Indicative ICE 11 Prices

<table>
<thead>
<tr>
<th>SEASON</th>
<th>AUD/MT*</th>
<th>WEEKLY CHANGE</th>
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<tbody>
<tr>
<td>2018</td>
<td>379.77</td>
<td>-1.16%</td>
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<tr>
<td>2019</td>
<td>394.89</td>
<td>-1.61%</td>
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<tr>
<td>2020</td>
<td>403.27</td>
<td>-2.06%</td>
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*These figures are indicative of available ICE 11 prices as at 26 November 2018 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 Treasury Manager Ginette Barrett

**SUGAR**

- Last week was extremely quiet on the sugar front, with the US holiday for Thanksgiving slowing down the market towards the end of the period and driving the ICE 11 lower to close the MAR19 contract at 12.47 c/lb.

- Macro drivers, particularly energy prices, have been in a downward trend, which is pushing ethanol parity lower to a level that could encourage Brazilian producers to start hedging sugar and increase the sugar mix. Crude oil declined by 30% over the month and the focus is now on the OPEC meeting at the end of the month to see if Saudi Arabia will rethink and cut the output.

- The Brazilian Real has been slowly depreciating following concerns over the relationships between President Bolsonaro and the Congress, with the most recent move from 3.70 to 3.90 sparked by fears of the Fed raising rates, trade wars and lower commodity prices.

- Indian crop discussions have now predicted the crop to be closer to 30-31.5 million tonnes, about 1 million tonnes lower than previous estimates. The EU beet harvest is in progress and forecasts are coming in slightly lower also. The Centre South Brazilian crop is winding down with not a lot of influence on the market. Looking ahead to next season, the rain has been heavy and is forecast to continue, which will be beneficial for the crop.
CURRENCY

- A sharp fall in oil prices and the equities market pushed the AUD off the previous week’s highs of 0.7338 down to 0.7202 before stabilising ahead off the US holiday, ending the week at 0.7240.

- RBA Governor Lowe’s comments after the RBA minutes contributed to the lower AUD, acknowledging a greater concern over the housing market, credit conditions and the recent fall in unemployment to 5%, suggesting no immediate rise in rates.

- Ongoing risk aversion, softer commodities and the RBA continuing their cautious path suggests the AUD near-term direction to be down rather than up.

- The Chinese and US Presidents will meet on 30 November. If they cannot agree to a way forward for future trade negotiations at this weekend’s G20 meeting, this will weigh on the global markets, lifting the USD.

- Speeches from Fed officials and the release of the FOMC November minutes on Friday will be ones to watch, with any indication of a pause or slow down in the Federal rate hike cycle set to put the USD under pressure.

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 5:1 pricing ratio applicable to QSL Target Price Pool growers. Source: Bloomberg. Published at www.qsl.com.au as at 26.11.18

- For more sugar market information, please read the latest QSL Market Snapshot, available by clicking here.