



25 November 2020

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## Weekly Market Overview

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### Indicative ICE 11 Prices

Season	AUD/MT*	Weekly Change
2020	452.38	0.93%
2021	404.89	0.72%
2022	382.68	1.05%
2023	367.69	1.87%

*\*These figures are indicative of available ICE 11 prices as at the week ending 23 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.*

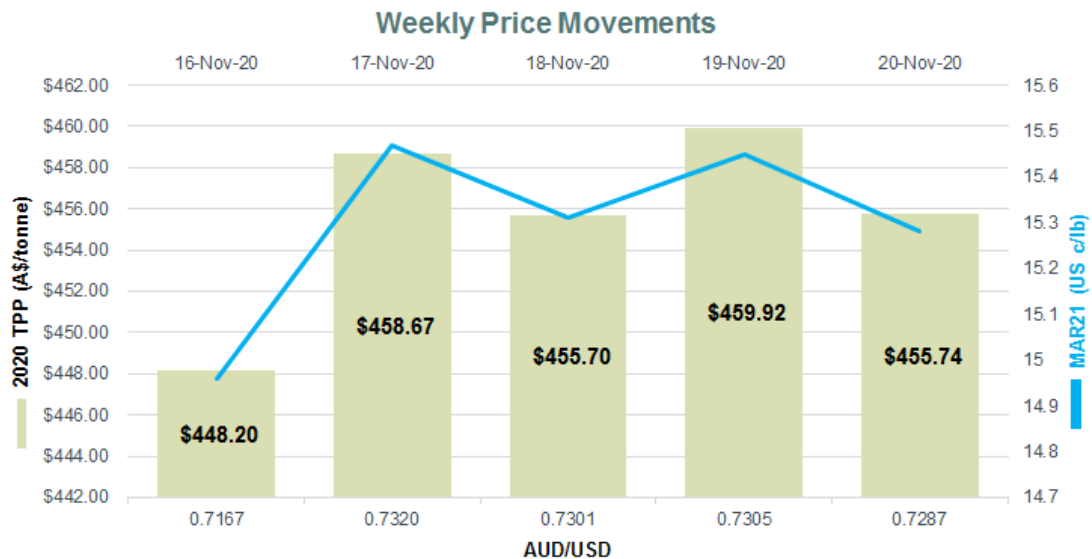
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### Sugar

- Sugar prices have continued to trend up since breaking through the 15 USc/lb level early last week. While the market did test levels below this on Friday night, the market held its ground at a key support level around 14.90 USc/lb before rebounding back into the low 15 cent range
  - The funds and speculators continue to feature heavily in sugar, albeit with lighter volumes, while system trading following technical trends is
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pushing the market into making progressively higher highs and lows. The Commitment of Traders report as of 17 November reported non-index funds increased by approximately 13,000 contracts, reporting a net-long position of 257,000 lots to close out the week.

- All eyes remain on India, where the harvest has now started. Around 2 million tonnes of sugar have been produced to date, and as production ramps up, the Indian domestic sugar price (known as the Minimum Selling Price) will come under increasing pressure, with no export subsidy to support it as yet. Millers are still hopeful of a subsidy announcement, but the government remains hesitant to fund it against a backdrop of a significantly COVID-affected fiscal position.
  - Rain finally fell in Centre South Brazil after drier-than-average weather overwhelmed the country, but this was still not enough to make a significant difference to next year's crop. The forecast is not looking good for the coming rainy season and if the wet weather does not arrive soon it could have an adverse impact on the crop.
  - Despite a decent tail end of the monsoon the market remains bearish on the size of the coming Thai crop. Thai B quota results are over 2 cents above ICE 11 values, indicating a lack of Thai sugar in the first half of 2021. Availability is expected to remain tight up until May and possibly even after that should the next Brazil crop start to shrink. We forecast the March 2021 contract to trade over a broader 14.50-16.50 USc/lb range, with 17 USc/lb a topside target should the Indian export subsidy announcement remain elusive.
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## Currency

- It has been a solid fortnight of consolidation for the Australian Dollar (AUD) following its strong rally after the US election, with the Aussie spending most of the time chopping either side of 73 US cents in a 72.40/73.60 cents range.
- Despite President Trump's attempts to explore every legal avenue possible to overturn the election result, his recent instruction for the General Services Administration to prepare transition protocols was a clear signal to the market that he is preparing to exit the White House. This saw a strong rally in US equities and risk assets last night and the AUD was also swept to the upper end of its range on the move.
- Markets have taken recent COVID-19 vaccine developments very well, rallying on each announcement despite rising caseloads and isolated lockdowns in the US and Europe.
- China's numerous shots across the bow at our export industries seem to be having little effect on the Aussie Dollar, primarily due to the small weighting of the goods they have targeted so far. The iron ore price remains strong above \$123/tonne and the Chinese do not appear interested in going near our biggest trade flow without any other viable origin available in the volume they require.

- While the outlook for the AUD looks relatively positive as Biden takes the US Presidency and the next fiscal stimulus package is rolled out, continued progress in the COVID-19 vaccine space will be required to outweigh the growing negative effect the current wave of the virus is having on risk. We anticipate a slow grind higher for the AUD, with 74 US cents a realistic target by the end of the calendar year. Beyond that, the RBA may start to get uncomfortable and would likely start to vocalise concern in a bid to keep it from going to levels which will hamper the economic recovery.

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## Jargon Buster

### What is India's Minimum Selling Price?

In a bid to support the cane industry, the Indian government artificially sets the domestic price of sugar at a premium to ICE 11 world sugar prices each year. This is called the domestic Minimum Selling Price (MSP).

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### 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

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page of the QSL website. Call your local QSL Grower Services team for more information about any of these.

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