



For week 30 March - 5 April 2020

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2019	378.75	-3.70%
2020	391.88	-3.04%
2021	410.08	-1.71%
2022	432.44	-0.24%

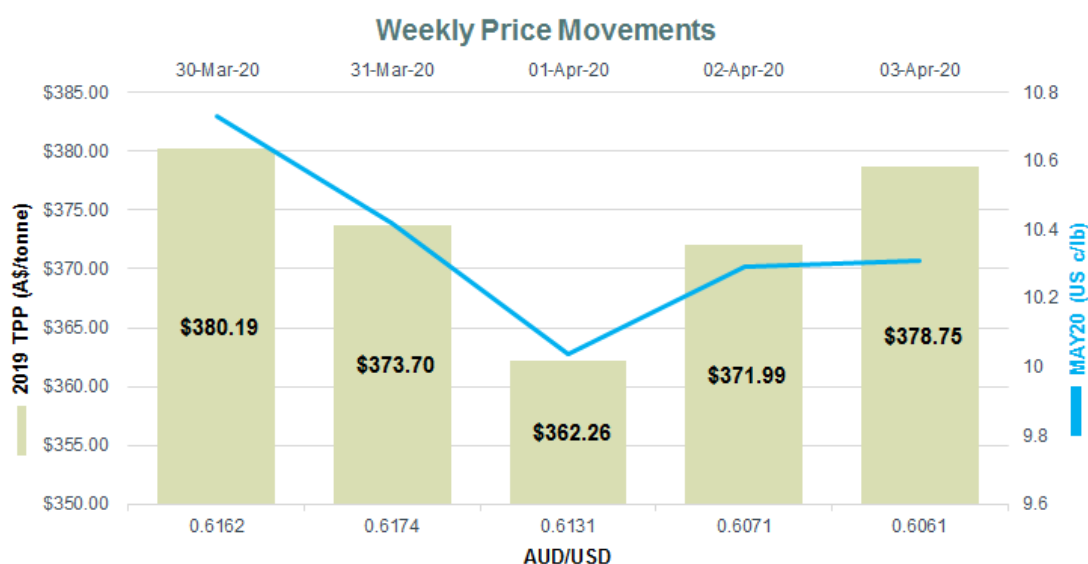
**These figures are indicative of available ICE 11 prices as at 6 April 2020 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 Exchange and/or other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

Sugar

- The MAY20 ICE 11 contract drifted lower over the week on the back of more bearish news from Brazil. The prompt contract made its high on Monday at 11.18 USc/lb, low on Wednesday at 10.02 USc/lb, and closing the week down at 10.21 USc/lb.
- Two of the largest fuel distributors in Brazil have declared 'Force Majeure' on ethanol purchases as the COVID-19 pandemic triggers a collapse in the demand and price of ethanol. Lockdowns in parts of

Brazil are predicted to drive fuel demand down by approximately 50% this week. Consequently, this is likely to push mills to maximise sugar production to upwards of 36 million tonnes.

- While this extra supply should keep downward pressure on sugar prices, there is still great uncertainty surrounding how COVID-19 will affect the supply side of sugar (e.g. mills starting harvest or terminal operations being disrupted). Ultimately, this unpredictability could result in price volatility.
- The Commitment of Traders report on 31 March shows speculators extended their net short position slightly out to 5,000 lots.



Currency

- The Australian dollar (AUD) traded above the 60c level for most of the week. The AUD made its high on Tuesday at 0.6214 AUD/USD and its low on Friday at 0.5979 AUD/USD.
- In the US, President Donald Trump tweeted he is considering providing another stimulus package worth \$2 trillion towards infrastructure.

- Australian health authorities remain positive, suggesting we are seeing the signs of "flattening the curve" of COVID-19 infections. The rate of infection in some other large countries such as Italy appear to be slowing, however it is thought the US is still to reach its peak. The World Health Organisation (WHO) has reported 1,279,722 cases and 72,614 deaths from COVID-19 globally (as of 7 April WHO situation report).
- The Australian economy will continue to remain under downward pressure as lockdown measures continue into Q2. Businesses will struggle the longer these emergency measures are in place.

Jargon Buster

What is Force Majeure?

Force Majeure is a legal concept built into contracts which protects parties in the event of unavoidable or unforeseen circumstances, for example, an act of war or a natural disaster.

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