



Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	393.60	-3.56%
2020	428.34	-1.78%
2021	441.36	-0.72%

*These figures are indicative of available ICE 11 prices as at **27 May 2019** 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 Trading Analyst Barbara Roberts

SUGAR

- Price levels barely moved for the third week in a row. The Jul19 contract made its low on Tuesday at 11.36 c/lb and its high on Wednesday at 12.06 c/lb, closing the week at 11.66 c/lb. Weaker technical and macro pressures have been the primary influence albeit without pushing it in either direction with any conviction.
- **UNICA – Centre-South Brazil numbers for first half of May:** Numbers are still indicating high domestic sales of hydrous ethanol, compared with the same period last year, up 21.5%. See our table below with the latest numbers:

UNICA – Centre South Brazil - Results	Accumulated to 16 May 2019	Accumulated to 16 May 2018
Cane Crushed (mln tonnes)	84.2	102.9
Sugar (mln tonnes)	2975	4157
Sugar Mix (% of cane)	32.29%	35.15%

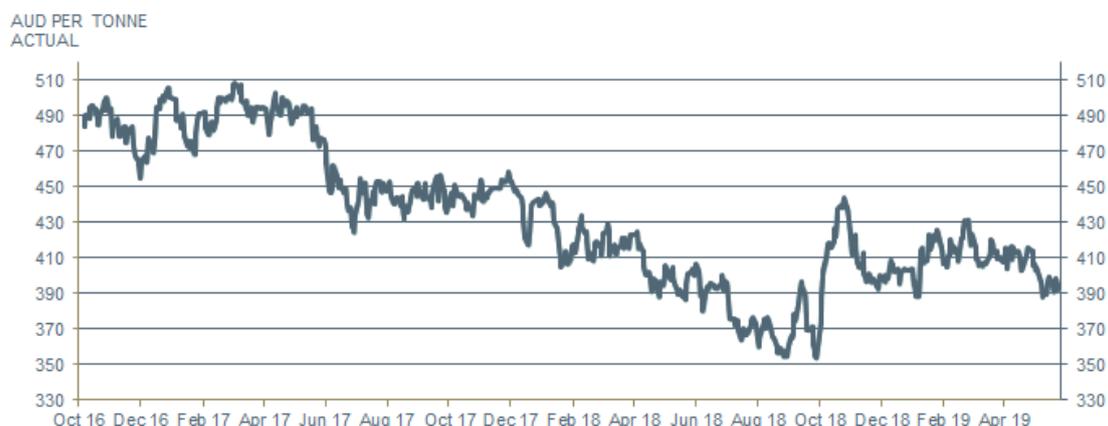
- **Ethanol Parity:** Ethanol prices at the pump in Brazil have been increasing, overall above 70% (countrywide). This normally indicates that Brazilian customers would start to fill their cars with gasoline instead of ethanol. However, that doesn't seem to be the case, and indicates that changes in consumer behaviour takes time to be ascertained, and as such will be hard to predict when the sugar mix switch is going to take place.
- **Commitment of Traders:** The net short position of the Non-Index specs was surprisingly much higher than expected, up from 158,000 to 188,000 lots. The bloated position should now provide some bullish support, as specs are going to have to cover their positions at some point before the Jul19 expiry.

CURRENCY

- The Aussie dollar remained in the same low trading range as last week, between 0.6882 and 0.6911, closing Monday at 0.6911. However, more general weakness in the US dollar prevented the AUD from sliding further.
- **US dollar:** US April durable goods orders data was worse than expected demonstrating the manufacturing side of the US economy is suffering from the trade dispute.
- **US – China trade war:** President Trump has stated that the US is not ready to reach a trade agreement with China. Markets barely moved in reaction, as low expectations were already priced in on this matter. Further negotiations are not due until the G20 meeting in June, and some market participants hope this will finally provide a resolution - most however believe this will not even occur this year. China's PMI (Purchasing Managers Index) data is to be released this week and it's expected to show weakness as a result of the ongoing dispute.
- **Brexit:** British Prime Minister Theresa May has announced she will step down from the Prime Minister's role on June 10, 2019. The UK is currently taking part in the

much-maligned European elections while Jeremy Corbyn (opposition) has called for either a general election or second referendum. In short, the circus continues.

2019-Season Historical ICE 11 Price Chart



This is a whole-of-season ICE 11 price chart for the 2019 Season, based on the current 1:2:2:1 pricing ratio applicable to QSL Target Price Contract growers. Source: Bloomberg. Published at www.qsl.com.au as at 27.05.19.

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

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