



Indicative ICE 11 Prices

SEASON	AUD/MT*	WEEKLY CHANGE
2019	390.84	-0.45%
2020	426.64	-0.10%
2021	442.99	0.22%
2022	444.67	0.80%

*These figures are indicative of available ICE 11 prices as at **26 August 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.

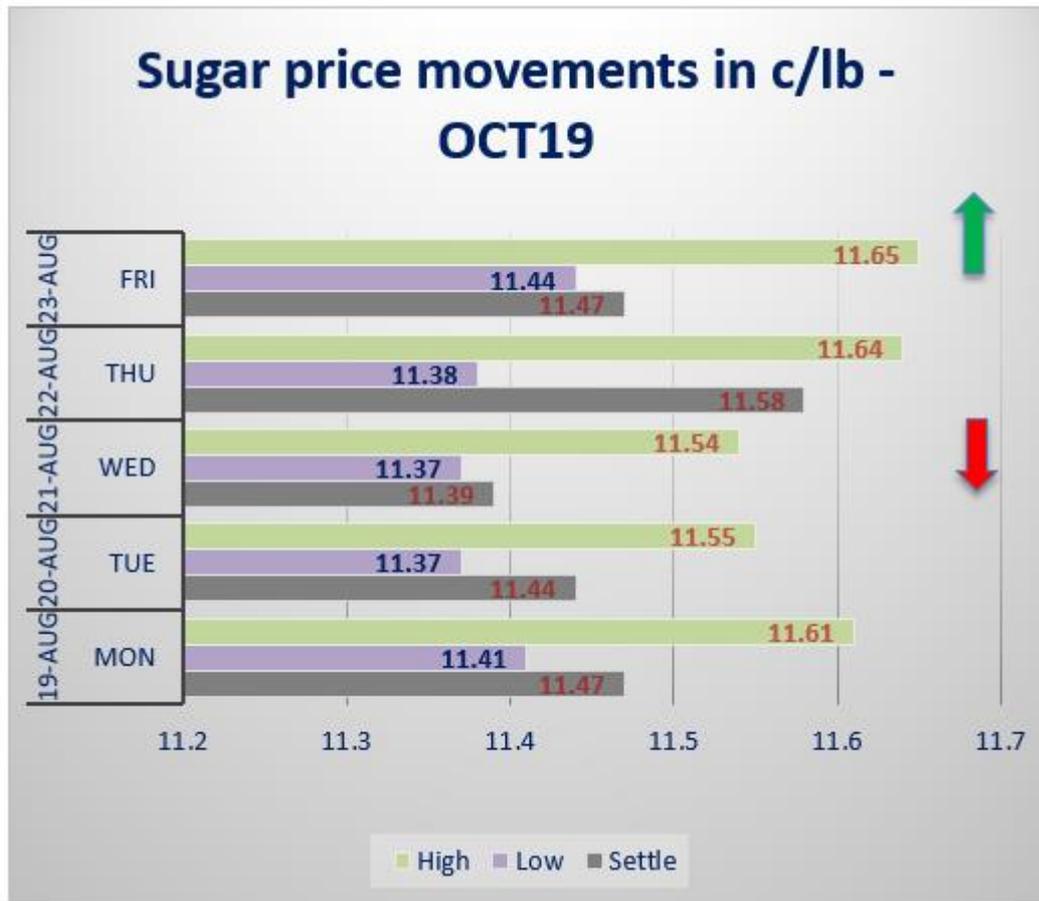
Weekly Market Overview

By QSL Treasury Manager Ginette Barrett

SUGAR

It was another week of lifeless, tight trading ranges on low volumes, driven mainly by the outside macro influences of trade wars, monetary policy, weaker

Brazilian real and weaker crude oil, while the price of gold rose.

