

# QSL Market Update

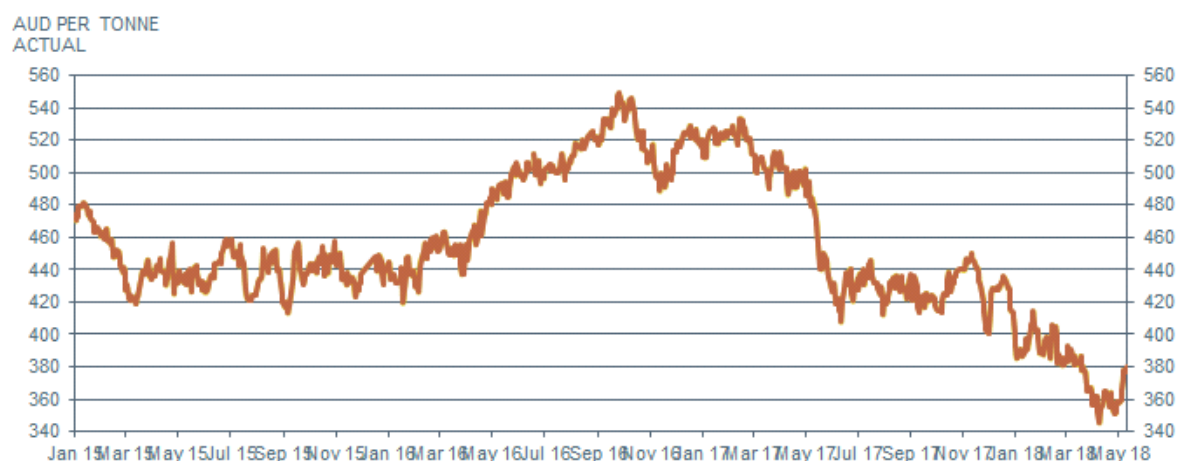
Current as of 29 May, 2018

## Today's Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	380.56	5.90%
2019	404.24	4.20%
2020	414.79	3.01%

The figures quoted above are indicative of available ICE 11 prices as at 29 May 2018 and reflect the weighted average AUD/mt price. The prices have been adjusted to include Over-the-Counter (OTC) margin fees charged by banking institutions and, therefore, may differ from daily prices quoted by the ICE #11 Exchange and/or other Marketers of Growers' Economic Interest in Sugar (GEI Sugar). Values also do not account for any adjustments resulting from local Grower-Miller pricing arrangements.

## 2018 Season Historical Price Chart



Source: Bloomberg. Published by [www.qsl.com.au](http://www.qsl.com.au) current as at 29.05.18

Please refer to QSL's website for the latest market information via the daily Market Snapshot:

<http://www.qsl.com.au/sugar-prices/daily-indicative-prices>.

*This report contains information of a general or summary nature. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. The update on marketing and pricing activity does not constitute financial, investment or product advice or a risk management strategy. You should seek your own financial advice. This report should not be taken to include representations as to future matters, and nothing contained in this report should be relied upon as a representation as to future matters. Information about past performance is not an indication of future performance. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report.*

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## QSL Market View

Current as of 29 May 2018

- Trend is more favourable to positive \$A/mt returns.
 ● Trend is neutral to \$A/mt returns.
 ● Trend is less favourable to \$A/mt returns.

MARKET COST DRIVERS	PROMPT (Jul18) A\$/mt	2018 SEASON A\$/mt	COMMENTS
Current market	\$361.59	\$380.56	
Sugar Fundamentals - Global exc. Brazil	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	India remains a fundamental driver of the sugar price over the coming months. Cabinet meetings to decide on what measures will be taken to manage the bumper crop are still pending. If large exports materialise then the impact of the issues in Brazil (discussed below) will be muted. However, questions always remain around India's ability to export so watch this space.
Sugar Fundamentals - Brazil	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	The Brazilian truckers' strike has gathered considerable support over the past week. Service stations have closed, hospitals and airports have been affected as the country slowly grinds to a halt. From a sugar perspective, stocks have run out at terminals and rail freight has stopped. A number of mills have stopped and older mills can take up to 2 weeks to restart, so there are significant disruptions to the supply chain that will continue to support sugar prices until the crisis is resolved.
Macro Issues/ Specs	<span style="color: yellow;">●</span>	<span style="color: red;">●</span>	The recent rally in crude oil hit the brakes as Saudi Arabia and Russia entered discussions to ease their production constraints. On the back of a strong rally in sugar prices week-on-week, the non-index funds continued to decrease their position, a significant reduction of 45,000 lots leaving a total net short of 98,800 lots. The crisis in Brazil will continue to provide the specs with opportunity to reduce their sold position over the next week or so.
AUD/USD	<span style="color: yellow;">●</span>	<span style="color: green;">●</span>	AUD remains trapped in a broad 0.7450-0.7600 range, closing the week around 0.7550. While the dollar index continues to climb, markets remain cautious as a series of negative Euro headlines begin to surface. Political stalemate in Italy has driven bonds and equities lower as fears around Euro stability ala post GFC re-emerge. Local building approvals and retail sales data may provide some more colour for the inflation picture and overall economy later this week.
Overall Comments	Sugar prices enjoyed a strong week of upward momentum on the back of the Brazilian truckers' strike. News that the strike was set to be resolved through various government concessions appears to be premature. As it stands no agreement has been reached, oil refineries are now also on strike and the country is choking to a standstill. AUD/mt sugar prices have pushed back over \$380 and \$400 for 2018 and 2019 -Seasons respectively. Just how long the crisis will last remains to be seen, but once it is resolved and sugar starts to move out of Brazil again the market will likely move lower accordingly.		

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