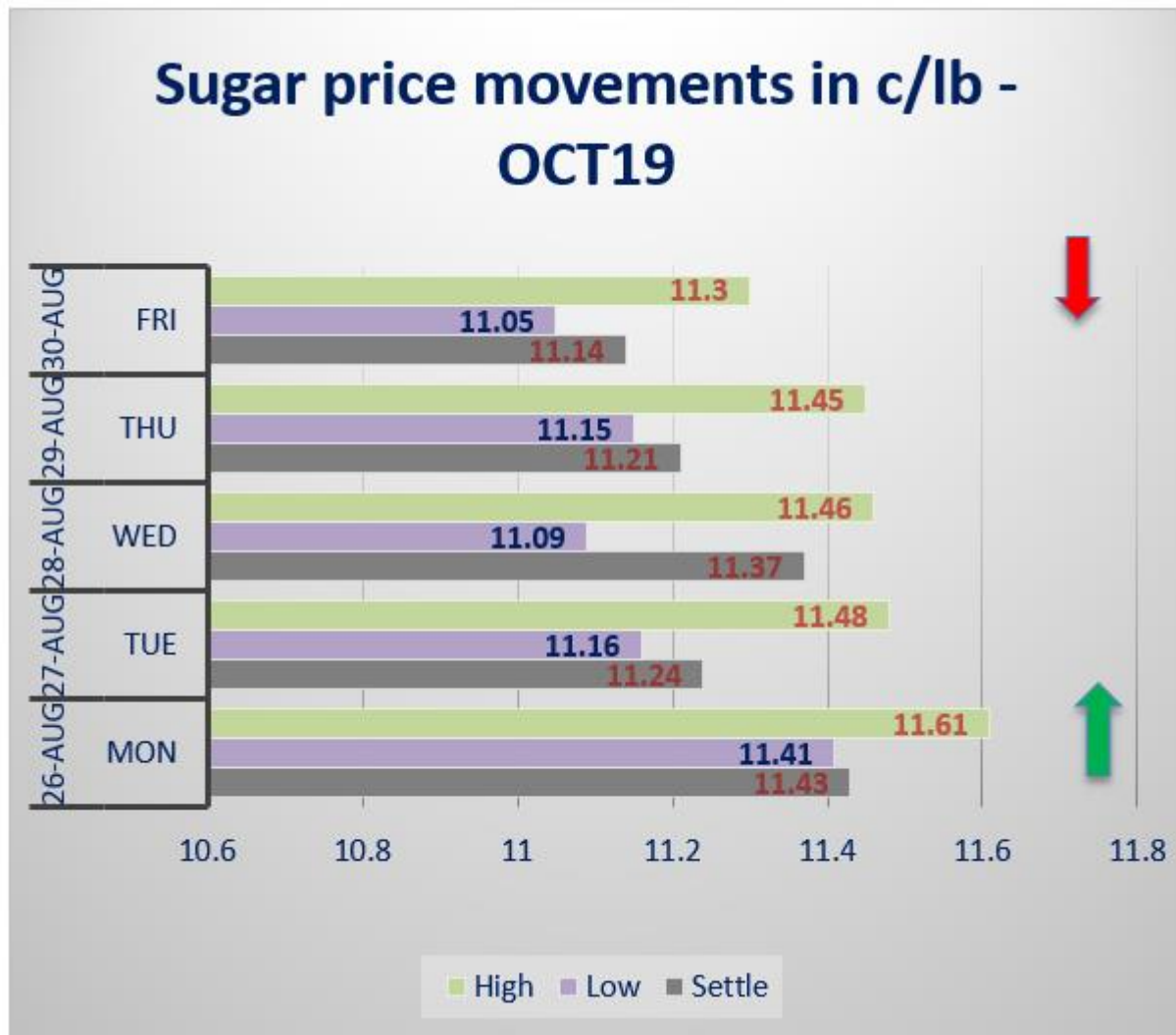
\*These figures are indicative of available ICE 11 prices as at **03 September 2019** and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE #11 Exchange 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 Treasury Manager Ginette Barrett

## SUGAR

The downward trend continues this week, trapped and falling to life of contracts lows on Friday of 11.05c/lb for OCT19, before settling for the week at 11.14c/lb.



- **Fundamentals:** On Wednesday the Indian government finally confirmed the new export subsidy will be 6 million tonnes, and production will continue at 30-33 million tonnes each year depending on the monsoon. Currently to export at these market levels India would be making a loss, so it is in their best interest to stick to the domestic market for now.

