

Current as of 07 May 2019

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	397.09	-2.71%
2020	432.98	-0.71%
2021	444.89	0.07%

\*These figures are indicative of available ICE 11 prices as at **07 May 2019** 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.

## Weekly Market Overview

By QSL Trading Analyst Barbara Roberts

### SUGAR

- There has been slow trading conditions for the July19 contract over the past week. Trading in a narrow descending range it made its high on Tuesday at 12.75 c/lb, and its low on Friday at 11.98 c/lb closing the week at 11.99 c/lb. Spec selling in reasonable volume has been cited as the main driver for the price fall, as no other fundamental changes have occurred.
- **Production:** Over 100 mills in India are still crushing cane with production reaching 32.2 MT as of the end April. The Thailand harvest has ended producing 14.6 MT. In Centre South (CS) Brazil ethanol has been paying better than sugar and domestic demand is still strong, thus it's expected mills will maximize ethanol production until prices or demand changes.
- **Weather:** Dry weather is forecast for May in India and Thailand. If the drought impacts the cane fields it is possible some cane will be turned into fodder in Central India. Also, dry weather may impact North West Europe beet crops giving them a bad start.
- **Commitment of Traders:** Funds moved back to where we were two weeks ago. The net short position of the Non-Index rose from 54,000 to 76,000 lots. However, it's believed that given price activity since reporting the period the net short position could now be around 100,000 to 120,000 lots.

## CURRENCY

- The Aussie Dollar is still trading in a very narrow range. Minor movements over the past week kept the trading range between 0.7056 to 0.7000 closing on Monday at 0.6991. Strong US dollar sentiment as well as weaker domestic data contributed to the lower Aussie.
- President Trump is not happy for the amount of the time it has taken for the US-China trade negotiations to come to an end. In response, he has threatened to increase tariffs from 10% to 25%. The AUD did not like the headline pushing to a three month low of 0.6965.
- The Reserve Bank has kept interest rates on hold at 1.5%. A 50/50 chance of a rate cut was priced in ahead of the print. Focus will firmly shift to employment data over the coming months given the RBA cited this as their key indicator for the inflation outlook. The AUD gained 30 points before settling back towards 0.7000.

## 2019-Season Historical ICE 11 Price Chart



*This is a whole-of-season ICE 11 price chart for the 2019 Season, based on the current 1:2:2:1 pricing ratio applicable to QSL Target Price Contract growers. Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 07.05.19*

**[For more sugar market information, please read the latest QSL Market Snapshot, available by clicking here](#)**