



29 July 2020

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Weekly Market Overview

Where can I get the daily ICE #11 sugar price?

QSL publishes the daily ICE #11 raw sugar price direct to your mobile phone by text message (SMS) by request, on your QSL App and on the QSL Facebook page. You can also receive the QSL Daily Price email or find it on the home page of the QSL website. Call your local QSL Grower Services team for more information about any of these.

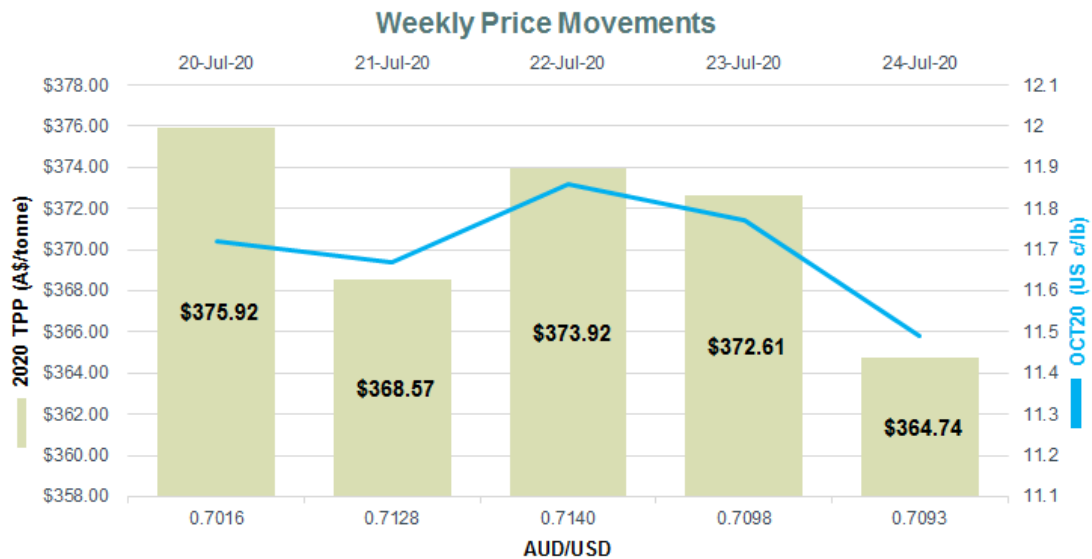
Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	364.74	-3.31%
2021	371.27	-1.80%
2022	369.93	-0.90%
2023	365.83	0.19%

*These figures are indicative of available ICE 11 prices as at the week ending 27 July 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

- After the previous dull week of trading, the sugar market has rallied a little in recent days but still remains below the significant 12.30 USc/lb technical barrier. The move higher was largely driven by improving macro-economic sentiment. Volumes traded remain light while the specs finished slightly longer than last week at 82,000 lots net long.
 - Despite good rain it appears the Thai cane crop has not recovered as well as originally hoped. As a result, Thailand could potentially be an importer rather than an exporter of sugar in the coming year, with current estimates suggesting it will produce just 7.5 million tonnes of raw sugar this season.
 - Indonesia issued import licences for an additional 600,000 metric tonnes of sugar this week, while China also has potential to become more active buyers in the market, prompted by increases in imports licences to some of their refiners.
 - A resurgence of the yellow virus in European sugar beet crops due to a recent change to pesticide regulations continues to cause concerns for European sugar producers, decreasing yields by up to 50%. It is yet to be seen if this will spark a drop in planting and a move to alternate crops for the coming season.
 - The Brazilian crush is now past its mid-point and remains on track to produce 36-37 million tonnes of raw sugar. As we head into August and the tail end of their harvest, any kind of material switch to the ethanol/sugar mix becomes increasingly unlikely leaving only weather or COVID-19 interruptions as any source of downside shock to production.
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Currency

- Market sentiment regarding the Australian Dollar (AUD) remains optimistic, with some pundits predicting it will hit 75 cents against the US Dollar (USD) by Quarter 4. Despite a worsening COVID-19 outbreak in Victoria and New South Wales, it looks like the market will require something more significant – like a potential conflict with China – to shake its support for the Aussie Dollar.
- Global risk appetite is moving away from the USD as it struggles to control significant domestic outbreaks of COVID-19. The EU announcement of their economic recovery measures saw all other G10 currencies make broad gains against the USD and this theme is likely to continue. With less than 100 days to go before the US Presidential election, it continues to loom large over the macro outlook, with recent polls in key swing states suggesting Democratic nominee Joe Biden could unseat President Trump. Should the Democrats also secure the senate, the market expects to see a rolling back of corporate tax cuts, to the detriment of the USD.

Jargon Buster

India - what is MSP?

MSP (Minimum Support Price) is a fixed price set by India's government to ensure its farmers get a minimum profit out of their crops. Current sugar MSP is INR33,000 (Indian Rupees) pmt.

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

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