



## MERRY CHRISTMAS

QSL would like to wish everyone a happy and safe Christmas. We thank you for your support throughout 2019, and look forward to keeping you up-to-date with key sugar market and currency news in 2020.

This is our final QSL Market Update for 2019, we will resume in January 2020.

**Thank you from the QSL Team.**

## Indicative ICE 11 Prices

| SEASON | AUD/MT* | WEEKLY CHANGE |
|--------|---------|---------------|
| 2019   | 429.95  | 1.82%         |
| 2020   | 442.26  | 2.03%         |
| 2021   | 444.33  | 1.39%         |
| 2022   | 443.31  | 1.08%         |

\*These figures are indicative of available ICE 11 prices as at **16 December 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 Business Graduate Elliott Apel

### SUGAR

Raw sugar prices continued to rally for a second week with the prompt contract trading above the 13c/lb level for the entire week. The MAR20 contract making its high on Friday at 13.67c/lb and its low on Monday at 13.19c/lb before closing out the week at 13.50c/lb.



### Commitments of Traders:

- The Funds continued to buy back their positions from a 76,000 lots net short to 14,000 lots net long throughout the week. The continuation of spec buying came as no surprise, however the volume and new long position caught the market off guard. Whether we

continue to see spec buying will be a subject of conjecture.

- While this rally was almost purely spec driven, a loss of 1.5MT of supply estimates from the US and Thailand production provided an underlying fundamental connection to the market. The commercial sector has sold heavily into this rally and as such, if the rally continues, it may gather pace with a vacancy of commercial selling.

## CURRENCY



- **US/China:** In Trump/China trade wars, an agreement of-sorts has finally been reached with the US President agreeing to postpone the next set of US tariffs, which were scheduled for 15 December. Existing tariffs of \$120bn of Chinese imports were also reduced downwards from 15% to 7.5%. Although this is a step in the right direction, the market is still waiting for the details around the “phase one” agreement and signing by both parties.

- **RBA:** Meeting Minutes showed the RBA remains watchful of local economic developments and is poised to pull the trigger on the next cut in February should data not improve. This will bring the 0.25% quantitative easing trigger ever closer and weigh on AUD sentiment in Q1 (first-quarter).
- **UK election and Brexit:** The Conservative Party led by Boris Johnson comfortably won the UK election with 365 seats, resulting in an 80 seat majority. With the Conservatives in power, the country has locked in Brexit as the UK will now more certainly be leaving the EU by the end of 2020.

If you are confused about any of the terminology in our market updates, or you would like clarification on any of the above please contact your local QSL Grower Services Representative.

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

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