

# QSL Market Update

Current as of 11 March 2019

## Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2018	378.59	-2.41%
2019	405.43	-2.44%
2020	435.05	-0.78%

*\*These figures are indicative of available ICE 11 prices as at 11 March 2019 and reflect the weighted gross 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

- The May19 sugar contract continued its downward spiral, trading from a high of 12.73c/lb last Monday, testing 12.00c/lb on Thursday, and then closing the week down 55 points at 12.18c/lb. This was mainly driven by speculative and system selling, and was exacerbated by the large Mar19 expiry, delivering 1 million tonnes and curbing trade talk of first-quarter tightness.
- Sugar continued to follow crude oil as it traded down to 64.08 before finding some support. Sentiment remains depressed, as production estimates carry on rising out of India and Thailand. Good rain in Centre South Brazil over the past month is also promoting a recovery to the crop and changing predictions on the sugar/ethanol mix for the coming season.
- After months without a Commitment of Traders report due to the US shutdown over Christmas, it has finally caught up. Friday's report as at 5 March shows a 33,000 increase in the speculative net-short position to 73,500. Given the decline in the price since the close of the reporting period and increase in the open interest activity for the May19 contract, the net position will likely have increased substantially.

## CURRENCY

- The Aussie Dollar closed the week at 0.7047, after testing the lows of 0.7003 on Friday, with the trading range for the week 0.7118 to 0.7003. Slower economic growth, further policy easing and a hold on interest rate changes globally is producing downward pressure on the AUD.
- A raft of US data was released, providing support to the USD. ISM non-manufacturing data was the strongest lift in the last 12 months. Weekly jobless claims totaled 223k, modestly better than expected, while US Q4 non-farm productivity beat expectations of 1.5%, printing 1.9%.
- Interestingly, Reserve Bank of Australia (RBA) Governor Philip Lowe's speech did not suggest the RBA was any closer to cutting interest rates, even though many institutions have started to factor in two rate cuts towards the end of this year. Lowe made two key points in regards to the RBA's view: 1. "A cash rate of 1.5% is very low historically and it is clearly stimulatory"; 2. "In a number of countries, including our own, there is growing tension between strong labour market data and softer GDP data." It seems there will need to be a lift in unemployment in order for the RBA to cut rates.

## 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 11.03.19.*

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

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