

# QSL Market Update

Current as of 4 March 2019

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	387.92	-3.23%
2019	415.59	-1.37%
2020	438.46	-0.85%

*\*These figures are indicative of available ICE 11 prices as at 4 March 2019 and reflect the weighted average gross 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 now prompt May19 contract began the week making its high of 13.36c/lb last Monday, before posting its low of 12.61c/lb on Friday, closing the week down 68 points at 12.62c/lb. Crude oil also slipped slightly, reducing the ethanol price impact on the market.
- The Mar19 contract expired at 12.73c/lb with over 1 million tonnes of Brazilian and Central American origin sugars delivered to the tape. This delivery certainly dispelled earlier market assumptions around near-term physical tightness and has seen a bearish tone return.
- A lot has been said over past weeks about ethanol prices in Brazil. UNICA (the Brazilian Sugarcane Industry Association) has released the latest numbers for ethanol consumption for February at 0.926 billion, 50% more than the same period last year, and stocks of hydrous were 2.77 billion, representing 70% more year-over-year. The current situation also puts Brazilian mills in a dilemma – should they start the harvest earlier to catch the ethanol high prices momentum, or should they delay the harvest and allow drought-affected cane more time to benefit from current rains?

- In India, the harvest is running ahead of schedule and sugar production is expected to reach 31.5 million metric tonne (mmt). The Indian Sugar Mills Association has reported that 2mmt of export contracts have been made, of which half has been shipped. Also, they suggested that the government should extend the current subsidy export system into April 2019, or a new quota of 4mmt should be created. These topics were to be discussed by the government on 5 March.

## CURRENCY

- The Aussie dollar traded downhill all week, making its lowest value on Friday, reaching 0.7085c. Headwinds included strong US Dollar data, as well as the stalling of trade talks between the US and China.
- The US is requiring China to put in place better procedures to protect intellectual-property rights, while China demands the immediate removal of levies on \$200 billion of Chinese goods in order to finalize the deal. The US is also concerned that China is not going to keep up with its obligations. Despite all the give and take in discussions, stocks in Europe and Asia are responding with optimism. The final trade pact is expected to happen around March 27.
- The RBA kept rates on hold as expected. However, another weaker GDP print as well as downgrades in GDP forecasts have seen the Aussie dollar slip further, currently trading around 0.7030. The market will now closely watch RBA boss Philip Lowe's speech, looking for further insight into the RBA's intentions towards rate cuts as we proceed through the remainder of 2019.

## 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 04.03.19*

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