



2 September 2020

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## Weekly Market Overview

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### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	383.63	-4.01%
2021	376.23	-2.00%
2022	355.33	-1.52%
2023	349.94	-1.16%

*\*These figures are indicative of available ICE 11 prices as at the week ending 17 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.*

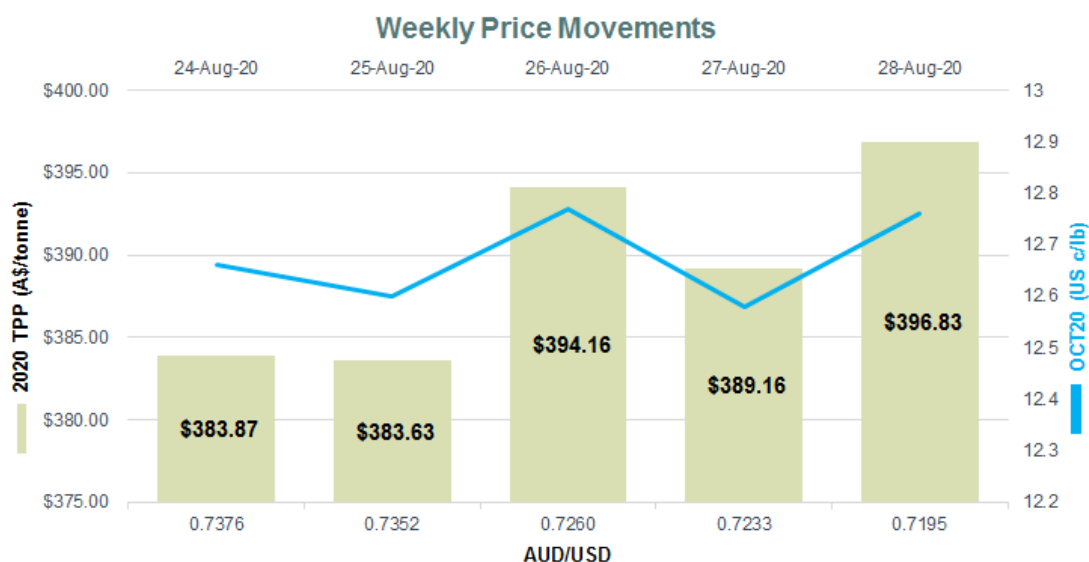
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### Sugar

- The ICE 11 prompt OCT20 contract closed at 12.60 USc/lb overnight (\$383.49/tonne actual in Australian-dollar terms) with seemingly little on the immediate horizon to spark a significant move beyond 13 USc/lb.
  - Brazil continues to power through a big crop and pump out around 3 million tonnes a month, putting them 7 million tonnes ahead of the equivalent period last year and on
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track for an early finish in November/December, closing around 36-37 million tonnes for the season. Thanks to their currency's weakness against the US Dollar, Brazilian producers are already heavily priced for the 2020 Season, and have now turned their focus to pricing their 2021 and 2022 crops, with open interest for these seasons at higher-than-average levels.

- Despite a healthy monsoon in Thailand, there appears to be little confidence that they will quickly bounce back from their recent crop failure and return to normal production levels next season. If this proves to be the case, this could keep elevated premiums on the table for Australian producers selling into Far East markets.
- The likely extension of India's export subsidy program continues to loom over the market and threaten to exacerbate the current global surplus. Escalating coronavirus infection rates throughout the country and the associated economic impacts have the potential to make this program even more attractive to producers on the back of a weakening Rupee against the USD.
- Speculators are still buying into sugar, primarily on the back of a negative outlook for the US Dollar. Should the ICE 11 dip below 12.40 USc/lb their resilience will be tested and we might see them start to liquidate their positions.



## Currency

- A tepid outlook for the US economy is supporting a strong Australian Dollar (AUD), which closed at 0.7380 against the US Dollar (USD) this morning after climbing to 0.74 yesterday. The Reserve Bank's latest meeting was benign and as a result, largely ignored by the market.
- Trade tensions between Australian and China continue to escalate, with the arrest of an Australian journalist working in China the latest development. Since the Australian Federal Government called for an investigation into the origins of the coronavirus pandemic, China has announced the suspension of some Australian beef exports, tariffs on barley, and an anti-subsidy investigation into Australian wine exports.
- US President Donald Trump's poll results improved in the past week ahead of the US Presidential election in November. While his re-election could be a potential tailwind for the Australian Dollar, it is more likely to slow rather than stop the AUD's rise. The Euro also remains strong at 1.20 against the USD, as European economies continue their recovery from the initial impacts of the pandemic.

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## Jargon Buster

### What does Open Interest mean?

Open Interest is the total number of outstanding lots against an ICE#11 futures contract which have not been settled with a counter party.

At the expiry of a futures contract, the remaining Open Interest dictates the deliverers and receivers of sugar.

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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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