



For week 3 - 9 Feb 2020

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## Weekly Market Overview

By QSL Business Graduate Elliott Apel

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2019	488.74	6.20%
2020	476.64	2.71%
2021	450.86	-0.90%
2022	437.28	-1.63%

*\*These figures are indicative of available ICE 11 prices as at 10 February 2020 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.*

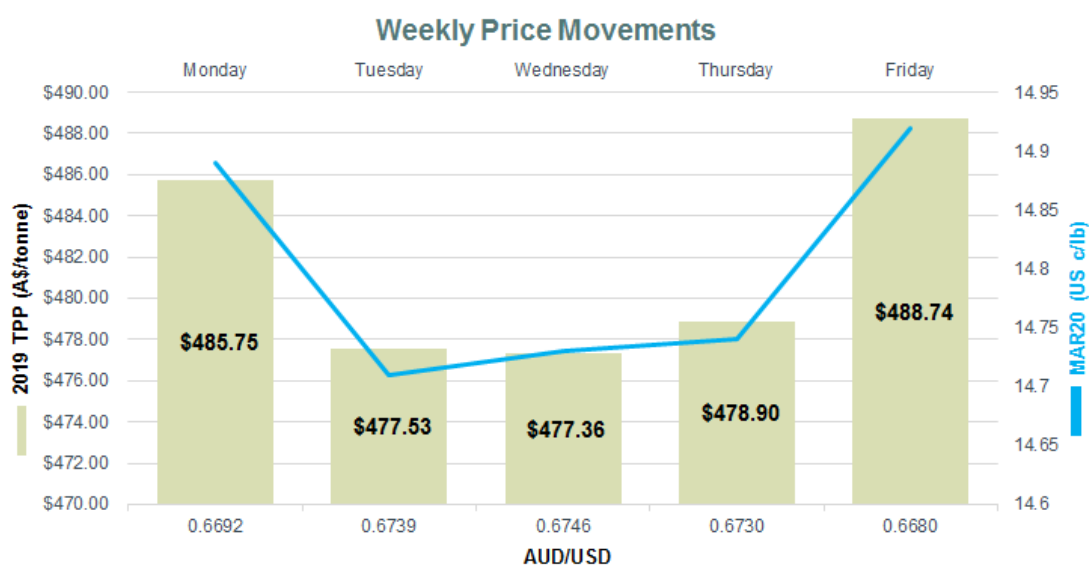
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## Sugar

- Bullish sentiment is back, with the MAR20 ICE#11 contract breaking the 15 USc/lb level for the first time in 2 years, topping out at 15.13 USc/lb last Tuesday. The same contract made its low for the reporting period on the Monday at 14.42 USc/lb, closing out the week at 14.93 USc/lb.
  - The MAR20 contract expiry is looming and high levels of volatility can be expected as the market is currently concerned about future sugar
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supply. On the back of Thailand experiencing the worst drought in 40 years, their daily crush rates show signs of slowing, providing evidence to back the low forecasts.

- The market is expecting Brazil to produce up to 32 million tonnes of sugar to fill the supply gap that the Thai drought may cause. Current price levels may provide the boost that Brazilian producers need in order to produce more sugar over ethanol next season. That would mean an increase in sugar production of approximately 6 million tonnes compared to 2019 production.
- The Commitments of Traders report showed speculators slightly increasing their long position for another week to a 130,000 lot net-long position as of 4 February 2020.
- This week, traders from around the world are meeting at the Dubai Sugar Conference (comment to come in next week's Update).



## Currency

- It was a volatile week for the Australian Dollar amid coronavirus concerns. The Aussie dropped to 0.6662 AUD/USD, its lowest level since 2009, before closing the week at 0.6688 AUD/USD.

- Market sentiment continues to be dominated by coronavirus fears as the number of deaths now exceeds that of the SARS epidemic. There have now been 40,554 confirmed cases and 910 deaths, maintaining just over a 2% mortality rate.
- The AUD performed strongly last Tuesday after the RBA optimistically left the cash rate unchanged at 0.75%. However this effort was short lived and we're currently back trading below 0.67 AUD/USD.
- Given the current uncertainty, we cannot see any short-term boosts to stimulate the Aussie Dollar away from current levels.

## Jargon Buster

### What is sentiment?

Sentiment is the general attitude of the market traders towards the future price of the underlying asset, whether that is sugar or currency, etc. The market can either have a bullish (positive) or bearish (negative) view.

QSL is Australia's largest and most experienced raw sugar marketer.

