

Current as of 9 October 2019



## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	411.82	1.17%
2020	431.62	2.61%
2021	443.94	4.03%
2022	445.81	4.53%

\*These figures are indicative of available ICE 11 prices as at **7 October 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

Sugar tried very hard to break the 13 c/lb barrier over the week but was unsuccessful. It looks as though the market will remain stuck inside the range for the moment. The October Expiry was benign, with no poor quality Thai sugar delivered to threaten prices in the near future.

---

## Sugar price movements in c/lb - MAR20



- **India:** Exports sales have been slow as millers wait to see what size this year's crop will be before committing. They have sold 30,000 tonnes of white sugar to Sri Lanka and 120,000 tonnes of raws to Iran. The benefit of selling to Iran at these levels is a result of the hefty premium they receive, due to the fact Iran finds it almost impossible to buy sugar from any other source because of sanction reasons with other countries.
- **Commitments of Traders:** The funds reduced their net short position by a massive 59,000 lots while the market only moved 40 points. It seems funds have been covering their shorts and producers have finally done some pricing. The net short position now sits at 147,000 shorts, still an extremely large position to influence the market.

## CURRENCY

The Aussie Dollar started and finished the week fairly unchanged with a few bumps in the middle. Anticipation of a rate cut from the RBA pushed the dollar

to the weekly low, before immediately jumping to its high for the period after the cut, and then settling back into the flow.



- **US developments:** A bout of soft data over the week weakened global risk sentiment, ISM (Institute for Supply Management) manufacturing data was the lowest in 10 years and job creation was disappointing. The unemployment rate fell from 3.7% to 3.5%. The Federal Open Market Committee (FOMC) meets on Thursday, with the expectation of a rate cut.
  - **Trade Talks:** President Trump has added eight more Chinese technology companies to the blacklist, citing human rights violations. The prospects of a breakthrough in talks over Thursday & Friday have been dampened as we approach the next tariff increase deadline of October 15. China is only looking for a partial deal and seems prepared to leave the hard topics for next year.
  - **UK developments:** UK PM Johnson stated a Brexit deal will be nearly impossible, as Germany insists that Northern Ireland remains within the
-

European Union. An extension and early elections are expected to be called before 31 October.

### **HELP AND INFORMATION**

If you are confused by any of the terminology in our market updates or would like clarification regarding any of the above, please don't hesitate to contact your local QSL Rep.

---