

Current as of 08 April 2019

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	391.55	1.52%
2019	413.79	1.39%
2020	441.66	1.28%

\*These figures are indicative of available ICE 11 prices as at **8 April 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

- The recent trading range remained intact last week, the May19 contract reached its low on Monday at 12.29 c/lb, and its high on Friday at 12.84 c/lb closing the week at 12.76 c/lb. A lack of fundamental news has seen trading ranges narrowing as we progress towards expiry.
- The Brazilian summer ended in March, and with it the wet season. How much the drought has impacted Brazilian crops remains to be seen. The Thai harvest has reached 14.5 mt and it is still underway.
- **India:** Forecast production is still showing numbers between 32.5 mt up to 33 mt. Uttar Pradesh production was lower than last year due to a lack of waterlogging in some areas. The Indian Central Bank wanted to order mills to pay arrears to cane growers, however the proposal was rejected by the Indian supreme court. Indian ethanol production has accounted for 8% of all gasoline in India this year, compared to 4% for all last year.
- **Commitment of Traders:** The market was somewhat surprised by a larger than expected reduction in the net short of the Non-Index funds decreasing by 15,000 to now stand at 100,000 lots.

## CURRENCY

- We have now completed the 3<sup>rd</sup> week in which the Aussie Dollar has traded around the 71 cents handle. Despite a lack of any major driver to move the Aussie, we are still seeing an increase in positive news.
- Domestically, the government has released the Federal Budget for 2019-2020, forecasting a \$7.1 billion surplus, including tax cuts for both individuals and small to medium businesses. Given the upcoming election movement was minimal and barely impacted the Aussie dollar. Additionally, the Reserve Bank of Australia continues to hold the interest rate steady while also being watchful of any local economic fragility.
- Growing expectations that US-China trade negotiation is finally coming to an end has brought some bullish sentiment into the markets helping equity markets to enjoy some strength. However, the remaining topics still to be agreed upon are the controversial ones and as such there are still a couple of significant hurdles to overcome.
- The data calendar is fairly light this week: Locally, February home loans and job ads data. Abroad, Brexit due date is looming and a decision needs to be made on 12<sup>th</sup> April, for the US we can expect March Nonfarm payrolls, February durable goods order and factory orders.

## 2018-Season Historical ICE 11 Price Chart



This is a whole-of-season ICE 11 price chart for the 2018 Season, based on the current 0:0:0:6 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 08.04.19

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