

# QSL Market Update

Current as of 20 March, 2017

## Today's Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2017	524.28	-2.43%
2018	510.75	-1.95%
2019	494.77	-0.50%

The figures quoted above are indicative of available ICE 11 prices as at 20 March 2017 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.

## 2017 Season Historical Price Chart



Figure 1 Source: Bloomberg. Published at [www.qsl.com.au](http://www.qsl.com.au) as at 20.03.2017

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## QSL Market View

Current as of 20 March 2017

- 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 (May17) A\$/mt	2017 SEASON A\$/mt	COMMENTS
Current Market	\$521.07	\$524.28	
Sugar Fundamentals - Global exc. Brazil	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	Thai physical sugar is still in strong demand, but the white premium gave back a little ground during the week from historical high levels.
Sugar Fundamentals - Brazil	<span style="color: green;">●</span>	<span style="color: green;">●</span>	Expected ethanol production in the start up period received some positive support with Brazil government discussing increases in fuel taxes. Rains have been delayed.
Macro Issues/ Specs	<span style="color: yellow;">●</span>	<span style="color: yellow;">●</span>	Specs have further reduced their net long, and with Friday's sell-off are expected to now be at around 75,000 lots net long.
AUD/USD	<span style="color: yellow;">●</span>	<span style="color: green;">●</span>	While the FOMC rate increase came through as expected on Thursday, the commentary was quite restrained around the timing of further rate hikes in the USA. The AUD responded with a dramatic surge. Levels have come back since and we expect to see a further drift lower.
Overall Comments	After a week of consolidation, the final 2 hours of sugar trading on Friday was very volatile – with a massive sell-off pushing May 17 down to 8 month lows of around 17.50 c/lb before snapping back up in an equally volatile fashion to settle at 18.15 c/lb. The question many participants are now asking is “have we now seen the floor?”. The AUD was the major driver of the lower AUD/mt prices this week, but we expect that the interest rate differentials should help to push AUD/USD lower over time.		

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>. For QSL's 2016-Season indicative pool prices, visit: <http://www.qsl.com.au/pricing/pricing-products/2016-season/qsl-pool-price-matrices-2016-season>.

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