



# QSL MARKET UPDATE



For week 24 Feb - 1 Mar 2020

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## Weekly Market Overview

### Indicative ICE 11 Prices

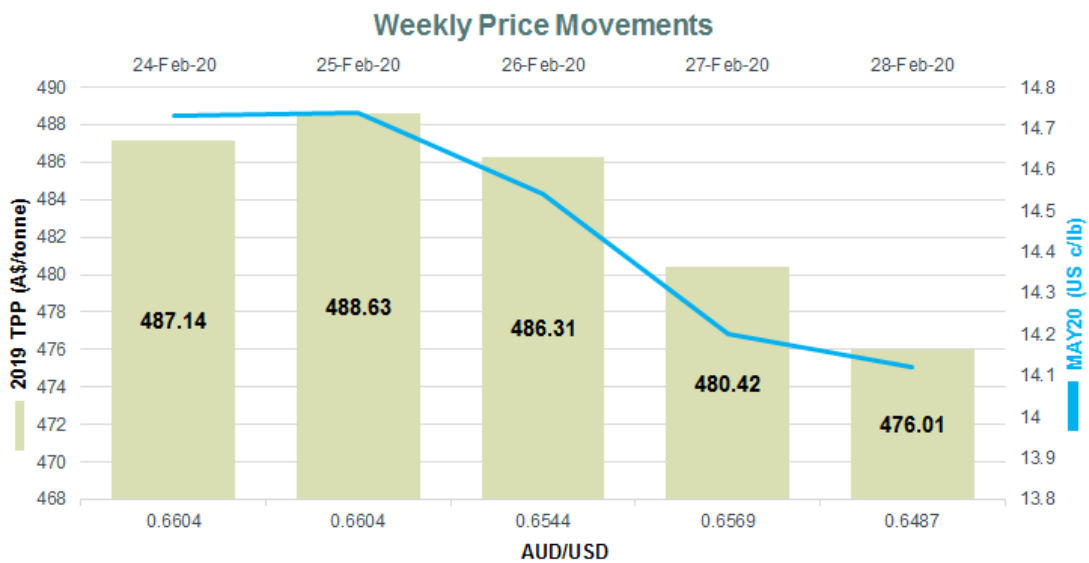
Season	AUD/MT*	Weekly Change
2019	476.01	-4.95%
2020	475.85	-2.74%
2021	453.16	-0.28%
2022	440.05	0.20%

*\*These figures are indicative of available ICE 11 prices as at 2 March 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

- The MAY20 ICE#11 contract made its high on Monday at 15.09 USc/lb and low on Friday at 13.86 USc/lb, trading a 123 point range for the week which highlights the volatility of the expiry week.
- In Thailand, 16 mills have now finished crushing for the season. Production estimates are around 8.15Mt for the season.
- The Indian government has reallocated 650,000 tons of unused export quotas for the current season. This will likely result in accelerated exports out of India to help fill the supply gap caused by the Thai drought.
- The 25th of February Commitment of Traders report showed continuing positive speculator behaviour by making a small addition of 7,000 lots to their net long position which now sits at 165,000 lots.



## Currency

- Sentiment deteriorated as escalating coronavirus fears continue to lead the Australian dollar into a downward spiral . The Aussie dollar made an 11 year low on Friday at 0.6434 AUD/USD
- The number of coronavirus cases outside of China accelerated significantly as Australia recorded its first death from the virus over the weekend. There are now over 88,000 cases and more than 3,000 deaths reported by the World Health Organisation.
- The RBA will meet this week on Tuesday and are likely to cut the cash rate in an attempt to combat the unfolding growth shock from the coronavirus. Early in the week surveys estimated there would not be a rate cut however opinions changed rapidly throughout the week as more pessimistic predictions from the virus were released.
- The local currency was dragged down even further over the weekend as Australia's largest trading partner, China, released shocking manufacturing Purchasing Managers Index (PMI) data of 35.7 which was far below market expectations of 45 and indicates negative economic trends in the manufacturing industry. (see Jargon Buster for explanation of PMI)

## Jargon Buster

### **What is the Purchasing Managers Index (PMI)?**

The Purchasing Managers Index (PMI) is a statistic which estimates the future economic growth of the manufacturing industry of a country. The index is calculated using monthly surveys of private sector companies. The PMI is a number between 1 and 100, with anything above 50 indicating expansion and below 50 indicating a contraction.

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