



11 November 2020

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Weekly Market Overview

Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	445.47	0.46%
2021	402.49	1.18%
2022	384.36	0.72%
2023	369.30	1.73

**These figures are indicative of available ICE 11 prices as at the week ending 9 November 2020 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.*

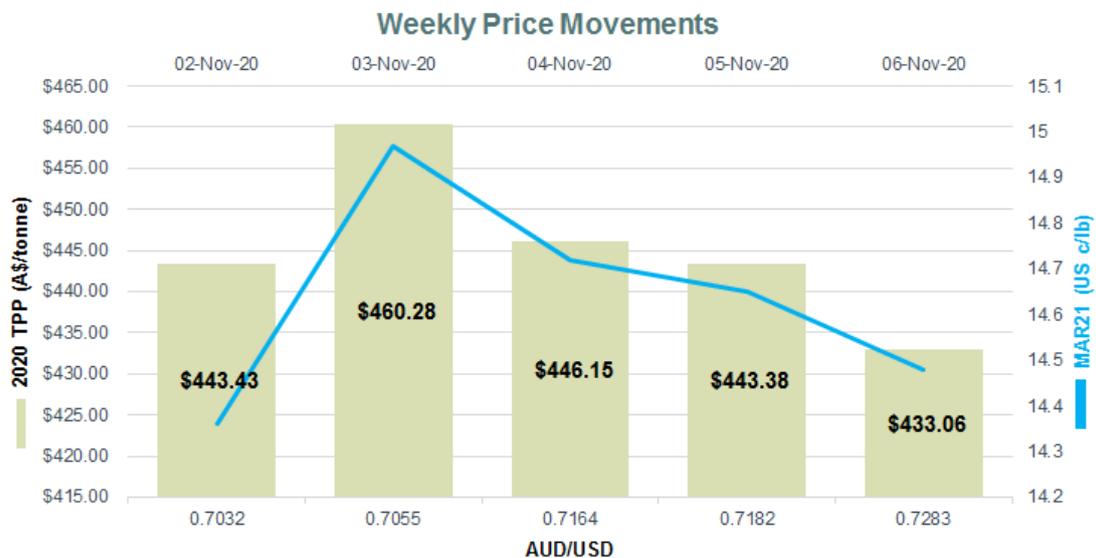
Sugar

- The US election has delivered a volatile market as the world closely watched the presidential run-off between Donald Trump and Joe Biden. Unrest continues as Trump refuses to concede in the face of a Biden win, instead making claims of voter fraud. The ICE 11 raw sugar market has been equally volatile, trading over 130 points in the March 2021 position from 13.94 USc/lb to 15.23 USc/lb, closing the fortnight at the
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upper end at 14.91 USc/lb. Sugar remains on a generally upward trajectory, closing higher for seven out of the past eight weeks. As markets start to settle down after the US election, sugar's recent high of 15.23 USc/lb will be the first target level to test again, with 14 USc/lb looking to be the new line in the sand for the prompt contract.

- Investment funds and speculators remain drawn to commodity prices, with the wide intraday price movements currently being seen mainly attributed to commercial traders resetting their long positions on relatively light volumes. The Commitment of Traders report as of 3 November decreased by approximately 17,000 contracts, reporting a net-long position of 245,500 lots to close out the week. While this may be a macro-induced rally with weaker US Dollar and accommodative monetary policy settings making commodities look very attractive, fundamental factors are starting drive some upward speculation in prices as well.
 - India remains the main focus for the market. The Indian Food Minister is still holding his previously stated position that no subsidies for sugar exports are being considered, much to the ire of Indian growers and millers. Millers are pushing the government to deliver a subsidy, asserting that because the government raised cane prices, they must also compensate sugar prices and exports.
 - China continues to buy raw sugar in huge quantities, restocking their warehouses and buying all available Brazilian sugars at what they deem to be solid buying values. Elsewhere, the market is still anticipating another small crop in Thailand this season while weather risk in the Pacific remains, with a dry growing period still a very real risk for the 2021 Brazil cane crop.
 - While most technical indicators lean towards an uptick in the market, the only troubling factor for the bulls is the collapsing March/May 2021 spread, which will keep them cautious of the continued uptrend. With this in mind, QSL is expecting the MAR21 ICE 11 contract to trade over a broad 14 USc/lb-15.25 USc/lb range, with 16 USc/lb cents an
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aspirational topside target should India continue to delay an export subsidy announcement.



Currency

- It has been a huge fortnight for the Australian Dollar (AUD), which struggled for any upside momentum early in the month, briefly dipping below 70 cents against the US Dollar (USD) on the first trading day of the month, before really hitting its straps last week and trading as high as 73.40 cents on Monday.
- The initial catalyst for the move higher was the Reserve Bank's meeting last Tuesday, where they cut the overnight cash rate to 0.1% and announced a quantitative easing program generally considered to be at the lower end of market expectations. Following on from that, the US election result has seen risk rally aggressively over the past few sessions, with the AUD caught up in the euphoria as the USD took a sizeable step backwards. The Republicans' retention of the US Senate sets the scene for some degree of fiscal policy gridlock for the next two years. With this in mind, the next fiscal response package in the US will

probably be dialled back somewhat and this may temper some of the market enthusiasm going forward.

- The outlook for AUD remains mixed from here, with the next direction of the USD subject to competing influences. While the election result and fiscal package should see it lower and risk continue to flourish, the rapid acceleration of COVID-19 cases in the US and Europe have many fearing fresh lockdowns and another bout of USD safe-haven demand as economic activity declines again. The market did have some promising news on the vaccine front this week, with Pfizer announcing their COVID-19 vaccine had shown to show 90% effectiveness in clinical trials. While it still has some way to go to get it approved and to market, this news was enough to support the market's bullish momentum.

Jargon Buster

What are technical indicators?

Technical indicators are metrics used to track a contract's price, volume, levels of open interest, etc, in order to establish patterns that can be used to predict future price movements. Common technical indicator systems used for the ICE 11 raw sugar contract include moving averages, Bollinger Bands, Fibonacci retracements and Stochastics.

**QSL is Australia's largest and most
experienced raw sugar marketer**

Where can I find the daily ICE #11 sugar price?

QSL publishes the daily ICE #11 raw sugar price direct to your mobile phone by text message (SMS) by request, on your QSL App and on the QSL Facebook page. You can also receive the QSL Daily Price email or find it on the home page of the QSL website. Call your local QSL Grower Services team for more information about any of these.

