



# QSL MARKET UPDATE



23 June 2020

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## Weekly Market Overview

### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	397.31	1.03%
2021	387.74	-1.61%
2022	382.37	-0.16%
2023	374.34	1.36%

*\*These figures are indicative of available ICE 11 prices as at the week ending 22 June 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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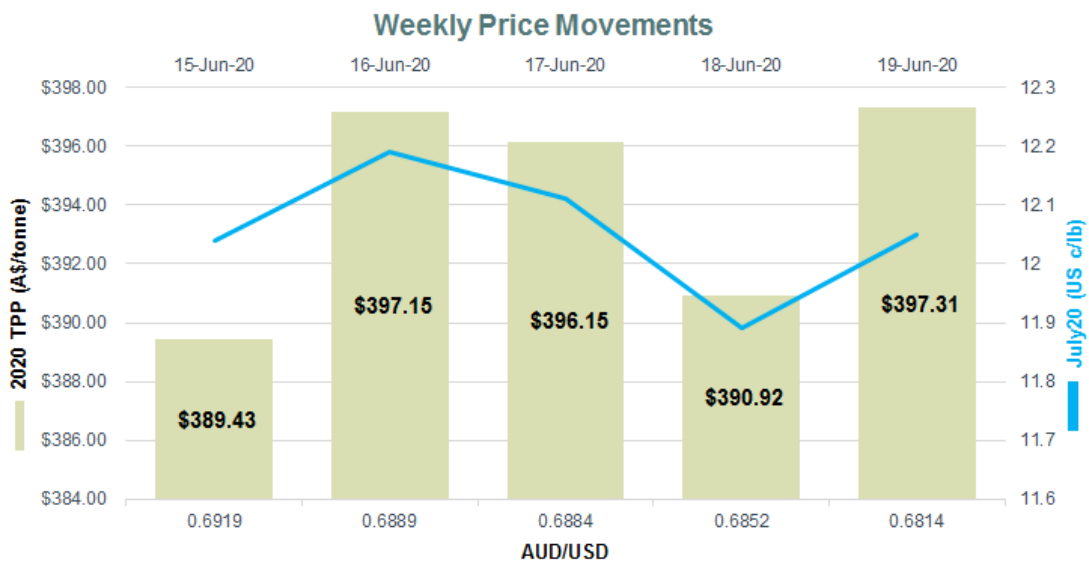
### Sugar

- The ICE 11 rallied over the past week, trading from 11.60 USc/lb to 12.25 USc/lb in the July 2020 contract, closing the week 18 points

higher at 12.05 US\$/lb. The new prompt contract, October 2020, finished 14 points higher at 12.18 US\$/lb.

- The July 2020 contract is set to expire on 30 June, with only six more trading days to go. It is looking to be a relatively small expiry compared to the May 2020 expiry, which came in at record high tonnage.
- Macro-economic themes are still guiding the market. The sugar price curve may have flattened slightly, but continues to be closely correlated to the crude oil price, more so than the Brazilian currency now. Crude prices rallied 9% over the week and were back at \$US40 per barrel, supported by producers making pledges to compensate for overproduction in May in order to comply with OPEC (Organization of the Petroleum Exporting Countries) quotas.
- Petrobras raised gasoline prices in Brazil by 5% last week, giving ethanol prices some opportunity to increase on the back of this price rise. Ethanol parity is currently sitting at 9.80 US\$/lb, slightly lower than last week.
- The Brazilian Real has continued to suffer over the week and now sits at 5.25 against the US Dollar, which is giving Brazilian producers the ability to start pricing their 2021 and 2022 Seasons at good value.
- The sugar market is still focused on Brazilian port restrictions, which have now stretched to over a month-long wait for vessels, frustrating the trade as it tries to get sugar to its destinations.
- Strangely India doesn't seem to want to stop harvesting for the 2019/20 season in the main state of Uttar Pradesh, maximising sugar output with the shutdown of gur production plants (a type of solid brown sugar) due to COVID-19. Therefore raw sugar exports remain strong, with approximately 5 million tonnes expected by the end of June and around half of that as raws.

- The Commitment of Traders report as at 16 June shows speculators increased their net-long position by a further 16,000 lots, closing out the week at about 47,000 lots net long.



## Market Update video on Facebook

If you missed our live QSL Market Update on the QSL Facebook page at 4pm today (Tuesday), you can still watch the video and listen to this report with QSL Treasury Manager Ginette Barrett, just [click here](#).

**Jargon Buster**

## What is gur?

Gur, also known as jaggery, is a non-centrifugal cane sugar popular in Asia and the Americas. It is the product of cane juice and often date or palm sap, without the separation of the molasses and crystals. India is responsible for over 60% of world gur production, however Brazil remains the world's largest exporter of this unrefined sugar product.

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

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