



14 October 2020

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	430.24	3.72%
2021	400.84	1.17%
2022	373.84	-0.53%
2023	360.46	-1.83%

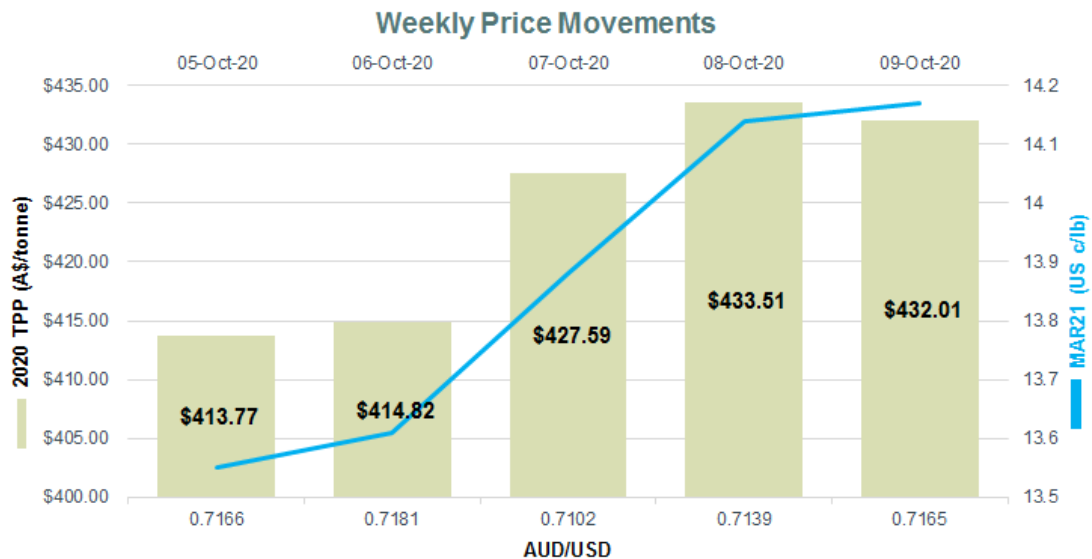
**These figures are indicative of available ICE 11 prices as at the week ending 12 October 2020 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter margin fees charged by banking institutions and so may differ from daily prices quoted by the ICE 11 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

- It's been an exciting fortnight for the raw sugar market with trading over 140 points in the MAR21 ICE11 contract. The activity has continued into this week with trade hitting a seven-month high of 14.55 USc/lb.
 - The OCT20 ICE 11 contract expired with a record delivery of 2.62 million tonnes of Brazilian sugars. This would generally be considered a bearish indicator for the
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market, however with a strengthening OCT/MAR spread and strong receivers on the other side, the market has been undeterred continuing a slow and steady rise.

- Fund and speculator buyers have been drawn to the sugar market possibly due to weather forecasters predictions of a La Nina event in 2020.
 - The Commitment of Traders (COT) Report, as of 6 October 2020, shows an increase of around 19,000 contracts reporting a net long position of 220,000 lots to close out the week. This is continuing to support the rally as speculators see value potential in commodities off the back of general USD weakness.
 - UNICA production figures for Brazil show they are at record levels of cane and sugar for this time of the year. Dry weather continues to support the rate at which the Brazil crop is being harvested and with uninterrupted shipments it has been a strong season for Brazil. Rain is expected in Brazil towards the end of October with an average monsoon season following through to March 2021.
 - India is yet to announce its subsidy for the coming harvest. Pressure is mounting on the government as industry pushes for further relief amid calls for the late subsidy payments, still due, from last season to be made. Speculation is that an announcement will not be made until the end of this month allowing the 'bulls' to continue their push forward.
 - Expected trade range going forward is 13.80 to 14.50 USc/lb in the short term with an ambitious goal in the vicinity of 15.00 USc/lb if the specs continue to push the market forward.
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Currency

- The Australian Dollar (AUD) has traded a 240 point range during the past two weeks, bouncing off the lows at 0.7050 to trade slowly back up to 0.7250.
- In recent weeks we have seen the USD unwind some of its recent gains as the market starts to broil in the lead-up to the US election, and as pre-polling booths are opened.
- Politics continues to steal the focus of the G10 currencies (see Jargon Buster). US fiscal stimulus negotiations are back in the limelight, along with the health of US President Donald Trump who is said to have recovered well after contracting COVID-19 and is now back on the campaign trail. Polls are indicating a win for Biden, however with the 2016 polls indicating a win for Clinton, the polls should be viewed with some caution.
- The RBA (Reserve Bank of Australia) will meet in November with some expectation of a small cut to already low rates.
- Expectation for the AUD is for the momentum to continue to appreciate towards 73 cents, albeit in a volatile fashion.

Jargon Buster

What are G10 currencies?

G10 currencies are the most heavily traded and most liquid currencies in the world. The volatility of G10 currencies can affect the global economy.

The G10 currencies are:

Australian dollar (AUD)

British pound (GBP)

Canadian dollar (CAD)

Euro (EUR)

Japanese yen (JPY)

New Zealand dollar (NZD)

Norwegian krone (NOK)

Swedish krona (SEK)

Swiss franc (CHF)

U.S. dollar (USD)

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

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.