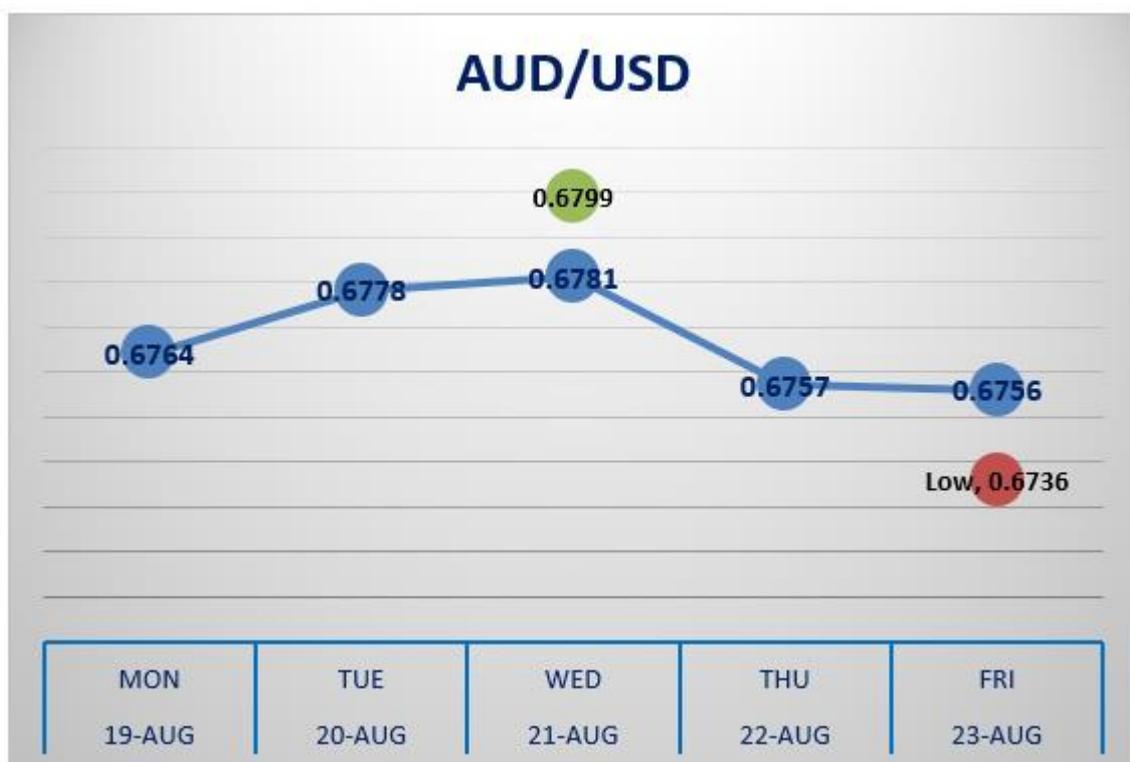


- **Fundamentals:** There has been much speculation around the Amazonian fires, and the impact it will have on Brazil's trade prospects. UNICA numbers for the first half of August indicate that Brazil is continuing its path of low sugar production versus high ethanol, similar to last year.
- Flood water will do damage in India, but indications are it will only be marginal at this stage. The monsoon for the remainder of the season is expected to be below average. The Market awaits the new export subsidy with anticipation, with 6 million tonnes expected and a similar dollar value to last year, however the name will change from the 'Sugar Export' Subsidy to the 'Inland freight, International Freight and Marketing' Subsidy, to try and mask it as an export subsidy for the WTO, even though it is expected to be based on sugar exports.

- **Commitments of Traders:** A move lower in the market saw the funds (speculators) increase their position by 10,500 lots over the week, closing the net short position at 163.500 lots.

CURRENCY

Safe Haven currencies are back in favour after a wild weekend as the trade war between the US and China ratchets up. A tirade of tweets from US President Trump after the G7 meeting and the Jackson Hole meeting pushed the AUD to sub 0.6700 this Monday morning 26 August.



- On Friday, China retaliated to Trump's initial \$300 billion final tariffs on the 1st of August, increasing their tariffs on the \$75 billion of US-imports including oil, soybeans and the car manufacturing industry. Trump ordered US firms to quit China and increased his tariffs by 5% overall. China has vowed to fight the trade war to the end of the US's failure to keep its promises.
- Trump was not only unhappy with China but also Fed Chairman Jerome Powell, attacking both him and the Fed through his tweets, saying "As

usual the Fed did nothing!" and "...my only question is, who is our bigger enemy, Jay Powell (sic) or Chairman Xi?". More importantly, this tweet reflects that China has moved from 'friend' to 'enemy'.

- Chairman Powell gave a dovish speech at the Jackson Hole Meeting, confirming the easing cycle has begun. Global risks along with the US job creation and low inflation slowing down could lead to more rate cuts.

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

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