



12 August 2020

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## Weekly Market Overview

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### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	395.42	0.03%
2021	382.15	-0.97%
2022	366.62	-1.93%
2023	358.77	-0.52%

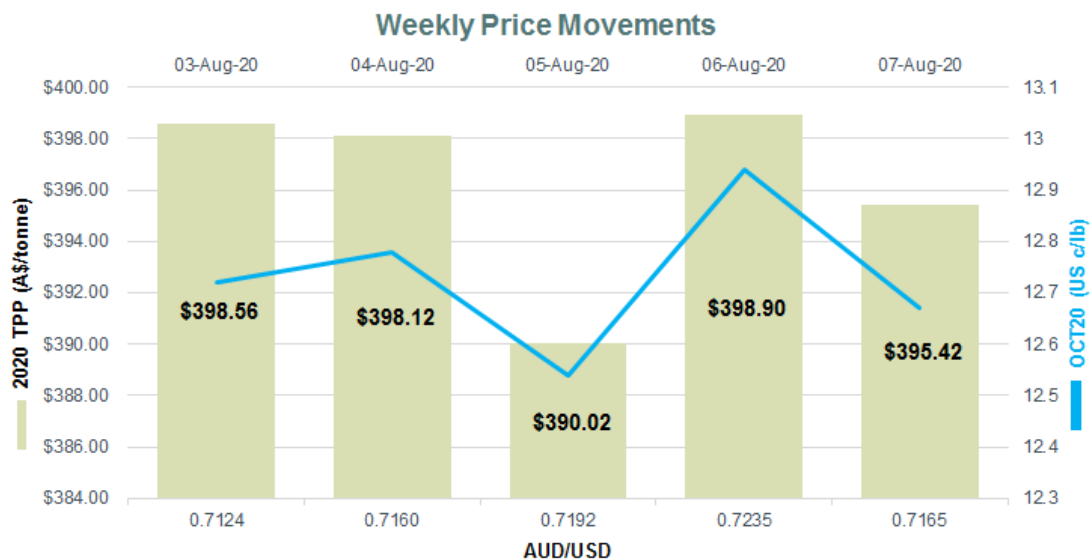
*\*These figures are indicative of available ICE 11 prices as at the week ending 10 August 2020 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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 spot ICE 11 contract, Oct 2020, ranged between 12.41 and 13.00 during the past week, with support for the bottom end of the trading range now established at the 12.30-12.40 USc/lb level.

- Recent trading highs have sought to break the 13USc/lb mark, and this week's UNICA (Brazilian Sugarcane Industry Association) data looks to support that move, with a solid recovery in Brazilian ethanol sales resulting in a slightly lower sugar/ethanol mix than previously anticipated.
- There was a big week-on-week jump in the spec net long position, with the last COT (Commitment of Traders) report showing a 54k lots increase to 148k net long. This increased interest is generally considered a reflection of a more structural move by speculators into commodities on the back of US Dollar weakness, rather than being isolated to an improvement in sugar fundamentals. Price action over the last couple of days has shown the market appears comfortable with carrying the current position, but needs more incentive to break the current 13USc/lb ceiling. The need for the spec position to be rolled out of the prompt contract ahead of next month's expiry may see the Oct/Mar spread widen over coming weeks.
- On the production front, fears that the current impact of Virus Yellows on the European sugar beet crop may lead to a reduction in planting are starting to subside following a new three-year waiver enabling French producers to combat the aphids causing this damage through the use of neonic-coated seeds. Earlier this year European Union countries had rolled out a ban on neonicotinoid pesticides which studies have shown are harmful to bees.



## Currency

- The Australian Dollar drifted lower against the US Dollar (USD) during the last two trading sessions, but remains above 71US cents.
- The US Dollar Index, which tracks the greenback against a basket of six major rivals, remains at two-year lows, with the USD firmly in over-sold territory against most currencies. However, the recent approval of a new financial aid package has provided support for the US economy and currency, as did the latest payroll data, which suggests less job losses than originally forecast.
- Oil prices continue to hold steady at \$US45 a barrel, with OPEC (the Organization of the Petroleum Exporting Countries) closely managing supply to keep prices within recent ranges. It is expected the oil price will increase as COVID-19 lockdowns ease and demand begins to ramp back up, but it is not yet in a position to move materially higher at this stage.
- Despite Russian claims of a vaccine, the market remains wary regarding the status of COVID-19 infection rates around the world. Any vaccine will need to have undertaken extensive human trials before being deemed

safe for mass rollout, something which cannot be said for the Russian edition at this stage. Flare-ups in Victoria and New Zealand have reinforced that no economy is out of the woods yet, but have not been market-moving.

- Iron ore prices continue to strengthen providing support for the AUD, however tensions between the US and China remain heightened and subject to flare ups creating downside risk potential.

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## Jargon Buster

### Sugar beets: What is virus yellows?

Virus yellows is a disease transmitted by aphids which are currently affecting beet crops in Europe. The disease typically causes stunting, interveinal yellowing, and/or chlorotic spotting. The beet yellowing reduces photosynthetic rates impacting both yield and sugar content.

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### 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.

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