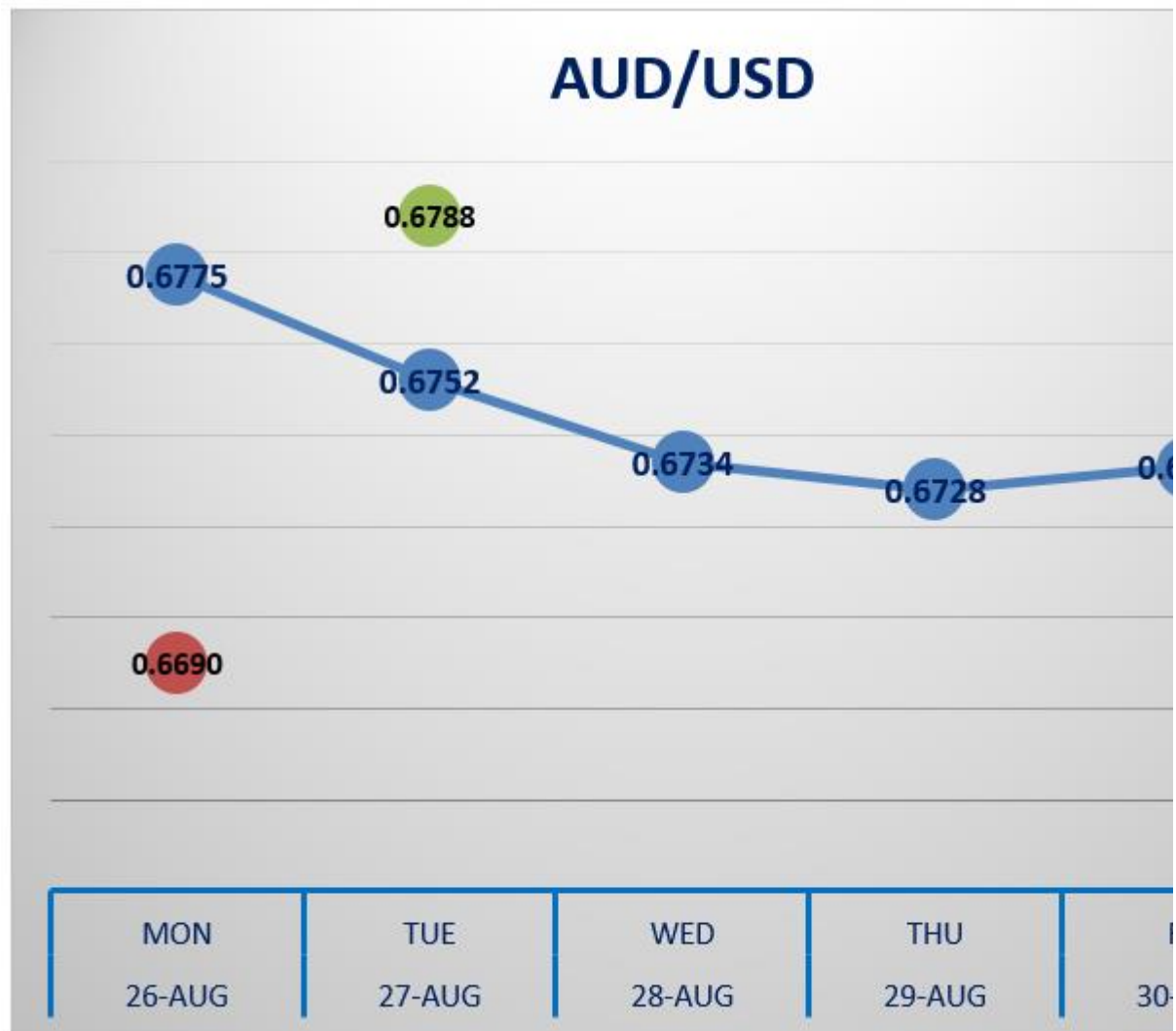
- Brazil and the US have confirmed Ethanol Import Tariffs will remain in place at 20% tariff. A 150 million litre increase in the quota volume from 600 to 750 million litres was exchanged for a promise from the US that it will open the market for sugar imports and increase ethanol to E15.
- **Commitments of Traders:** The net short position is at 181,000 lots, an increase of 17,000 lots bringing us very close to the all-time record, but I suspect with the slide towards 11c/lb from Wednesday to Friday we will see a new all-time record next week.

## **CURRENCY**

The AUD remained under pressure over the week with a deteriorating global economic outlook and US-China trade tensions putting major downward

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pressure on the Aussie dollar.



- US tariffs on \$110 billion of Chinese imports came into effect on Sunday 1 September, with the remaining \$190 billion due on 15 December. China also began their \$75 billion worth of tariffs in retaliation on the US imports.
- GBP (British pound) will be driven by the political developments of the UK. This week MPs will try to pass legislation that would prevent a no-deal Brexit on 31 October and try to prevent Prime Minister Boris Johnson from shutting down Parliament. If this goes ahead it is more than likely a general election will be called early.

