



21 April 2020

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2019	358.52	2.61%
2020	381.22	2.03%
2021	407.17	-1.13%
2022	423.91	-1.32%

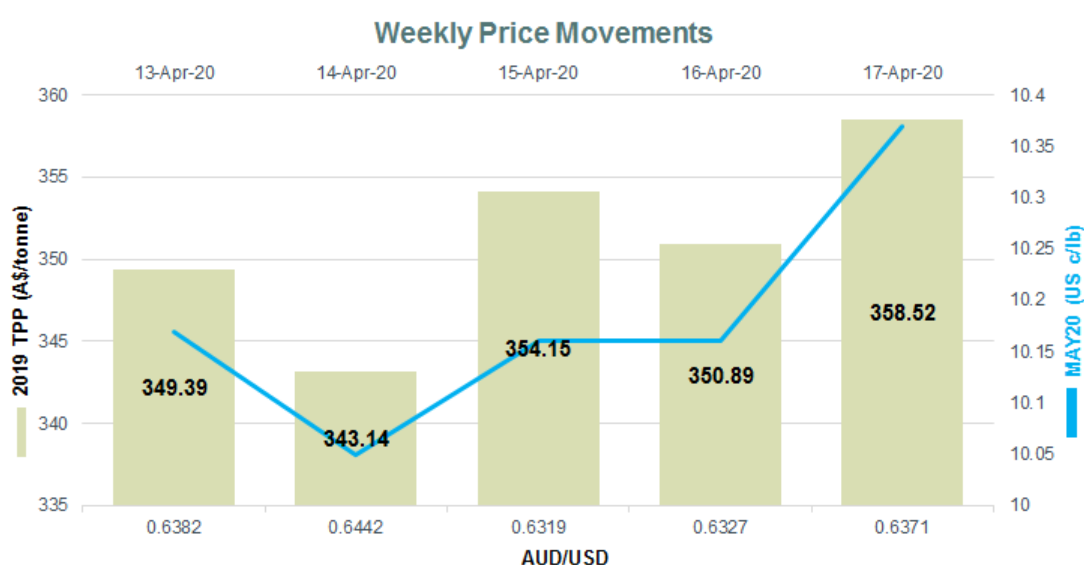
**These figures are indicative of available ICE 11 prices as at 6 April 2020 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar. Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.*

Sugar

- As the MAY20 ICE 11 contract winds down with just two more weeks to trade, attention has now turned to the more active JUL20 contract. Trading over a familiar three-week old range, it opened the week at its high of 10.61USc/lb, before posting its low of 10.12USc/lb on Wednesday last, and closing the week at the upper end of the range at 10.55USc/lb.
 - **CS (Central South) Brazil:** UNICA has released its figures for the second half of March production, showing a reduction on sales of hydrous ethanol of only 20.8%
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year-on-year. These sales only take into account the ethanol that goes from the mills to the fuel distributors. The real impact in domestic consumption is yet to be measured.

- Oil remains extremely volatile. West Texas Intermediate (WTI) made history on Monday as it traded below zero for the first time ever, reaching minus US\$40 per barrel as traders sought to find anywhere and pay anyone to store it. Although not as wild, Brent also continues to struggle at just over US\$25 per barrel.
- The Commitment of Traders report on 14 April shows speculators extended their net short position out to 41,000 lots.



Currency

- The Australian dollar (AUD) remained strong on the back of the USD weakness. For the reporting period AUD traded as high as 0.6445 AUD/USD on Wednesday, and as low as 0.6264 AUD/USD, on Thursday.
- The Aussie dollar rose 0.8% on Tuesday on the back of the Fed's announcement declaring they'll be extending the QE (Quantitative Easing) program to include credit, and some sub-investment grade. Equity markets enjoyed small positive movements.
- Chinese industrial production data for March has contracted 6.8%. The last decline in production took place in 1976. This will begin to weigh heavily on Australian exports in coming months.

- More optimism ahead as NZ has announced it will ease restrictions to level three. Meanwhile other major economies such as the US and Eurozone believe they are over the worst and also talking of easing restrictions and restarting economies. The World Health Organisation (WHO) has reported 2,314,621 cases and 157,847 deaths from COVID-19 globally (as of 20 April WHO situation report).
- This week we can expect employment reports and PMI data for US, EU, UK and Asian countries. These numbers may start to show early signs of the economic damage caused by the COVID-19 global pandemic.

Jargon Buster

What is the difference between Brent Crude Oil and West Texas Intermediate (WTI)?

They are both light and sweet, ideal for refining into gasoline. The biggest difference is their origin. WTI originates from oil fields located in the US, primarily from Texas, Louisiana and North Dakota, while Brent crude originates from oil fields in the North Sea and is widely accepted as the proxy contract for all international oil produced outside of the US.

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